

## Union / Financial Budget 2013-14

Following are some of the key highlights of the Union Budget 2013-14 presented by Finance Minister P Chidambaram in Parliament:

1. In 2013-14, the budget estimate is **Rs 16, 65,297 crore.**
2. The revised expenditure target is **Rs 14, 30,825 crore**
3. Plan expenditure **Rs 5, 55, 322 crore**
4. **Rs 14,000 crore capital** infusion into **public sector banks in 2013—14**
5. **SIDBI's re—financing facility to MSMEs to be doubled to Rs 10,000 crore**
3. **Rs 7 lakh crore targets** fixed for **agri credit for 2013-14** compared to **Rs 5.75 lakh crore** in the current year.
4. **Rs 500 crore** would be allocated for addressing environmental issues **faced by textile industry**
5. No change in income tax slabs
6. Relief of Rs 2,000 for tax payers in tax bracket of Rs. 2-5 lakh
6. **24.3 % hike in** expenditure for health care both rural and urban health mission.
7. Headline WPI inflation to **7 per cent** and core inflation to **4.2 per cent.**
8. **Eastern Indian states** to get **Rs 1,000 crore** allocation for improving **agricultural production.**
9. Average economic growth rate in **11th Plan period is 8 per cent**, highest ever in any Plan period
10. **Rs 500 crore** allocated for **programme on crop diversification.**
11. Food grain production in **2012-13** will be over **250 million tons**
12. **Rs 14,873 crore for JNNURM** for urban transportation in 2013-14 against **Rs 7,880 crore** in the current fiscal
13. **Rs 10,000 crore** set aside for incremental cost for **National Food Security Bill**
14. **Rs 80,194 crore** allocated for **Rural Development Schemes in 2013-14.**
15. About **Rs 33,000 crore** for **MGNREGA**
16. **Rs 5,000 crore** will be made available to **NABARD** to finance construction of godowns and warehouses
17. **Rs 17,700 crore** to be allocated for **Integrated Child Development Scheme (ICDS)**
18. **Rs 13,215 crore** to be provided for **mid-day meal scheme.**
19. **Rs 5,284 crore** to various Ministries for **scholarships for SC/ST, OBC** and minority students.
20. Tax free bonds issue to be allowed up to **Rs 50,000 crore in 2013-14** strictly on capacity to raise funds from the market
21. **Rs 4,727 crore** to be allocated for **medical education and research.**
22. Current year's economic growth rate will be below India's potential growth rate of **8 per cent**
23. **Concessional 6%** interest on loans to weavers.

### **Fiscal Deficit:**

- i. Fiscal deficit seen at **5.2 % of GDP in 2012/13**
- ii. Fiscal deficit seen at **4.8 % of GDP in 2013/14**
- iii. Fiscal deficit to **3 % by 2016/17**

### **Revenue Deficit**

- i. **Revenue Deficit** seen at **3.9 % 2012/13**
- ii. **Revenue Deficit** seen at **3.3 % 2013/14**
- iii. **Revenue deficit** to **1.9% by 2016-17**

### **Tax benefits in RGEES extended to 3 years**

- i. The **Rajiv Gandhi Equity Savings Scheme (RGEES)** will be liberalised to enable first time retail investors to invest in mutual funds and listed shares and not in one year alone, but for three successive years,
- ii. Under the scheme, an individual with an income of less than **Rs 12 lakh** would get tax incentives for investing **up to Rs 50,000** in the stock market.
- iii. Also, the limit for investors wanting to invest in RGEES has been raised to **Rs 12 lakh** from **Rs 10 lakh** earlier.

## New Ideas in Budget

Dear Aspirants,

We came across a very nice article in Economic Times on some new concepts and ideas which were introduced in Budget 2013.

**SERVICE TAX VOLUNTARY COMPLIANCE ENCOURAGEMENT SCHEME:**

A one-time amnesty for those who have collected service tax but not deposited the same with the government. Those service tax providers that have not filed service tax return since October 2007 can disclose true liability and get an interest or penalty waive off.

**COMMODITIES TRANSACTION TAX (CTT):**

This is on the lines of securities transaction tax levied on sale and purchase of shares on stock exchanges. The tax will be levied on nonagricultural commodities futures at 0.01 per cent of the trade value, the same rate as that on equity futures.

**INVESTMENT ALLOWANCE:**

A tax break given to companies for high value investment in plant and machineries, over and above depreciation benefits enjoyed by them. A company investing Rs 100 crore or more in plant and machinery during the April 2013 to March 2015 will be entitled to deduct an investment allowance of 15 per cent of the investment. This is expected to see enormous spill-over benefits to small and medium enterprises.

**INFLATION-INDEXED BONDS:**

The government hopes this will help increase financial savings instead of buying gold. In the recent years the rate of return on debt investments has often been below inflation, which effectively means that inflation was eroding savings. Inflation indexed bonds provide will provide returns that are always in excess of inflation, ensuring that price rise does not erode the value of savings.



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