

Finance Minister Pranab Mukherjee presented the Union Budget 2010-11 in parliament on Friday. Has he lived up to the expectations of the taxpayers? Is it a populist Budget? Will it also help India to grow? To find out read on..

Highlights...

- **FM prunes tax rates:**
Income up to Rs 1.6 lakh - nil
Income above Rs 1.6 lakh and up to Rs 5 lakh - 10 per cent
Income above Rs 5 lakh and up to Rs 8 lakh - 20 per cent
Income above Rs 8 lakh - 30 per cent.
- **Income Tax department ready with two-page Saral-2 return forms for individual salaried assesses.**
- **New tax rates would offer relief to 60 per cent of tax-payers.**
- Government's net borrowing to be Rs 3,45,010 crore for 2010-11.
- Additional deduction of Rs 20,000 allowed on long term infrastructure bonds for income tax payers; this is above Rs one lakh on saving instruments allowed already.
- **A unique identity symbol would be provided to the Indian Rupee in line with US Dollar, British Pound Sterling, Euro and Japanese Yen.**
- Fiscal deficit seen at 4.8 per cent and 4.1 per cent in 2011-12 and 2012-13 respectively.
- Total expenditure pegged at Rs 11.8 lakh crore, an increase of 8.6 per cent.
- Gross tax receipts pegged at Rs 7,46,656 crore for 2010-11, non-tax revenues at Rs 1,48,118 crore.
- FM appeals to "misguided elements" (left wing extremists) to eschew violence and join the mainstream.
- Planning Commission to prepare integrated action plan for Naxal-affected areas.
- Defence allocation pegged at Rs 1,47,344 crore in 2010-11 against Rs 1,41,703 crore in the previous year. Of this, capital expenditure would account for Rs 60,000 crore.
- Fiscal deficit pegged at 6.9 per cent in 2009-10 as against 7.8 per cent in the previous fiscal.
- Finance Minister to continue giving cash subsidy for fuel and fertiliser instead of previous practice of bonds.
- Non-plan expenditure pegged at Rs 37,392 crore and Plan expenditure at Rs 7,35,657 crore in budget estimates. 15 per cent increase in plan expenditure and six per cent in non-plan expenditure.
- **Rs 1,900 crore allocated for Unique Identification Authority of India.**
- **Rs 1,73,552 crore provided for infrastructure.**
- **Need to take firm view on opening up of the retail.**
- Government committed to ensure continued growth of Special Economic Zones development.
- Repayment of loan by farmers extended by six months to June 30, 2010 in view of drought and floods in some part of the country.
- One-time grant of Rs 200 crore provided to Tirupur textile cluster in Tamil Nadu.
- Allocation for new and renewable energy ministry.
- Clean Energy Fund to be created for research in new energy sources.
- Rs 500 crore allocated for solar and hydro projects for Ladakh region.
- Alternative port to be developed at Sagar Island in West Bengal.
- Allocation for National Ganga River Basin Authority doubled to Rs 500 crore.
- Government for competitive bidding for coal blocks for captive power plants.
- Mega power plant policy modified to lower cost of generation; allocation to power sector more than doubled to Rs 5,130 crore in 2010-11.
- Government proposes to set Coal Development Regulatory Authority.
- Propose to maintain thrust of upgrading infrastructure in rural and urban areas. IIFCL authorised to refinance infrastructure projects.
- Interest subvention for timely repayment of crop loans raised from one per cent to two per cent, bringing the effective rate of interest to five per cent.
- Bottleneck of public delivery mechanism can hold us back.
- Rs 200 crore provided for climate resilient agriculture initiative.
- Government to provide Rs 16,500 crore to public sector banks to maintain tier-I capital.
- Allocation for women and child development hiked by 80 per cent.
- Government decides to set up National Social Security
- Fund with initial allocation of Rs 1000 crore to provide social security to workers in unorganised sector.
- Rs 1,270 crore provided for slum development programme, marking an increase of 700 per cent.
- Allocation for development of micro and small scale sector raised from Rs 1,794 crore to Rs 2,400 crore.
- One per cent interest subvention loan for houses costing up to Rs 20 lakh extended to March 31, 2011; Rs 700 crore provided.
- 25 per cent of plan outlay earmarked for rural infrastructure development

