

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

HIGHLIGHTS OF THE BUDGET

New Delhi: Phalguna 09, 1934
February 28, 2013

The Union Budget for 2013-14 aims at higher growth rate leading to inclusive and sustainable development as 'mool mantra'.

- Finance Minister makes three promises: to women, youth and the poor.
- Nirbhaya Fund to empower women and to keep them safe and secure.
- Proposal to set up India's first Women's Bank as a public sector bank.
- Rs. 1,000 crore for skill development of ten lakh youth to enhance their employability and productivity.
- Direct Benefit Transfer (DBT) Scheme to be rolled out throughout the country during the term of UPA Government.
- Fiscal Deficit for 2013-14 is pegged at 4.8 percent of GDP. The Revenue Deficit will be 3.3 percent for the same period.
- Plan Expenditure placed at Rs. 5,55,322 crore. It is 33.3 percent of the total expenditure while Non Plan Expenditure is estimated at Rs. 11,09,975 crore. The plan expenditure in 2013-14 will be 29.4 percent more than the RE of the current year i.e. 2012-13.
- Substantial rise in allocation to the social sector. Allocation for Rural Development Ministry raised by 46 percent to Rs. 80,194 crore.
- The target for farm credit for 2013-14 has been set at Rs. 7,00,000 crore against Rs. 5,75,000 crore during the current year.
- Rs. 10,000 crore earmarked for National Food Security towards the incremental cost.
- Education gets Rs. 65,867 crore, an increase of 17 percent over RE for 2012-13.
- ICDS gets Rs. 17,700 crore. This is 11.7 percent more than the current year.
- Drinking water and sanitation will receive Rs. 15,260 crore. Rs. 1,400 crore is being provided for setting up water purification plants to cover arsenic and fluoride affected rural areas.
- Health and Family Welfare Ministry has been allotted Rs. 37,330 crore. National Health Mission will get Rs. 21,239 crore which represents 24.3 percent over the RE.
- The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) will receive Rs. 14,873 crore as against RE of Rs. 7,383 crore in the current year.
- Defence has been allocated Rs. 2,03,672 crore.
- Rs. 3,511 crore have been earmarked to Minority Affairs Ministry, 60 percent higher than RE for 2012-13.

- The Government will encourage Infrastructure Debt Fund (IDF) and allow some institutions to raise tax free bonds upto Rs. 50,000 crore which is 100 percent more than the current year.
- India Infrastructure Finance Corporation (IIFC), in partnership with ADB will help infrastructure companies to access bond market to tap long term funds.
- Income limit under Rajiv Gandhi Equity Savings Scheme (RGESS) will be raised from Rs. 10 lakh to Rs. 12 lakh.
- First home loan from a bank or housing finance corporation upto Rs. 25 lakh entitled to additional deduction of interest upto Rs. 1 lakh.
- Proposal to launch Inflation Indexed Bonds or Inflation Indexed National Security Certificates to protect savings from inflation.
- On oil and gas exploration policy, the Budget proposes to move from the present profit sharing mechanism to revenue sharing. Natural gas pricing policy will be reviewed.
- On coal, the Budget proposes adoption of a policy of pooled pricing.
- Benefits or preferences enjoyed by MSME to continue upto three years after they grow out of this category.
- Refinancing capacity of SIDBI raised to Rs. 10,000 crore.
- Technology Upgradation Fund Scheme (TUFS) for textile to continue in 12th Plan with an investment target of Rs. 1,51,000 crore.
- Rs. 14,000 crore will be provided to public sector banks for capital infusion in 2013-14.
- A grant of Rs. 100 crore each has been made to 4 institutions of excellence including Aligarh Muslim University, Banaras Hindu University, Tata Institute of Social Sciences, Guwahati and Indian National Trust for Art and Cultural Heritage (INTACH).
- New taxes to yield Rs. 18,000 crore.
- A surcharge of 10 percent on persons (other than companies) whose taxable income exceeds Rs.1 crore have been levied.
- Tobacco products, SUVs and Mobile Phones to cost more.
- Relief of Rs. 2000 for the tax payers in the first bracket of 2 to 5 lakhs.
- 'Voluntary Compliance Encouragement Scheme' launched for recovering service tax dues.
- Rs. 9,000 crore earmarked as the first installment of balance of CST compensations to different States/UTs.

DSM/MKP/RNM/DB/65

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

RELIEF FOR TAXPAYERS IN THE BRACKET OF RS.2 LAKH TO 5 LAKH
TAX CREDIT OF RS.2000 TO EVERY PERSON WITH TOTAL INCOME UPTO 5 LAKH

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes a relief of Rs.2000 to every person who has a total income upto Rs.5 lakh in a financial year. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that 1.80 crore taxpayers are expected to benefit to the value of Rs.3600 crore on account of this proposal of tax credit of Rs.2000. He further said that the current slabs were introduced only last year. Hence, there is no case to revise either the slabs or the rates. However, he proposed to give some relief to the taxpayers in the first bracket of Rs.2 lakh to Rs.5 lakh.

DSM/RC/nb/6

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**SURCHARGE OF 10 PER CENT ON PERSONS WITH TAXABLE INCOME
EXCEEDING RS.1 CRORE**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes a surcharge of 10 per cent on persons whose taxable income exceed Rs. 1 crore per year. This will apply to individuals, HUFs, firms and entities with similar tax status. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that he also proposes to increase the surcharge from 5 per cent to 10 per cent on domestic companies whose taxable income exceeds Rs.10 crore per year. In the case of foreign companies, the surcharge will increase from 2 per cent to 5 per cent.

In all other cases, such as dividend distribution tax or tax on distributed income, the current surcharge of 5 per cent is being increased to 10 per cent. The additional surcharges will be imposed for only one year, i.e., financial year 2013-14. The education cess for all taxpayers shall continue at 3 per cent. The Finance Minister said that he expects the relatively prosperous to bear a small burden for one year.

DSM/RC/nb/09

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**ADDITIONAL DEDUCTION OF INTEREST UPTO RS.1 LAKH ON HOME LOAN FOR
FIRST HOME BUYER**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes additional tax benefit to the first – home buyer who takes a loan for an amount not exceeding Rs.25 lakh. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram proposed that a person taking a loan for his first home from a bank or a housing finance corporation upto Rs.25 lakh during the period 1.4.2013 to 31.3.2014 will be entitled to an additional deduction of interest of Rs.1 lakh.

