



## **HIGHLIGHTS OF BUDGET 2011-12**

- Gross Budgetary Support for 2011-12 at Rs. 2.60 lakhs crores as compared to 2.44 lakh crores for last year.
- The total expenditure proposed in the Budget Estimates is Rs. 11,08,749 crore, which is an increase of 8.6 per cent over last year.
- Revenue deficit for 2011-12 estimated at Rs.276,512 crores(4.0%) and Fiscal Deficit for 2011-12 estimated at Rs. 381,408 crores(5.5%).
- Plan Expenditure estimated at Rs. 373,092 crore.
- Non-Plan Expenditure estimated at Rs. 735,657 crore.
- Proposals relating to Direct taxes are estimated to result in a net revenue loss of Rs. 23,000 crore approx for the year.
- Proposals relating to customs and central excise are estimated to result in a net revenue gain of Rs. 43,500 crore for the year.

### ➤ **MAJOR PROPOSALS OF THE FINANCE BILL 2010:**

#### **DIRECT TAXES PROPOSALS :**

##### **Income Tax :**

- Threshold limit of exemption from personal income tax in the case of all assesses increased to Rs.160,000. The revised slabs and rates of tax are :

Up to Rs.160,000	NIL
Rs.160,001 to Rs.500,000	10 per cent
Rs.500,001 to Rs.800,000	20 per cent
Rs.800,001 and above	30 per cent

In case of a woman assessee, the threshold continued at 190,000 and for senior citizens, the threshold limit continued at 240,000.

- No change in the corporate income tax rates.
- New Saral 2 for salaried taxpayers.
- Rate of surcharge on corporate tax reduced to 7.5% from 10%.
- Additional deduction of Rs.20,000 allowed under new section 80CCF to an assessee for investing in long term infrastructure bonds.



- Scope of deduction allowed under Section 80D extended for any contribution made to the Central Government Health Scheme.
- Benefit of deduction under Section 35 increased to 200% and 175%.
- Limits for withholding taxes (TDS) revised for certain sections.
- Exemption from tax for conversion of private/unlisted company to LLP subject to certain terms and conditions.
- Limit for Tax Audit revised to 60 lakhs for business assesses and 15 lakhs for professionals.
- Limit for presumptive taxation increased to 60 lakhs.
- Scope of cases which may be admitted by the Settlement Commission expanded.

#### **INDIRECT TAXES PROPOSALS :**

##### **Excise Duty :**

- Basic Excise duty rate increased to 10%.
- Excise duty on Portland cement and cement clinker also increased.
- Restoring the basic duty of 5 per cent on crude petroleum; 7.5 per cent on diesel and petrol and 10 per cent on other refined products. Central Excise duty on petrol and diesel enhanced by Re.1 per litre each.
- Some structural changes in the excise duty on cigarettes, cigars and cigarillos to be made coupled with some increase in rates. Excise duty on all non-smoking tobacco such as scented tobacco, snuff, chewing tobacco etc to be enhanced
- Concessions to the agricultural sector.
- Rates on precious metals indexed at Rs.200 per 10 grams to Rs.300 per 10 grams for gold and platinum and Rs.1,000 per kg to Rs.1,500 per kg for Silver.

##### **Service Tax :**

- Rate of service tax retained at 10%.
- New services to be notified in due course.
- Process of refund of accumulated credit to exporters of services, made easy by making necessary changes in the definition of export of services and procedures.

##### **Custom Duties :**



- Reduction in basic customs duty on long pepper from 70 per cent to 30 per cent.
- Concessional customs duty of 5 per cent for Cold storage, cold room including farm pre-coolers for preservation or storage of agriculture and related sectors produce
- Full exemption from customs duty to refrigeration units required for the manufacture of refrigerated vans or trucks
- Concessional customs duty of 5 per cent to specified agricultural machinery not manufactured in India;

**Roadmap to Goods and Service Tax :**

- Endeavour to implement Goods and Service Tax GST from April 1, 2011.

**OTHERS:**

- RBI to consider giving some additional banking licenses to private sector players including NBFC's if they meet the RBI's eligibility criteria
- Number of steps taken to simplify the FDI regime
- The target for Agriculture credit flow for the year 2011-12 has been set at Rs.3,75,000 crore.
- Rs 1,73,552 crore provided for infrastructure development which accounts for over 46 per cent of the total plan allocation
- The spending on social sector has been gradually increased to Rs.1,37,674 crore in 2011-12, which is 37% of the total plan outlay in 2011-12.
- Plan allocation for school education increased by 16 per cent from Rs.26,800 crore in 2009-10 to Rs.31,036 crore in 2011-12.
- Plan allocation to Ministry of Health & Family Welfare increased from Rs 19,534 crore in 2009-10 to Rs 22,300 crore for 2011-12.