

Indian Union Budget 2010-11 Highlights

Highlights of the Union Budget 2010-11 presented by Finance Minister Pranab Mukherjee on 26.02.2010:

- ❖ Net revenue gain from tax proposals at Rs 20,500 crore
- ❖ Certain accredited news agencies exempted from service tax
- ❖ Service tax to remain 10 per cent
- ❖ Increase in duty on gold and silver import
- ❖ Clean energy cess of Rs 50 per tonne to be levied on coal produced in India
- ❖ 10 per cent central excise duty on all non-petroleum products
- ❖ Structural changes in excise duties on cigarettes, cigars and cigarillos.
- ❖ Revenue loss of Rs 26,000 crore on direct tax proposals.
- ❖ 7.5 per cent duty on petrol, diesel, crude restored.
- ❖ Exempt duty raised for all non-smoking tobacco products
- ❖ Investment linked tax deductions to be allowed to two—star hotels anywhere in the country.
- ❖ Fiscal deficit seen at 4.8 per cent and 4.1 per cent in 2011—12 and 2012—13 respectively.
- ❖ 20 per cent tax for income above Rs 5 lakh and up to Rs 8 lakh
- ❖ 30 per cent tax for income above Rs 8 lakh.
- ❖ Income Tax department ready with two—page Saral—2 return forms for individual salaried assesses
- ❖ Surcharge on companies reduced to 7.5 per cent
- ❖ Additional exemption of Rs 20,000 for long term investment in infra bonds
- ❖ Ten per cent tax slab for income above 1.6 lakhs up to Rs. 5 lakhs.
- ❖ No income Tax upto Rs. 1.6. lakhs
- ❖ National Social Security Fund created for workers in unorganised sector with allocation of Rs.1,000 crore

- ❖ Government to give Rs.1,000 for each National Pension Scheme account opened by workers in the unorganised sector
- ❖ Exclusive skill development programme for the textile sector
- ❖ Fifty percent hike in allocation for schemes for women and child development
- ❖ Rs.4,500 crore allocated for ministry of social justice and empowerment, a hike of 80 percent
- ❖ Rs.2,600 crore allocated for ministry of minorities affairs
- ❖ Rs.1,900 crore for Unique Identification Authority of India
- ❖ Rs.147,344 crore allocated for defence
- ❖ 2,000 youth to be recruited in central paramilitary forces
- ❖ Draft Food Security Bill prepared and will be put in the public domain
- ❖ Allocation on primary education raised from Rs.26,800 crore to Rs.31,300 crore
- ❖ Banking facilities to be provided to all habitations with a population of 2,000 and more
- ❖ Rs.66,100 crore allocated for rural development in 2010—11; Rs.40,100 crore for National Rural Employment Scheme; RS.48,000 crore for Bharat Nirman
- ❖ Rs.1,270 crore allocated for Rajiv Awas Yojna for slum dwellers, up from Rs.150 crore, an increase of 700 percent with the aim of creating a slum free India.
- ❖ Forty—six percent of plan allocations in 2010—11 will be for infrastructure development
- ❖ Coal Regulatory Authority to be set up to benchmark standards of performance
- ❖ Allocation for new and renewable energy sector increased 61 percent from Rs.620 crore to Rs.1,000 crore in 2010—11
- ❖ National Clean Energy Fund to be established
- ❖ Rs.200 crore allocated as special package for Goa to prevent erosion and increase green cover.
- ❖ Government committed to growth of SEZs.
- ❖ Four—pronged strategy for growth of agricultural sector.
- ❖ Rs.200 crore to be provided in 2010—11 for climate—resilient agricultural initiative.
- ❖ Involvement of private sector in grain storage to continue for another two years.

- ❖ In view of drought and floods, debt repayment period extended to June 2010.
- ❖ Five more mega food processing projects in addition to 10 existing ones.
- ❖ FDI flows in April—December 2009 \$20.9 billion.
- ❖ FDI policy to be made more user—friendly with one comprehensive document.
- ❖ Apex level financial stability council to be set up for banking sector.
- ❖ Indian Banking Association to give additional licences to private players.
- ❖ Provision for further capital for regional rural banks.
- ❖ Roadmap for reducing public debt in six months.
- ❖ Implementation of direct tax code from April 2011.
- ❖ Government actively engaged in finalising structure of general sales tax regime; hopes to implement it from April 2011.
- ❖ Rs.35,000 crore raised from divestment in 2009—10; will be higher in 2010—11.
- ❖ New fertiliser policy from April 2010; will lead to improved productivity and more income for farmers.
- ❖ Economy stabilised in first quarter of 2009—10; strong rebound in second quarter; overall growth at 7.2 and could be higher when Q3 and Q4 are taken into account.
- ❖ Export figures for January encouraging.
- ❖ Hope to breach 10 percent growth mark in not too distant future.
- ❖ Government set in motion steps to bring down food inflation.
- ❖ Need to review stimulus package; need to make growth more broad—based.
- ❖ India has weathered global economic crisis well; Indian economy in far better position than it was a year ago. In 2009 Indian economy faced grave uncertainty; delay in southwest monsoon had undermined agricultural production.
- ❖ First challenge now is to quickly revert to 9 percent growth and then aim for double digit growth; need to make recovery more broadbased.
- ❖ Second challenge is to make growth more inclusive; have to strengthen food security.
- ❖ Third challenge is to overcome weakness in government's public delivery mechanism; a long way to go in this.