The Finance Minister hoped that this will promote home-ownership and give a filip to a number of industries like steel, cement, brick, wood, glass etc besides jobs to thousands of construction workers.

This deduction will be over and above the deduction of Rs.1.50 lakh allowed for self-occupied properties under Section 24 of the Income Tax Act. If the limit is not exhausted, the balance may be claimed in AY 2015-16.

DSM/RC/nb/08

PRESS INFORMATION BUREAU
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**15 PERCENT INVESTMENT ALLOWANCE PROVIDED ON INVESTMENT OF
MORE THAN 100 CRORES IN PLANT AND MACHINERY**

**CONCESSIONAL RATE OF TAX OF 15 PERCENT ON DIVIDEND RECEIVED FROM
ITS FOREIGN SUBSIDIARY BY A COMPANY CONTINUED FOR ONE MORE YEAR**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes an investment allowance at the rate of 15 per cent to a manufacturing company that invests more than Rs.100 crore in plant and machinery during the period 1.4.2013-31.3.2015. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that no large economy can become truly developed without a robust manufacturing sector. He also proposed to extend the 'Eligible Date' for projects in the power sector to avail of the benefit under Section 80-IA of the Income Tax Act from 31.3.2013 to 31.3.2014.

Mr. Chidambaram also announced that the concessional rate of tax of 15 per cent on dividend received by an Indian company from its foreign subsidiary shall be continued for one more year. This will encourage repatriation of funds from overseas companies. Further, the Indian company shall not be liable to pay dividend distribution tax on the distribution to its shareholders of that portion of the income received from its foreign subsidiary.

DSM/RC/nb/22

General Budget

2013-14

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GOVERNMENT OF INDIA

RAJIV GANDHI EQUITY SAVINGS SCHEME(RGESS) LIBERALISED

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes liberalisation of the Rajiv Gandhi Equity Savings Scheme(RGESS) that was launched in FY 2012-13. The first time investors will now be allowed to invest in mutual funds as well as listed shares. This investment can be done not in one year alone, but in three successive years. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that the income limit is also being proposed to be raised from Rs.10 lakh to Rs.12 lakh.

DSM/RC/nb/7

PRESS INFORMATION BUREAU
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**TDS AT THE RATE OF 1 PERCENT APPLIED ON THE VALUE OF TRANSFER OF
IMMOVABLE PROPERTY EXCEEDING RS.50 LAKH**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes levy of TDS at the rate of 1 percent on the value of the transfer of immovable property where the consideration exceeds Rs.50 lakh. However, agricultural land will be exempt. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that transactions in immovable properties are usually undervalued and under-reported. One half of the transactions do not carry the PAN of the parties concerned. The Finance Minister said that the proposal to apply TDS was aimed at improving the reporting of such transactions and the taxation of capital gains.

DSM/RC/nb/5

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

FINAL WITHHOLDING TAX LEVIED AT THE RATE OF 20 PER CENT

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes levy of Final Withholding Tax at the rate of 20 per cent on profits distributed by unlisted companies to shareholders through buy-back of shares. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said some tax avoidance arrangements have come to notice and the above proposal is aimed at plugging the loopholes.

The Finance Minister also proposed to increase the rate of tax on payments by way of royalty and fees for technical services to non-residents from 10 per cent to 25 per cent. However, the applicable rate will be the rate of tax stipulated in the Double Tax Avoidance Agreement(DTAA). Shri Chidambaram noted that the rate of tax on royalty in the Income Tax Act is lower than the rates provided in a number of double tax avoidance agreements. The above proposal is aimed at correcting this anomaly.

DSM/RC/nb/4

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

SECURITIES TRANSACTION TAX (STT) REDUCED

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes reduction in the rates of Securities Transaction Tax (STT) in respect of certain transactions. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram proposed the following reductions in the rates of STT:-

| | |
|--------------------------------------|---|
| Equity futures: | From 0.017 to 0.01 per cent |
| MF/ETF redemptions at fund counters: | From 0.25 to 0.001 percent |
| MF/ETF purchase/sale on exchanges: | From 0.1 to 0.001 percent, only on the seller |

The Finance Minister noted STT has a stabilising effect on transactions and he had proposed reductions in the rate of tax taking note of the changes and shifts in the market.

DSM/RC/nb/24

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**COMMODITIES TRANSACTION TAX (CTT) INTRODUCED IN A LIMITED WAY;
AGRICULTURAL COMMODITIES WILL BE EXEMPT**

New Delhi, February 28, 2013
Phalgun 09, 1934

The Finance Bill 2013 proposes to introduce Commodities Transaction Tax(CTT) in a limited way. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that CTT shall be levied on non-agricultural commodities future contracts at the same rate as on equity futures that is at 0.01 percent of the price of the trade. The trading in commodity derivatives will not be considered as a 'speculative transaction' and CTT shall be allowed as deduction if the income from such transaction forms part of business income.

Mr. Chidambaram also said that there is no distinction between derivative trading in the securities market and derivative trading in the commodities market, only the underlying asset is different. Hence, it is time to introduce CTT in a limited way. However, agricultural commodities will be exempt.

DSM/RC/nb/33

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**MODIFIED PROVISIONS OF GENERAL ANTI-AVOIDANCE RULES(GAAR) TO
COME INTO EFFECT FROM 1ST APRIL, 2016**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013 proposes to bring the modified provisions of General Anti-Avoidance Rules (GAAR) into effect from 1.4.2016. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that Finance Act 2012 introduced GAAR. A number of representations were received against the new provisions. An expert committee was constituted to consult stakeholders and finalise the GAAR guidelines.

Shri Chidambaram said after careful consideration of the report, the Government announced certain decisions on 14.1.2013 which were widely welcomed. These decisions are now being incorporated in the Income-Tax Act. The modified provisions preserve the basic thrust and purpose of GAAR.

DSM/RC/nb/34

General Budget

2013-14

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GOVERNMENT OF INDIA

WORK ON THE DIRECT TAXES CODE (DTC) IN PROGRESS

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Minister Shri P.Chidambaram has said that the work on Direct Taxes Code (DTC) is in progress. Presenting the Union Budget in the Lok Sabha today, he said that the DTC is not intended to be an amended version of the Income-Tax Act, 1961 but a new code based on the international practices that will be compatible with the needs of a fast developing economy.

Shri Chidambaram further added that the Standing Committee on Finance had submitted its report and Ministry of Finance is examining the recommendations. The Finance Minister said that he shall endeavour to bring the Bill back to the House before the end of the Budget Session.

