



UNION BUDGET HIGHLIGHTS 2012

Disinvestment Policy

- PSU Disinvestment target set at 30,000 Cr. for 2012-13

Tax exemption scheme for retail stock investors

- Rajiv Gandhi Equity Saving Scheme to 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 to be introduced. The scheme will have a lock-in period of 3 years

Capitalisation of Banks and Financial Holding Company

- To protect the financial health of Public Sector Banks and Financial Institutions, Rs 15,888 Crore proposed to be provided for capitalisation.
- Possibility of creating a financial holding company to raise resources to meet the capital requirements of PSU Banks under examination.

Infrastructure and Industrial Development

- Tax free bonds of Rs 60,000 Crore to be allowed for financing infrastructure projects in 2012-13.

Power and Coal

- Coal India Limited advised to sign fuel supply agreements with power plants, having long-term power purchase agreement with distribution companies and getting commissioned on or before March 31, 2015.
- External Commercial Borrowings (ECB) to be allowed to part finance Rupee debt of existing power projects.

Budget Estimates 2012-13

- Gross Tax Receipts estimated at Rs 10,77,612 Crore
- Net Tax to Centre estimated at Rs 7,71,071 crore
- Non-tax Revenue Receipts estimated at Rs 1,64,614 crore
- Non-debt Capital Receipts estimated at Rs 41,650 crore.
- Total expenditure for 2012-13 budgeted at Rs 14,90,925 crore.
- Plan expenditure for 2012-13 at Rs 5,21,025 crore is 18 per cent higher than BE 2011-12. This is higher than 15 per cent projected in Approach to the Twelfth Plan.
- Non-plan expenditure estimated at Rs 9,69,900 crore.
- Rs 3,65,216 crore estimated to be transferred to States including direct transfers to States and district level implementing agencies.
- Entire amount of subsidy is given in cash and not as bonds in lieu of subsidies.
- Fiscal deficit at 5.9 per cent of GDP in RE 2011-12.
- Fiscal deficit at 5.1 per cent of GDP in BE 2012-13.
- Net market borrowing required to finance the deficit to be Rs 4.79 lakh crore in 2012-13.

- Central Government debt at 45.5 per cent of GDP in 2012-13 as compared to Thirteenth Finance Commission target of 50.5 per cent.
- Effective Revenue Deficit to be 1.8 per cent of GDP in 2012-13.

Direct Taxes

- Exemption limit for the general category of individual taxpayers proposed to be enhanced from Rs 1,80,000 to Rs 2,00,000 giving tax relief of Rs 2,000.
- Upper limit of 20 per cent tax slab proposed to be raised from Rs 8 lakh to Rs 10 lakh.
- Proposal to allow individual tax payers, a deduction of upto Rs 10,000 for interest from savings bank accounts.
- Proposal to allow deduction of upto Rs 5,000 for preventive health check up.
- Senior citizens not having income from business proposed to be exempted from payment of advance tax.
- Exemption from Capital Gains tax on sale of residential property, if sale consideration is used for subscription in equity of a manufacturing SME for purchase of new plant and machinery.
- Proposal to provide weighted deduction at 150 per cent of expenditure incurred on skill development in manufacturing sector.
- Reduction in securities transaction tax by 20 per cent on cash delivery transactions.
- Proposal to extend the levy of Alternate Minimum Tax to all persons, other than companies, claiming profit linked deductions.

Indirect Taxes

Service Tax

- To maintain a healthy fiscal situation proposal to raise service tax rate from 10 per cent to 12 per cent, with corresponding changes in rates for individual services.
- Proposals from service tax expected to yield additional revenue of Rs 18,660 Crore.

Other proposals for Indirect Taxes

- Standard rate of excise duty to be raised from 10 per cent to 12 per cent, merit rate from 5 per cent to 6 per cent and the lower merit rate from 1 per cent to 2 per cent with few exemptions.
- Excise duty on large cars also proposed to be enhanced.
- Customs duty on standard gold up to 4% from the current 2%, non- standard gold to 10% from 5%.
- No change proposed in the peak rate of customs duty of 10 per cent on nonagricultural goods.
- Proposals to increase excise duty on 'demerit' goods such as certain cigarettes, hand-rolled bidis, pan masala, gutkha, chewing tobacco, un manufactured tobacco and zarda scented tobacco.
- Cess on crude petroleum oil produced in India revised to Rs 4,500 per metric tonne.
- Basic customs duty proposed to be enhanced for certain categories of completely built units of large cars/MUVs/SUVs

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