INTERIM BUDGET HIGHLIGHTS

9TH BUDGET BY MR. CHIDAMBARAM

OVER ALL **83**RD UNION BUDGET POST INDEPENDENCE

HIGHLIGHTS

AREAS OF PRIORITY

- Fiscal Consolidation, CAD, High Growth Rate with moderate level of inflation , time table for passing legislation

GROWTH

- GDP expansion in 2013/14 third and fourth quarters will be at least 5.2 percent

FISCAL DEFICIT

- Fiscal deficit seen at 4.6 percent of GDP in 2013-14
- Fiscal deficit projected at 4.1 percent of GDP in 2014-15, Need to bring down fiscal deficit to 3 percent of GDP by 2016-17

CURRENT ACCOUNT DEFICIT

- Current account deficit for 2013/14 projected at $45 billion

FOREX RESERVE

- Forex reserves to rise by $15 billion by end of 2013/14

HIGHLIGHTS

SUBSIDIES

- Total spending on food, fertilizers and fuel at 205 trillion rupees in 2014-15

PRIVATISATION

- Revised target in state run firms for 2013-14 258.41 billion
- 2014-15 target 569.25 billion

DEFENCE

- Spending raised to 2.24 trillion rupees in 2014-15 by 10%

BANKS RESTRUCTURING

- Capital infusion by Government 112 billion rupees 2014-15

HIGHLIGHTS

TAX PROPOSAL

- No Changes in Income Tax Rates
- 6% Excise duties on all Mobile phones
- Rice Storage Warehouses exempted from Service Tax
- Excise duty on small cars and reduced to 8% from 12%, that on sport utility vehicles 24% from 30% and larger cars to 20%-24% from 24%-27%

Belief

Points to clear some orthodox belief in the mind of Indian masses.

- Some Indian Masses where expecting too much from Interim budget for full year ahead but don't know the true characteristics of it.

<u>What actually Interim Budget is:</u>

A national interim Budget refers to the budget of a government that is going through a transition period. These budgets are common in democracies where one political party or a coalition is voted out and another political party or a coalition is voted into office. The two governments often have different fiscal plans, so the old government budget is cut short and a new budget is created. The interim Budget helps span the transition time between the two governments so that the government can continue to function.

National governments require interim budgets to function in the months it takes for a new government to create its own budget plan

Vote on Account:

Many look at it as a window where the government highlights its achievements ahead of elections.

Indian masses understood that Vote on Account means present government (UPA II) wants to be winner in Next Election so garnering more votes it presents lucrative budget whereby they confer varieties of benefits.

A vote-on-account presents an estimate of expenditures to be sanctioned by the exchequer till the Budget is passed. The Budget announces new programmes and estimates the public expenditure for the fiscal year.
A vote-on-account cannot alter direct taxes since they need to be passed through a finance bill. A 'Vote on Account' relates only to the expenditure side of the government's financial statement.
The government cannot present a full budget because in such a short session, there's no time to debate proposals in Parliament. The newly formed government cannot be burdened by the previous government's budgetary allocations.

Thank You

Disclaimer: Hereby presented Views and opinions are personal in nature by evaluating certain options while other criteria may not be touched upon. If certain development comes, Actual results may differ. These presentation may have spell errors or grammatical variation.

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