DSM/RC/nb/30

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

TAX ADMINISTRATION REFORMS COMMISSION TO BE SET UP

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes to set up a Tax Administration Reforms Commission(TARC). Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that proposed Commission will review the application of tax policies and tax laws. TARC will submit periodic reports that can be implemented to strengthen the capacity of the tax system. The Finance Minister said that an emerging economy must have a tax system that reflects best global practices and the proposed Commission is a step in this direction.

DSM/RC/nb/37

PRESS INFORMATION BUREAU
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**CLARITY IN TAX LAWS, STABLE TAX REGIME, NON-ADVERSARIAL TAX
ADMINISTRATION, DISPUTE RESOLUTION AND INDEPENDENT JUDICIARY –
THE THEME OF TAX PROPOSALS**

New Delhi, February 28, 2013
Phalguna 09, 1934

Presenting the Union Budget in the Parliament today, the Finance Minister Shri P.Chidambaram underlined the theme of the tax proposals to be based on the following parameters:-

- Clarity in tax laws.
- Stable tax regime.
- Non-Adversarial tax administration
- Fair mechanism for dispute resolution
- An independent judiciary

The Finance Minister said that the above parameters formed the underlying theme of his tax proposals both on the direct taxes side and on the indirect taxes side.

DSM/RC/nb/36

General Budget

2013-14

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PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

NEED FOR INCREASING THE TAX GDP RATIO

New Delhi, February 28, 2013
Phalguna 09, 1934

Presenting the Union Budget in the Parliament today, the Finance Minister Shri P.Chidambaram underlined the need for increasing the Tax GDP ratio. The Finance Minister said that in FY 2011-12, the Tax GDP ratio was 5.5 percent for direct taxes and 4.4 percent for indirect taxes. These ratios are one of the lowest for any large developing country and will not garner adequate resources for inclusive and sustainable development.

Shri P.Chidambaram further added that in 2007-08, the Tax GDP ratio touched a peak of 11.9 percent and in the short term, we must reclaim that peak.

DSM/RC/nb/41

General Budget

2013-14

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PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**ELIGIBILITY CONDITIONS OF LIFE INSURANCE POLICIES FOR PERSONS
SUFFERING FROM DISABILITIES AND CERTAIN AILMENTS RELAXED**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013 proposes relaxation in the eligibility conditions of Life Insurance Policies for persons suffering from disability or certain ailment. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram proposed that the permissible premium rate is being increased from 10 per cent to 15 percent of the sum assured in such cases. This relaxation shall be available in respect of policies issued on or after 01.04.2013.

DSM/RC/nb/40

General Budget

2013-14

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GOVERNMENT OF INDIA

**BENEFIT UNDER SECTION 80-D OF THE INCOME TAX ACT FOR CGHS
EXTENDED TO SIMILAR SCHEMES OF THE CENTRAL GOVERNMENT AND
STATE GOVERNMENTS**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013 proposes extension of benefits under Section 80-D of the Income Tax Act to such schemes of the Central Govt and State Govts that are similar to Central Govt. Health Scheme(CGHS). Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that contributions made to CGHS are eligible for deduction under Section 80-D of the Income Tax Act and he is proposing to extend the same benefit to similar schemes of the Central Govt and State Govt. The Finance Minister also announced that deductions made to the National Children’s Fund will now be eligible for 100% deduction.

DSM/RC/nb/39

General Budget

2013-14

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GOVERNMENT OF INDIA

**RATE OF TAX ON INVESTMENT MADE THROUGH A DESIGNATED BANK ACCOUNT IN
RUPEE DOMINATED LONG TERM INFRASTRUCTURE BONDS REDUCED**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013-14 proposes reduction of tax on interest in respect of investment made through a designated bank account in Rupee dominated long term infrastructure bond from 20 percent to 5 percent. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that the rate of tax on interest paid to non-resident investors was reduced last year from 20 per cent to 5 per cent. He has now extended the same benefit as above with a view to attract investment in long term infrastructure bonds.

DSM/RC/nb/44

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**SLEW OF ADMINISTRATIVE MEASURES FOR OPTIMUM EFFICIENCY OF THE
TAX REGIME**

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Minister has proposed to continue the series of administrative measures for improving the overall efficiency of the tax regime. Presenting the Union Budget in the Lok Sabha today, Shri P.Chidambaram said that he proposed to expand the slew of administrative measures as below:-

- Expansion in the scope of annual information returns.
- Extension of the e-payment facility through more banks.
- Extension of the refund banker system to refunds of more than Rs.50,000/-.
- Making e-filing mandatory for more categories of assesseees.

Shri P.Chidambaram said that the Income Tax Department is rapidly moving towards technology based processing as is evident from the Central Processing Cell set-up at Bengaluru and the Central Processing Cell-TDS inaugurated a few days ago at Vaishali, Ghaziabad. The fifth large Tax payer unit will be opened at Kolkata shortly.

DSM/RC/nb/43

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

SECURITISATION TRUST TO BE EXEMPTED FROM INCOME TAX

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013 proposes to exempt the Securitisation Trust from Income Tax. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that this will facilitate the financial institutions to securitise their assets through a special purpose vehicle. Tax shall be levied only at the time of distribution of income by the Securitisation Trust at the rate of 30 percent in case of companies and at the rate of 25 percent in the case of an individual or HUF. No further tax will be levied on the income received by the investors from the Securitisation Trust.

DSM/RC/nb/38

PRESS INFORMATION BUREAU
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PARITY IN TAXATION BETWEEN IDF – MUTUAL FUND AND IDF-NBFC

New Delhi, February 28, 2013
Phalguna 09, 1934

The Finance Bill 2013 proposes to provide parity in taxation between an IDF-Mutual Fund that distributes income and an IDF-NBFC that pays interest when the payment is made to a non-resident. Presenting the Union Budget in the Lok Sabha today, the Finance Minister Shri P.Chidambaram said that the rate of tax on such distributed income or interest will be 5 percent. He also stated that investor protection fund set-up by depositor for protection of the interest of beneficial owners will be exempt from income tax.

