

# IN'TER(RIBLE)IM BUDGET (2013) 2014



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Volume bHIVE 2 \*\* February 2014 \*\* Issue 02



Go slow... Elections ahead...



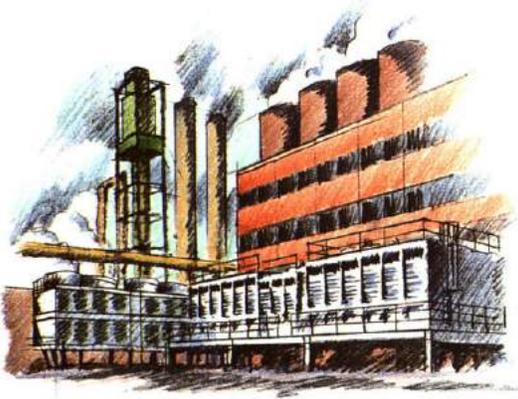
## Inching towards election..

Time and again, we have discussed how politics and economics are inherently conflicting. And that, political motives almost always tend to override economic priorities. With the forthcoming general elections inching closer, the murky political game has become more and more evident.

But who really cares! At the moment, winning the upcoming general elections seems to be the only thing that matters. The reason we ought to worry is because the government seems unhesitant to jeopardize the long term economic interests of the country in its pursuit of short term political ambitions. Time will only tell whether this will have any impact on the election results in India...Normally, budget, especially a budget before elections, has a impact on the elections...But, how far this budget will bring back smiles on the faces of UPA II and Congress party, time will only answer...



# Election is the Mantra!!!



- ❖ Cut in excise to benefit many manufacturing sectors
- ❖ Makers of capital & consumer goods to gain the most

- ❖ Farmers who repay loans on time will get credit at 4%, effective rate next year also



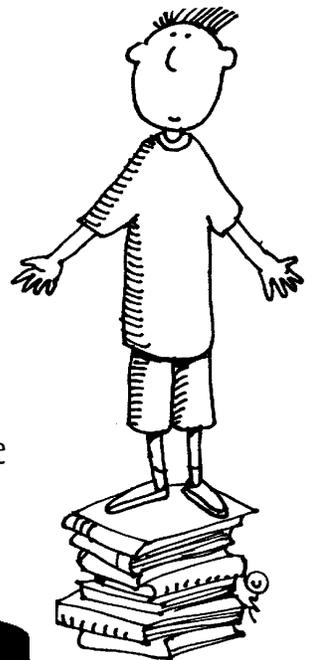
- ❖ Excise duty cut spells bonanza for auto buyers.

- ❖ Many electronics and kitchen appliances to get cheaper by 1-2%.

- ❖ Laptops to cost 300-800 less and ACs to get cheaper by 300-1,000



- ❖ 500 cr set aside 9 lakh students to benefit from interest waiver for education loans taken before March 31, 2009



- ❖ One record for all financial assets of every individual
- ❖ Smoother clearing, settlement for foreign funds in Indian bonds

- ❖ One-rank, one-pension for defence personnel;



# Direct & indirect taxes



So Sorry No changes in **Direct Taxes!!!**

Indirect tax rates are generally left untouched in a vote-on-account. But Chidambaram announced several cuts arguing that the current economic situation demanded some interventions that could not wait for the regular budget.

## Automobile Industry

To give relief to the Automobile Industry, which is registering unprecedented negative growth, the excise duty is reduced for the period up to 30.06.2014



Excise Duty From **30% to 24%** ↓

The duties on large and mid-segment cars were cut from **27% and 24% to 24% and 20%**

## Mobile Industry

Domestic production of mobile handsets, the excise duties for all categories of mobile handsets is restructured.

↓  
The rates will be **6%** with CENVAT credit or **1 percent** without CENVAT credit.



## Service Tax

The loading and unloading, packing, storage and warehousing of rice is exempted from Service Tax.

The services provided by cord blood banks is exempted from Service Tax.

## Customs Duty

To encourage domestic production of specified road construction machinery, the exemption from CVD on similar imported machinery is withdrawn.

The customs duty structure for Inputs for manufacture of soaps oleo chemicals has been rationalized to

↓ **7.5%**



↓ Excise Duty From **12% to 8%**

A concessional custom duty 5 percent on capital goods imported by the Bank Note Paper Mill India Private Limited is provided to encourage domestic production of security paper for printing currency notes.



# Projects..

## Manufacturing

- ❖ 8 National Investment and Manufacturing Zones (NIMZ) along with Delhi Mumbai Industrial Corridor (DDMIC)
- ❖ 3 Industrial Corridors connecting - Chennai - Bangalore, Bangalore - Mumbai - Amritsar - Kolkata
- ❖ Additional Capacities for Manufacturing Industries
- ❖ Public Procurement Policy - Technology and Common Facility Centres
- ❖ Khadi Mark for MSME

## Economic

- ❖ Creation of India Inclusive Innovation Fund (100Cr Corpus Fund)
- ❖ To support Micro Small and Medium Enterprises
- ❖ National Solar Mission to add four ultra mega solar power projects

## Social

- ❖ Promotion of Community Railway Station

## Space

- ❖ Several Flight tests, navigation satellites and space machines are planned in 2014-15

## Accomplishments..

- ❖ Decontrolling sugar
- ❖ Applications for new bank licences
- ❖ Enactment of Right to Fair Compensation and Transparency in Land Acquisition & Rehabilitation and Resettlement Act
- ❖ National Food Security Act assuring 67% of population
- ❖ New Companies Act
- ❖ PFRDA Act
- ❖ Venture Capital of 200Cr to provide Concessional finance to SC's



