

## Highlights Of Union Budget 2012 -13 / Union Budget 2012 At a Glance

### (1) Five Objectives of Budget for fiscal year 2012-13 :

- a. Focus on domestic demand driven growth recovery;
- b. Create conditions for rapid revival of high growth in private investment;
- c. Address supply bottlenecks in agriculture, energy and transport sectors, particularly in coal, power, national highways, railways and civil aviation;
- d. Intervene decisively to address the problem of malnutrition especially in the 200 high-burden districts; and
- e. Expedite coordinated implementation of decisions being taken to improve delivery systems, governance, and transparency; and address the problem of black money and corruption in public life.

### (2) FISCAL DEFICIT

- Fiscal deficit is 5.9 percent of GDP in 2011-12
- Fiscal deficit estimated to be 5.1 percent of GDP in 2012-13

### (3) BORROWINGS

- Net market borrowing to be Rs. 4.79 lac crores in 2012-13

#### **(4) SPENDING**

- Total expenditure in 2012-13 seen at 14.90 lac crores rupees, (increase of 29%)
- Plan expenditure budgeted at Rs.5,21,025 crores in 2012-13, (increase of 18%)

#### **(5) SUBSIDIES :**

- Subsidies to be kept under 2 percent of GDP in 2012-13;
- Major subsidies bill estimated at Rs. 1.8 lac crores in 2012-13
- Food subsidy bill in 2012-13 seen at Rs. 75,000 crores
- Fertilizer subsidy bill in 2012-13 seen at 609.7 billion rupees
- Petroleum subsidy bill in 2012-13 seen at 435.8 billion rupees
- Revised petroleum subsidy bill for 2011-12 at 684.8 billion rupees

#### **(6) Capitalisation of PS Banks**

- To inject Rs. 15,000 crores rupees to capitalize state-run banks in 2012-13

#### **(7) REVENUE AND TAXES**

- Gross tax receipts seen at Rs.10.8 lac crores in 2012-13
- Non-tax revenue seen at Rs. 1.64 lac crores in 2012-13
- No change in corporate tax rates
- Income tax exemption limit raised to Rs 2 lakh to provide relief of Rs 2,000 for all assesses; 20% tax on income between 5 lacs and 10 lacs.
- Deduction of upto Rs 10,000 for interest earned on saving bank accounts;
- Service tax rate raised from 10% to 12% to bring Rs18,660 crores;

- Concept of negative list introduced for service tax. Proposed to levy tax on all services except 17 items in the negative list
- Proposed to provide full exemption on import duty of thermal coal for power plants
- Proposed to double basic customs duty on gold
- Proposed to introduce a new scheme called Rajiv Gandhi Equity Savings Scheme. The scheme would allow for income tax deduction of 50 per cent to new retail investors, who invest up to Rs 50,000 directly in equities and whose annual income is below Rs 10 lakh. The scheme will have a lock-in period of 3 years.

#### **(8) GROWTH AND INFLATION EXPECTATIONS**

- Expect headline inflation to moderate in next few months and remain stable thereafter
- Economy expected to grow at 7.6 percent in 2012-13
- Economy expected to grow at 6.9 percent in 2011-12
- Signs of economy turning around in March quarter

#### **(9) POLICY REFORMS**

- Allow external commercial borrowing of up to \$1 bln to raise working capital for airlines industry for 1 year
- To allow qualified foreign investors in Indian corporate debt markets
- To allow external commercial borrowing to part finance rupee debt in power projects
- Proposes to remove sector-specific restriction on venture capital fund investments
- Hope to achieve "broad-based consensus" to open multi-sector to foreign investors

#### **(10) DEFENCE SECTOR SPENDING**

- Allocates Rs 1.93 lac crores for defence in 2012-13 (increase of 18%)

### **(11) INFRASTRUCTURE DEVELOPMENT**

- To award contracts to build 8,800 km of roads in 2012-13
- Government doubles allocation for tax-free bonds to 60000 crores rupees for financing infrastructure projects in 2012-13

### **(12) DISINVESTMENT**

- Disinvestment target in 2012-13 of Rs. 30000 crores

### **(13) AGRICULTURE**

- Expects country to become self-sufficient in urea production in five years
- Proposes to raise agricultural credit target in 2012-13 to Rs, 5.75 lac crores rupees

### **(14) CURRENT ACCOUNT**

- Current account deficit seen at 3.6 percent of GDP in 2011-12
- Expect smaller current account deficit in 2012—13
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### **(15) Miscellaneous :**

- Cinema industry exempted from service tax.
- Branded silver jewellery fully exempt from excise duty.
- Customs duty on warning systems/track upgrade equipment for railways reduced from 10 percent to 7.5 percent.
- Import duty on equipment for iron ore mining reduced from 7.5 to 2.5 percent.
- Allocation of Rs.200 crore for research on climate change.