DSM/RC/nb/42

GENERAL BUDGET 2013-14

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

AGRICULTURAL CREDIT TARGET KEPT AT Rs. 7 LAKH CRORES

New Delhi: February 28, 2013
Phalguna 09, 1934

In the budget for 2013-14 presented by the Finance Minister Sh. P. Chidambaram in Lok Sabha today, the agricultural credit target has been increased to Rs. 7 lakh crores from the earlier Rs. 5.75 lakh crores. The short-term crop loan scheme (Interest Subvention Scheme) has been extended to the crop loans borrowed from private sector scheduled commercial banks in respect of loans given in the service area of the branch concerned. Earlier the scheme was applicable to loans extended by the Public Sector Banks, Regional Rural Banks (RRBs) and Co-operative Banks.

Under this Interest Subvention Scheme, a farmer will be able to get loans at 4 per cent per annum if he repays the short-term crop loan on time.

DSM/AL/NV/3

GENERAL BUDGET 2013-14

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**MATCHING EQUITY GRANTS TO REGISTERED FARMER PRODUCER
ORGANISATIONS (FPOs) PROPOSED**

New Delhi: February 28, 2013
Phalguna 09, 1934

In the budget for 2013-14, the Finance Minister has proposed a matching equity grants to registered Farmer Producer Organisations (FPOs) upto a maximum of Rs. 10 lakh per FPO to enable them to leverage working capital from financial institutions. For this purpose, an outlay of Rs. 50 crore has been kept. Besides, a Credit Guarantee Fund will also be created in the Small Farmers' Agri Business Corporation with an initial corpus of Rs. 100 crore. The State Governments need to bring necessary amendments to the APMC Act to support such FPOs.

Farmer Producer Organisations including Farmer Producer Companies (FPC) have emerged as aggregators of farm produce and link farmers directly to markets, Shri Chidambaram added.

DSM/AL/NV/21

GENERAL BUDGET 2013-14

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**FINANCE MINISTER PROPOSES SPECIAL FOCUS ON GREEN REVOLUTION IN
2013-14; OUTLAY INCREASED TO BOOST AGRICULTURE PRODUCTION**

New Delhi: February 28, 2013
Phalgun 09, 1934

An allocation of Rs. 1000 crore has been proposed in the budget 2013-14 to continue support to the new green revolution in Eastern States like Assam, Bihar, Chhattisgarh and West Bengal to increase the rice production. An outlay of Rs. 500 crore is proposed for starting a programme of crop diversification that would promote technological innovation and encourage farmers to choose crop alternatives in the original green revolution States as these States are facing the problem of stagnating yields and over-exploitation of water resources.

Under the Rashtriya Krishi Vikas Yojana, an outlay of Rs. 9954 crore and Rs. 2250 crore have been proposed for mobilizing higher investment in agriculture and the National Food Security Mission respectively.

General budget 2013-14 presented by Finance Minister Sh. P. Chidambaram in Lok Sabha today, has focused on augmentation of Green Revolution by proposing various measures like continuing support to Green Revolution in Eastern India, Crop Diversification in original green revolution States, bridging yield gaps between investment in agriculture and National Food Security Mission, Integrated Watershed Programme, pilot programme on Nutri-Farms, establishing National Institute of Biotic Stress Management and a pilot scheme to replant and rejuvenate coconut gardens.

To provide relief to small and marginal farmers especially in drought prone and ecologically-stressed regions, the allocation for the Integrated Watershed Programme has been increased to Rs. 5387 crore from Rs. 3050 crore.

For addressing the issues of plant protection, the National Institute of Biotic Stress Management will be established at Raipur, Chhattisgarh. The Indian Institute of Agricultural

Bio-technology will be established at Ranchi, Jharkhand as a center of excellence in agricultural bio-technology.

An additional sum of Rs. 75 crore has been provided for a pilot scheme to replant and rejuvenate coconut gardens in the State of Kerala and the Andaman & Nicobar Islands.

DSM/AL/NV/11

GENERAL BUDGET 2013-14

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**Rs. 10,000 CRORE PROPOSED FOR INCREMENTAL COST OF NATIONAL FOOD
SECURITY**

New Delhi: February 28, 2013
Phalguna 09, 1934

The Finance Minister Sh. P. Chidambaram has set apart an amount of Rs. 10,000 crore, over and above the normal provision for food subsidy, towards the incremental cost that is likely under the National Food Security Act. Presenting the budget of 2013-14 in Lok Sabha today, the Finance Minister hoped that the National Food Security Bill will be passed by Parliament as early as possible as Food Security is as much a basic human right as the right to education or the right to health care.

DSM/AL/NV/23

GENERAL BUDGET 2013-14

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

Rs. 27,049 CRORE OUTLAY PROPOSED FOR THE MINISTRY OF AGRICULTURE

New Delhi: February 28, 2013
Phalgun 09, 1934

The Finance Minister Shri P. Chidambaram has proposed an outlay of Rs. 27,049 crore for the Ministry of Agriculture in the Union Budget 2013-14. The outlay is 22 per cent over the Revised Estimates of the year 2012-13. Out of this, Rs. 3415 crore will be provided for agricultural research.

From the overall allocation of Rs. 27,049 crore, Rs. 307 crore is proposed to be provided for the National Livestock Mission which will be launched in 2013-14 to attract investment and to enhance productivity taking into account the local agro-climatic conditions. There will be sub Mission for increasing the availability of feed and fodder.

The Finance Minister informed that the agricultural exports from April to December 2012 have crossed Rs. 1,38,403 crore. The increase in Minimum Support Price of every agricultural produce under the procurement programme have motivated the farmers to produce more. He hoped that in 2012-13, the foodgrain production will be over 250 million tonnes.

Thanking the farmers for their hard work, the Finance Minister stated that the average annual growth rate of agriculture and allied sector during the 11th Plan was 3.6 per cent as against 2.5 per cent and 2.4 per cent in the 9th and 10th Plans respectively.

DSM/AL/NV/19

GENERAL BUDGET 2013-14

PRESS INFORMATION BUREAU
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GENERATION-BASED INCENTIVE FOR WIND ENERGY PROJECTS ANNOUNCED

New Delhi: February 28, 2013
Phalguna 09, 1934

The Finance Minister, Shri P. Chidambaram while presenting the Budget 2013-14 in Lok Sabha today proposed to provide Rs. 800 crore for the Ministry of New & Renewable Energy for generation-based incentive for wind energy projects as the non-conventional wind energy sector deserves incentives.

Shri Chidambaram hinted at evolving a scheme to encourage cities and municipalities to take-up waste-to-energy projects in PPP mode which would be neutral to different technologies. The scheme is to be evolved keeping in view India's several thousand tonnes of garbage produced every day. The Government will support municipalities that will implement waste-to-energy projects through different instruments such as viability gap funding, repayable grant and low cost capital.