## Infrastructure

- ❖ 19 Oil and Gas Blocks
- ❖ 7 Airports
- ❖ Thermal & Hydel Power capacity under construction
- ❖ Infrastructure Debt Funds

## Way ahead...

- ❖ Target fiscal deficit at 3% of GDP by FY17
- ❖ Welcome Foreign Investment
- ❖ Implement FSLRC recommendations that need no legislative changes immediately
- ❖ Balance Inflation, Growth
- ❖ Beef Up Infrastructure
  - ❖ Special focus export manufacturing. Waive taxes or give concessions on products for exports. Ensure tariff protection as incentive to encourage domestic manufacturing
  - ❖ Skill development must rank alongside secondary and varsity education, total sanitation and universal health care
- ❖ Target Subsidies
- ❖ Focus On Urbanisation

# THE NUMBER GAME



## GDP

- ❑ Projected at 6% in 2014-15
- ❑ Expected to recover to 5.2% in second half of 2013-14

## Fiscal Deficit

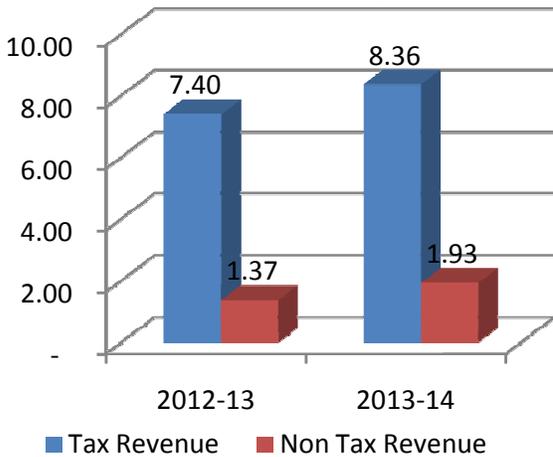
- ❑ Target 4.1% in 2014-15
- ❑ Projected at 4.6% in 2013-14 vs original 4.8%

## Current Deficit

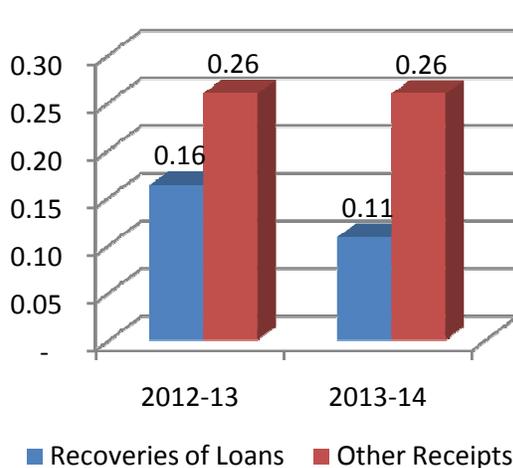
- ❑ Pegged at \$45 billion in 2013-14, against \$88 billion in 2012-13



## Revenue Receipts

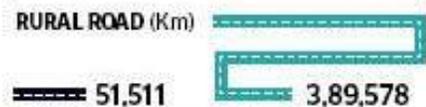
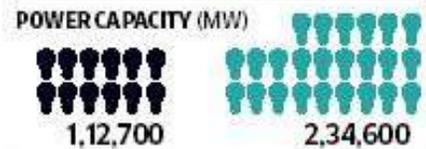
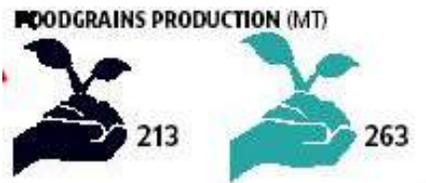


## Capital Receipts

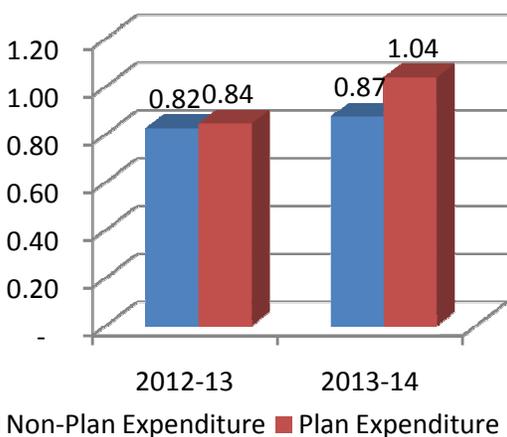


## NOW AND THEN

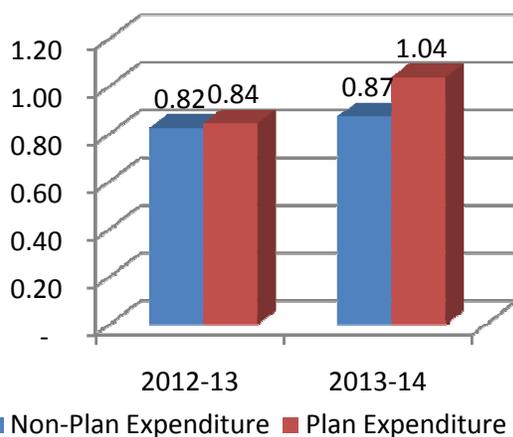
■ 10 YEARS AGO ■ TODAY



## Revenue Expenditures



## Capital Expenditures



Thank You,



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