

## **Highlights of the Interim Union Budget 2014-2015**

- ONE RANK ONE PENSION ACCEPTED FOR DEFENCE SERVICES.
- Fiscal deficit for 2013-14 will be 4.6 percent of GDP. Current Account Deficit (CAD) will be pegged to \$45 billion.
- Food inflation declines sharply from 13.6 percent to 6.2 percent.
- In the current year, agriculture growth UP at 4.6 percent.
- Merchandise export 2013-14 \$ 326 billion, up by 6.3 percent.
- Defence allocation up by 10 percent.
- Government will contribute Rs. 1000 crore to Nirbhaya Fund.
- Big Excise relief to automobile and capital goods industry. Attempts to boost domestic production of mobile handsets.
- 67 cases of illegal Off-shore Accounts detected. Action underway to determine tax liability. Prosecutions for willful tax evasion launched in 17 other cases.
- Relief for pre-2009 student borrowers.

The Government has accepted the principle of 'one rank one pension' for the defence forces and has allocated Rs. 500 crore for this purpose.

The target of agricultural credit has been raised to Rs. 8,00,000 crore. The effective rate of interest on farm loans, after interest subvention and incentive for prompt payment, has been maintained at 4 percent.

A modernization plan at a cost of over Rs. 11,000 crore has been announced in the Interim Budget to strengthen the capacity of Central Armed Police Forces. Announcing this, the Finance Minister said that funds for the purpose have been provided in the current financial year and for the next year. This fund is to be utilized for providing state of the art equipment and technology for the Central Armed Police Forces.

The Government will contribute Rs. 1000 crore to the Nirbhaya Fund on top of Rs. 1000 crore provided earlier.

Rs. 1200 crore Additional Central Assistance is being provided to the North-Eastern States, Himachal Pradesh and Uttarakhand.

A venture capital fund for Scheduled Castes is proposed to be set up with an initial capital of Rs. 200 crore.

The restructured ICDS, which is being implemented in 400 districts, will be rolled out in the remaining districts.

Rs. 1000 crore is being proposed to the National Skill Development Cooperation in view of its success in providing skills to the youth. The Union Finance Minister has informed the House that the National Skill Certification and Monetary Reward Scheme launched in August 2013 saw 168,043 youth enrollment and 77,710 have completing their training. 24 Sector Skill Councils, 442 Training Partners and 17 Assessment Agencies had joined the programme. 204 job roles have been finalized. Rs. 1000 crore set apart in previous financial year (2013-14 will be transferred to the NSD Trust and proposed the transfer of another sum of Rs. 1,000 crore next year (2014-15) to enable the Trust to scale up the programme of NSDC rapidly.

Finance Minister announced an interest subsidy on education loans taken up to March 31, 2009, a move that will benefit about nine lakh students. According to the scheme, the government will pay the outstanding interest liabilities till December 31, 2013. Students, however, would have to pay interest from January 1, 2014

### **A VISION FOR THE FUTURE**

Among the tasks identified for the health of the economy in the years to come, the Minister called for keeping the fiscal deficit at 3 percent of GDP, promoting foreign investment, keeping inflation at a moderate level, and time-bound implementation of financial sector reforms. He also emphasized the need to rebuild infrastructure and promote manufacturing. Keeping subsidies under check, addressing the decay in cities and skill development will need to be given emphasis. States must share costs of flagship programmes so that more resources can be allocated to defence, railways etc.

### **REVENUE PROPOSALS**

It is proposed to reduce the excise duty for the small cars, motor cycles, scooters and commercial vehicles by 4 percent. It will be cut from 12 percent to 8 percent. The excise duty on SUVs is proposed to be reduced by 6 percent. From 30 percent to 24 percent.

In case of large and mid-segment cars, it is proposed to reduced excise duty by 3 percent i.e. 27/24% to 24/20%. All these reduced rates will be applicable upto June 30, 2014.

To stimulate growth in capital goods and consumer non-durable, it is proposed to reduce the excise duty from 12 to 10 percent on all goods for a period up to June 30, 2014. It is applicable to all goods falling under Chapter 84 and 85 of the Schedule to the Central Excise Act.

To encourage the domestic production of mobile handsets and reduce the dependence on

imports, it is proposed to restructure the excise duty for category of mobile handsets. The rates will be 6 percent with CENVAT credit or 1 percent without CENVAT credit.

To boost domestic production of soaps and oleo chemicals, it is proposed to rationalize the customs duty structure on non-edible grade industrial oils and fractions, fatty acids and fatty alcohols at 7.5 percent.

It is proposed to withdraw the exemption from CVD on similar imported machinery to encourage domestic production of the specified road construction machinery.

Setting-up a Research Funding Organization that will fund research projects selected through a competitive process. Contributions to that organization will be eligible for tax benefit.

The Direct Taxes code (DTC) is ready and it will be placed on the website for a public discussion.

(Source: PIB)