The Finance Minister stated that the consumer at present pays high price for renewable energy due to the high cost of finance. In order to provide low cost finance, the Government would provide low interest bearing funds from the National Clean Energy Fund (NCEF) to IREDA to on-lend to viable renewable energy projects. The scheme will have a life span of five years, the Minister added.

DSM/AL/NV/32

Press Information Bureau

Government of India

GOVERNMENT PLANS TO EVOLVE NEW CRITERIA FOR DETERMINING BACKWARDNESS

New Delhi; Phalguna 9, 1934

February 28, 2013

Government feels that human development indicators should be taken into consideration to determine backwardness. Presenting the Budget 2013-14 in the Lok Sabha today, the Finance Minister Sh. P. Chidambaram proposed to evolve new criteria such as per capita income and other HDIs and reflect them in future planning and devolution of funds. Terming the Backward Regions Grant Fund as a vital source of gap funding, the Finance Minister proposed to allocate Rs. 11,500 crores in 2013-14 as well as another sum of Rs. 1,000/- crores for Left Wing Extremism (LWE) affected districts. The Minister announced that the Fund will include a State Component for Bihar, the Bundelkhand region, West Bengal, the Kalahandi, Bolangir and Korapet (KBK) districts of Odisha and the 82 districts under the Integrated Action Plan.

DSM/VK/Ombeer/26

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Government of India

GOVERNMENT TO PULL OUT ALL STOPS TO ACHIEVE THE OBJECTIVE OF SKILLING 50 MILLION PEOPLE ; YOUTH TO BE TARGETED AND MOTIVATED

New Delhi; Phalguna 9, 1934

February 28, 2013

Government will release funds through National Rural Livelihood Mission and the National Urban Livelihood Mission to achieve the ambitious target of skilling 50 million people in the Twelfth Plan period including 9 million in 2013-14.

Presenting the Budget 2013-14 in the Lok Sabha today, the Finance Minister Sh. P. Chidambaram said that National Skill Development Corporation has done good work but it has to go a long way. The Minister said that 5 per cent of the Border Area Development Programme Fund, 10 per cent of the Special Central Assistance to the Scheduled Castes sub-plan and the Tribal sub-plan and some other funds will also be used for skill development.

Giving special emphasis on youth, the Minister said that large number of youth must be motivated to voluntarily join skill development programmes. The Minister proposed National Skill Development Corporation to set the curriculum and standards for training in different skills. The Minister announced that upon passing the test after training, the candidate will be given a certificate as well as a monetary reward of an average of Rs. 10,000/- per candidate. Hoping that skill-trained youth will give enormous boost to employability and productivity, the Minister proposed to set apart Rs. 1,000/- crore for this ambitious scheme.

DSM/VK/Ombeer/48

Press Information Bureau

Government of India

GOVERNMENT PLEDGES TO EMPOWER WOMEN AND KEEP THEM SAFE AND SECURE : NIRBHAYA FUND OF RS. 1,000 CRORES ANNOUNCED

New Delhi; Phalguna 9, 1934

February 28, 2013

Government has taken a number of initiatives and steps supporting such initiatives being taken by non-government organizations to ensure the dignity and safety of women. In the backdrop of incidences of violence against women which challenges liberal and progressive credentials of our country, the Finance Minister Sh. P. Chidambaram pledged to do everything possible to empower women and to keep them safe and secure.

Presenting the Budget 2013-14 in the Lok Sabha today, the Finance Minister proposed to set-up Nirbhaya Fund. Citing the multifarious role a woman plays as a child, a young student, sportswoman, homemaker, working woman and the mother who needs their support, the Minister announced that the Government will contribute Rs. 1,000/- crores in this Fund. Shri Chidambaram said that Ministry of Women and Child Development and other ministries concerned will work out the details of the structure, scope and the application of the Fund.

DSM/VK/Ombeer/27

Press Information Bureau

Government of India

DIRECT BENEFIT TRANSFER SCHEME TO BE ROLLED OUT THROUGHOUT THE COUNTRY: GOVERNMENT ENSURES “AAPKA PAISA AAPKE HAATH” TO THE POOR

New Delhi; Phalguna 9, 1934

February 28, 2013

Government is determined to plug in the leakages in the implementation of developmental programmes meant for the poor and the deprived of the country. To achieve this, the Government, which made a modest and cautious beginning on the 1st January, 2013, has announced rolling out of the Direct Benefit Transfer Scheme throughout the country.

Making a promise to the poor to ensure handing over the money meant for them in their own hands, the Finance Minister Sh. P. Chidambaram said that nearly 11 Lakhs beneficiaries have received the benefits directly into their bank accounts. Giving example of the happiness of dalit and tribal students and pregnant women upon getting scholarships and maternity benefits, the Minister said that Government is redoubling its efforts to ensure that the digitized beneficiaries lists are available; that bank account is opened for each beneficiary; and that the bank account is seeded with Aadhaar in due course.

DSM/VK/Ombeer/25

Press Information Bureau

Government of India

FISCAL DEFICIT FOR THE YEAR 2013-14 ESTIMATED AT 4.8 PER CENT, TO BE BROUGHT DOWN TO 3 PER CENT BY 2016-17

New Delhi; Phalguna 9, 1934

February 28, 2013

The fiscal deficit for the current year has been contained at 5.2 per cent and the fiscal deficit for the year 2013-14 is estimated at 4.8 per cent.

Presenting the Budget 2013-14 in Parliament today, the Finance Minister Sh. P. Chidambaram said that the revenue deficit for the current year will be 3.9 per cent and the revenue deficit for the year 2013-14 is estimated at 3.3 per cent. Announcing that the red lines drawn by him with regard to budgetary estimates has not been crossed, the Minister redeemed his promise to bring down the fiscal deficit to 3 per cent, the revenue deficit to 1.5 per cent and the effective revenue deficit to zero by 2016-17. The Minister announced that the estimate of Plan Expenditure is placed at Rs. 5,55,323 crore which as a proportion of total expenditure will be 33.3 per cent. The Minister said that the non-plan expenditure is estimated at Rs. 11,09,975 crore.