- Road transport allocation raised by 13 per cent to Rs 19,894 crore, says FM.
- Allocation for urban development increased by 75 per cent to Rs 5,400 crore in 2010-11.
- Indira Awas Yojana scheme's unit cost raised to Rs 45,000 in plain area and Rs 48,500 in hilly areas.
- Allocation for NREGA stepped up to Rs 40,100 crore in 2010-11.
- For rural development, Rs 66,100 crore have been allocated.
- Plan allocation for health and family welfare increased to Rs 22,300 crore from Rs 19,534 crore.
- Plan allocation for school education raised from Rs 26,800 crore to Rs 31,036 crore in 2010-11.
- Deficit in foodgrains storage capacity to be met by private sector participation.
- Exclusive skill development programme to be launched for textile and garment sector employees.
- Plan allocation for Ministry of Minority Affairs raised from Rs 1,740 crore to Rs 2,600 crore.
- Plan outlay for Ministry of Social Justice raised by 80 per cent to Rs 4,500 crore.
- Government to contribute Rs 1,000 per year to each account holder
- **Finance Minister says Government hopes to implement direct tax code from April 2011.**
- **Kirit Parekh report on fuel price deregulation will be taken up by Oil Minister Murli Deora in due course.**
- Government has decided to set up apex-level Financial Stability and Development Council.
- FDI inflows steady during the year. Government has taken series of steps to simplify FDI regime
- Market capitalisation of five PSUs listed since October increased by 3.5 times.
- Nutrient based fertiliser subsidy scheme to come into force from April 1, 2010.
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- Earnest endeavour to implement General Sales Tax in April 2011.
- Status paper on public debt within six months.
- Government will raise Rs 25,000 crore from disinvestment of its stake in state-owned firms.
- Government to provide Rs 300 crore to organise 60,000 pulse and oilseed villages and provide integrated intervention of watershed and related programme.
- Government to continue interest subvention of 2 per cent for one more year for exports covering handicrafts, carpets, handlooms and small and medium enterprises.
- Government intends to make FDI policy user friendly by compiling all guidelines into one document.
- RBI considering some additional banking licenses to private companies, NBFC will also be considered if they meet criteria.
- **Export in January encouraging.**
- Need to review the public spending and mobilize resources.
- **FM stresses on the need to make growth more broad-based.**
- Need to ensure that the demand-supply imbalance is managed.
- Need to review stimulus imparted to economy.
- Government conscious of the situation of price rise and taking steps to tackle it.
- Erratic monsoon and drought-like conditions forced supply side bottleneck that fuelled inflation.
- Double digit food inflation last year due to bad monsoon and drought-like conditions.
- Figures for merchandise exports for January encouraging after turnaround in November and December last. Govt to raise Rs 25,000 cr this year to meet cap expenditure requirements
- **GST and DTC can be introduced in April 2011**
- Direct tax code will be implemented April 1, 2011
- Final figure may be higher if earnings in last quarters are strong
- 18.9% growth rate in manufacturing sector in 2009
- Concerned over emergence of double digit food inflation
- Export figures encouraging; pvt investments can be expected
- **Double digit food inflation in 2009**
- Need to review stimulus, move to fiscal consolidation
- Signs of food inflation going to non-food items
- Steps to reduce public debt, paper to be presented in 6 months
- 1st challenge: quickly revert to higher GDP growth path of 9%, cross double digit growth
- 2nd challenge: harden economic growth to make dev more inclusive
- 3rd challenge: relates to problems in government system
- Focus shifts to non-governmental actors
- Uncertainty was there on account of delay in monsoon, concerns about production and food prices.