DSM/VK/Ombeer/53

Press Information Bureau

Government of India

GOVERNMENT ANNOUNCES FUND FOR PRODUCTS BASED ON SCIENCE AND TECHNOLOGY INNOVATIONS

New Delhi; Phalguna 9, 1934

February 28, 2013

Government plans to pay more attention to science and technology for common man. Ministry of Science and Technology, Ministry of Finance and the Principal Scientific Advisor to the Government have identified a few amazing S&T innovations and the Government has decided to fund organizations that will scale up and make these products available to the people.

Presenting the Budget 2013-14 in Lok Sabha today, the Finance Minister Sh. P. Chidambaram proposed to set apart Rs. 2,000 crore and asked the National Innovation Council to formulate a scheme for the management and application of the fund.

The Minister said that despite constraints, an enhanced allocation of Rs. 6,275 crores to the Ministry of Science and Technology, Rs. 5,615 crore to the Department of Space and Rs. 5,880 crore to the Department of Atomic Energy has been made.

DSM/VK/Ombeer/55

Press Information Bureau

Government of India

**NO COMPROMISE ON SECURITY OF NATION ; GOVERNMENT TO MEET ANY
ADDITIONAL REQUIREMENT ON THAT ACCOUNT**

New Delhi; Phalguna 9, 1934

February 28, 2013

Financial constraints will not come in the way of providing any additional requirement for the security of the nation. Assuring this in Lok Sabha today, the Finance Minister Shri P. Chidambaram announced to increase the allocation for Defence to Rs. 2,03,672 crore which will include Rs. 86,741 crore for capital expenditure.

DSM/VK/Ombeer/31

Press Information Bureau

Government of India

**RS. 5,87,082 CRORE FOR STATES/ UTs UNDER TAX SHARE, NON-PLAN GRANTS,
LOANS AND CENTRAL ASSISTANCE**

New Delhi; Phalguna 9, 1934

February 28, 2013

The Government is expected to transfer resources to the tune of Rs. 5,87,082 crore for States/ UTs under share of taxes, non-plan grants, loans and central assistance. Announcing this in Lok Sabha today while presenting the Budget 2013-14, the Finance Minister Shri P. Chidambaram said that central funds for the schemes will be given to the States as part of Central plan assistance.

Showing concern over the proliferation of Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) Schemes, the Finance Minister announced that 173 such schemes will be restructured in 70 schemes. The Ministers said that each of these schemes will be reviewed once in two years.

DSM/VK/Ombeer/49

Press Information Bureau

Government of India

RS 400 CRORE FOR INSTITUTIONS OF EXCELLENCE ; PRIVATE FM RADIO SERVICES IN 294 NEW CITIES; POST OFFICES TO BECOME PART OF CORE BANKING SOLUTION

New Delhi; Phalguna 9, 1934

February 28, 2013

Government will continue to support institutions of excellence and expand & modernise the broadcasting & the postal network.

Announcing this while presenting the Union Budget 2013-14 in Lok Sabha today, the Finance Minister Shri. P. Chidambaram proposed to make a grant of Rs. 100 crore each to Aligarh Muslim University, Aligarh Campus, Banaras Hindu University, Varanasi, Tata Institute of Social Sciences, Guwahati Campus and Indian National Trust for Art and Cultural Heritage (INTACH).

The Finance Minister proposed to expand private FM radio services to 294 more cities. The Minister said that about 839 new FM radio channels will be auctioned in 2013-14 and, after the auction, all cities having a population of more than 100,000 will be covered by private FM radio services.

The Minister proposed to provide Rs. 532 crore to modernise postal network as a result of which post offices will become part of the core banking solution and offer real time banking services.

DSM/VK/Ombeer/54

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

DIRECT AND INDIRECT TAX PROPOSALS TO YIELD RS. 18,000 CRORE;**TAX ADMINISTRATION REFORMS COMMISSION TO BE SET UP;****TOBACCO PRODUCTS, SUVs AND MOBILE PHONES TO COST MORE**New Delhi: Phalgun 09, 1934

February 28, 2013

The General Budget reiterates that clarity in tax laws, a stable tax regime, a non-adversarial tax administration, a fair mechanism for dispute resolution and independent judiciary for greater assurance is underlying theme of tax proposals. It is proposed to set up the Tax Administration Reforms Commission.

As regards Direct Taxes, a relief of Rs. 2000 for the Tax Payers in the first bracket of Rs. 2 lakhs to Rs. 5 lakhs have been proposed. A surcharge of 10 percent on persons (other than companies) whose taxable income exceeds Rs.1 crore have been levied. Surcharge has been increased from 5 to 10 percent on domestic companies whose taxable income exceed Rs. 10 crore. In case of foreign companies, surcharge will increase from 2 to 5 percent, if the taxable income exceeds Rs. 10 crore. Additional surcharges to be in force for only one year. Mr. Chidambaram said, education cess to continue at 3 percent.

The Finance Minister announced the grant of investment allowance at the rate of 15 percent to manufacturing companies that invest more than Rs. 100 crore in plant and machinery during the period 1.4.2013 to 31.3.2015. Concessional rate of tax of 15 per cent on dividend received by the Indian companies from its foreign subsidiary proposed to continue for one more year. It is proposed that TDS at the rate of one percent on the value of the transfer of immovable property where the consideration exceeds Rs. 50 lakhs to be levied. Agricultural land to be exempted from TDS. Modified provisions of GAAR will come into effect from 1.4.2016. It is also proposed to increase the rate of tax on payments by way of royalty and fees for technical services to non-residents from 10 percent to 25 percent. The Budget also proposes to introduce Commodities Transaction Tax (CTT) in a limited way. However, agricultural commodities will be exempted. A number of administrative measures such as extension of refund banker system to refund more than Rs. 50,000, technology based processing, extension of e-payment through more banks and expansion of in the scope of annual information returns by Income-tax Department.

With regards to Indirect Taxes, the Finance Minister proposed no change in the normal rates of 12 percent for excise duty and service tax. Similarly, no change has been made in the peak rate of custom duty of 10 percent for non-agricultural products. Custom duty on free gold limit increased to Rs. 50,000 in case of male passenger and Rs. 1,00,000 in case of a female

passenger subject to conditions. Duty on imported luxury goods such as high end motor vehicles, motor cycles, yachts and similar vessels increased. Custom duty on Set Top Boxes increased from 5 to 10 percent while on raw silk increased from 5 to 15 percent to boost domestic production. Custom duty on specified machinery for manufacture of leather and leather goods including footwear reduced from 7.5 to 5 percent. The Budget also proposes that period of concession available for specified part of electric and hybrid vehicles extended upto 31 March 2015.

Excise duty on SUVs increased from 27 to 30 percent. However, this will not apply to SUVs registered as taxies. Cigarettes will cost more as specific excise duty increased by about 18 percent. Similar increases are proposed on cigars, cheroots and cigarillos. Duty on mobile phones priced above Rs. 2000 has been raised to 6 percent from the current one percent.

The Budget proposes 'Voluntary Compliance Encouragement Scheme' where a defaulter may avail of the scheme on condition that he files a truthful declaration of Service Tax dues since 1.10.2007. It is a one-time scheme in which interest, penalty and other consequences will be waived.

The Budget proposes to mobilize Rs. 18,000 crore in which new proposals in indirect taxes will yield Rs. 4,700 crore and direct taxes of Rs. 13,300 crore.

In a major step to rationalize taxation on goods and services, the Budget has earmarked Rs. 9,000 crore towards the first installment of the balance of CST compensation. The Minister said that overwhelming majority States have agreed that there is a need for Constitutional amendment to pass GST law. It will be drafted by the State Finance Ministers and the GST Council, the Minister added.

DSM/RNM/DB/29

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

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**‘HIGHER GROWTH LEADING TO INCLUSIVE AND SUSTAINABLE
DEVELOPMENT IS THE *MOOL MANTRA*’ SAYS THE FINANCE MINISTER**New Delhi; Phalguna 9, 1934
February 28, 2013

In the current year, the CSO has estimated growth at 5 per cent while the RBI has estimated growth at 5.5 per cent. It will be below India’s potential growth rate of 8 per cent. Getting back to that growth rate is the challenge that faces the country. This was stated by the Union Finance Minister Shri P. Chidambaram while presenting the General Budget 2013-14 in Lok Sabha today. By setting the context at the very outset of his Budget speech, Shri Chidambaram said that global economic growth slowed from 3.9 per cent in 2011 to 3.2 per cent in 2012. India is part of the global economy and country’s exports and imports amount to 43 percent of GDP and two way external sector transactions have risen to 108 per cent of GDP. Stating that India cannot remain unaffected by what happens in the rest of the world, he said India’s economy too has slowed after 2010-11.

He, however, pointed out that ‘even now, of the large countries of the world, only China and Indonesia are growing faster than India in 2012-13’. The Finance Minister said the average growth rate for the 11th Plan period was 8 per cent, the highest ever in any Plan period.

Shri Chidambaram said although there are examples of States growing at a fast rate, but leaving behind women, the Scheduled Castes, the Scheduled Tribes, the Minorities and some Backward Classes. The UPA does not accept that model. The Government believes in inclusive development, with emphasis on improving human development indicators, he added.

DSM/MG/DP/17

'15'

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GOVERNMENT OF INDIA

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New Delhi; Phalguna 9, 1934
February 28, 2013

**FOREIGN INVESTMENT TO BE ENCOURAGED TO TIDE OVER CURRENT
ACCOUNT DEFICIT**

The Current Account Deficit (CAD) of India continues to be high mainly because of “our excessive dependence on oil imports, the high volume of coal imports, our passion for gold, and the slow down in exports. This year, and perhaps next year too, we have to find over USD 75 billion to finance the CAD”. This was stated by the Union Finance Minister Shri P. Chidambaram, while presenting the General Budget 2013-14 in Lok Sabha today. Stating that there are only three ways to tide over the problem FDI, FII or External Commercial Borrowings (ECB), Shri Chidambaram said this is why he had been emphasizing that at the present juncture, India does not have the choice between welcoming and spurning foreign investment. “We have to encourage foreign investment that is consistent with our economic objectives”, he added.

DSM/MG/DP/10

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

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**GOVERNMENT COMMITTED TO FIGHT INFLATION, SAYS
FINANCE MINISTER**

New Delhi; Phalgun 9, 1934
February 28, 2013

The Union Finance Minister Shri P Chidambaram has said that looming large over our efforts to stimulate growth is inflation. Presenting the General Budget 2013-14 in Lok Sabha today, Shri Chidambaram said that some inflation is imported. Supply demand mismatch, for example in oilseeds and pulses, also pushes up inflation, he said. Aggregate demand is another cause of inflation. The battle against inflation must be fought on all fronts, he asserted. Shri Chidambaram said, in the past few months Government's efforts have brought down headline WPI inflation to about 7.0 per cent and core inflation to about 4.2 per cent.

He further stated that food inflation is worrying and the Government shall take all possible steps to augment the supply side to meet the growing demand for food items.

DSM/MG/DP/72

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

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GOVERNMENT TAKES MEASURES TO RATIONALISE EXPENDITURENew Delhi; Phalguna 9, 1934
February 28, 2013

The Union Finance Minister Shri P Chidambaram called the policy decisions of the Central Government to correct some prices and review of certain tax policies as “a dose of bitter medicine”. Presenting the General Budget 2013-14 in Lok Sabha today, Shri Chidambaram said, faced with a huge fiscal deficit, the Government had no choice but to rationalize expenditure. He said that the Government took some policy decisions that had been deferred for too long and undertook a review of certain tax policies.

The Finance Minister stated that in the Budget for 2012-13, the estimate of Plan Expenditure was too ambitious and the estimate of non-Plan Expenditure was too conservative. He said that the Government retrieved some economic space and used that economic space to advance Government’s socio economic objectives.

DSM/MG/DP/50

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

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“WHAT WE WILL BECOME DEPENDS ON US” – P CHIDAMBARAM

New Delhi; Phalguna 9, 1934
February 28, 2013

The Union Finance Minister Shri P Chidambaram quoted the Tamil Saint poet Tiruvalluvar and Swami Vivekananda to drive home the point that India can become among the top five countries in the world, if we take right decisions and right choices. At the conclusion of his Budget speech in Lok Sabha today, Shri Chidambaram said India is the tenth largest economy in the world. He said, “we can become the eighth, or perhaps the seventh, largest by 2017. By 2025, we could become a \$ 5 trillion economy”.

Quoting Swami Vivekananda he said, “All the strength and succor you want is within yourself. Therefore, make your own future.” The General Budget 2013-14 is a resolute step towards that future, he added.

DSM/MG/DP/52

Press Information Bureau
Government of India

46%HIKE IN BUDGETARY ALLOCATION FOR FLAGSHIP SCHEMES OF RURAL DEVELOPMENT

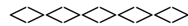
Rs 1,400 CRORE ALLOCATED FOR WATER PURIFICATION PLANTS IN ARSENIC AND FLUORIDE AFFECTED RURAL HABITATIONS

Falgun 09, 1934
New Delhi.....
28th February, 2013

The Budgetary Allocation for the Ministry of Rural Development, which implements a number of flagship programmes witnessed a quantum jump. The Finance Minister Shri P. Chidambaram announced in his Budget Speech that the Ministry will get Rs 80,194 crore in 2013-14 as against Rs 55,000 crore allocated in 2012-13, thus marking an increase of 46 percent. While Mahatma Gandhi National Rural Employment Guarantee Scheme, MGNREGS will get Rs 33,000 crore, Pradhan Mantri Gram Sadak Yojana, PMGSY is given Rs 21,700 crore and Indira Awaas Yojana, IAY has been allocated Rs 15,184 crore.

Shri Chidambaram said that the objectives of PMGSY have been substantially fulfilled in several States and these States wish to do more and hence it is proposed to carve out PMGSY-II and allocate a portion of funds to the new programme. It will benefit States like Andhra Pradesh, Haryana, Karnataka, Maharashtra, Punjab and Rajasthan. Details of the PMGSY-II will be announced by the Minister of Rural Development in due course.

Similarly, Ministry of Drinking Water and Sanitation will get Rs 15,260 crore as against Revised Estimate of Rs 13,000 crore in the current year. The Finance Minister also proposed to provide Rs 1,400 crore towards setting-up water purification plants as there are still 2,000 arsenic and 12,000 fluoride affected rural habitations in the country.



DSM/SNC/AKA/16

Press Information Bureau
Government of India

SIX AIIMS-LIKE INSTITUTIONS TO BECOME FULLY FUNCTIONAL IN 2013-14

**THOUSANDS OF SCHOLARSHIPS ANNOUNCED FOR STUDENTS
BELONGING TO SC/ST/OBC/
MINORITIES AND GIRL CHILDREN**

New Delhi, 28th February, 2013

Falgun 09, 1934

Health for all and education for all remain one of the highest priorities of the Government and accordingly the Finance Minister Shri P. Chidambaram proposed to allocate Rs. 37,330 crore to the Ministry of Health and Family Welfare in the Budget 2013-14. Of this, the new National Health Mission that combines the rural mission and the proposed urban mission will get Rs. 21,239 crore, an increase of 24.3 percent over the Revised Estimate. The Minister also proposed an allocation of Rs 4,727 crore for medical education, training and research. The National Programme for the Health Care of Elderly is being implemented in 100 selected districts of 21 States. Eight regional geriatric centres are being funded for the development of dedicated geriatric departments with a fund of Rs. 150 crore.

Ayurveda, Unani, Siddha and Homeopathy are being mainstreamed through the National Health Mission and the Minister proposed to allocate Rs. 1,069 crore to the Department of AYUSH. Amidst thumping of desks Shri Chidambaram announced that the six AIIMS-like institutions have admitted their first batch of students in the academic session that commenced in September 2012 and the hospitals attached to the colleges will be functional in 2013-14. A sum of Rs. 1,650 is being allocated for these institutions.

Shri Chidambaram said that Education is the other high priority of the Government and announced a sum of Rs. 65,867 crore to the Ministry of Human Resource Development, which is an increase of 17 per cent than the previous year. He said, the Sarva Shiksha Abhiyan(SSA) and the Right to Education Act are firmly in place and allocated Rs. 27,258 crore for SSA in 2013-14. The Minister said investment in the Rashtriya Madhyamik Shiksha Abhiyan (RMSA) cannot be postponed any longer and proposed to provide Rs. 3,983 crore for RMSA, which is an increase of 26.6 percent over the Revised Estimate of the current year. Shri Chidambaram apprised the Members of the Lok Sabha of thousands of scholarships planned for students belonging to Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, and

girl children, in 2013-14. The Minister proposed to allocate Rs. 5,284 crore to the various Ministries for the purpose, as compared Rs. 4,575 crore in the current year. The Mid-day Meal Scheme will get Rs. 13,215 crore. Shri Chidambaram announced that the reconstruction of the Nalanda University has gathered momentum and the Government is committed to the creation for Nalanda University as a centre of educational excellence.

DSM/SNC/AKA/28

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Government of India

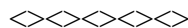
**MATERNAL AND CHILD MALNUTRITION WILL BE TACKLED IN A MISSION
MODE**

**BUDGETARY ALLOCATION FOR JNNURM MORE THAN DOUBLED AT RS 14,873
CRORE**

New Delhi, 28th February, 2013
Falguna 09, 1934

The Finance Minister Shri P.Chidambaram has commended the Integrated Child Development Scheme(ICDS) for being able to spend the entire amount of Rs. 15,850 crore provided in 2012-13. In recognition of the needs of children, the Minister proposed to allocate Rs. 17,700 crore in 2013-14, representing an increase of 11.7 percent, while underlining that the focus will continue to be on early childhood care and education. He said that the maternal and child malnutrition in a country with abundant foodgrains is a shame that we must overcome. A multi-sectoral programme that was announced last year will be implemented in 100 districts during 2013-14 with an allocation of Rs. 300 crore and it will be scaled up to cover 200 districts the year after.

Shri Chidambaram said, the Jawaharlal Nehru National Urban Renewal Mission(JNNURM) is being continued in the 12th plan. The 14,000 buses sanctioned during 2009 to 2012 have made a big contribution to urban transport. The Minister announced a sum of Rs. 14,873 crore for JNNURM, as against Rs. 7,383 crore in the current year. Out of this, a significant portion will be used to support the purchase of up to 10,000 buses, especially by the hill States.



DSM/SNC/AKA/35

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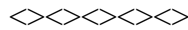
NEW MEASURES FOR WELFARE OF SC/ST, WOMEN AND MINORITIES

New Delhi, 28th February, 2013
Falgun 09, 1934

Sharing the concerns of the Members of the House for the welfare of the scheduled castes and the scheduled tribes, the Finance Minister Shri P.Chidambaram announced that the Budget has sub plans for them and reiterated that the funds allocated to the sub plans cannot be diverted and must be spent for the purpose of the sub plans. He made an allocation of Rs. 41, 561 crore to the scheduled castes sub plan and Rs. 24,598 crore to the tribal sub plan. Similarly, sufficient allocations have been made to programmes relating to women and children. The Minister informed the Members that the gender budget has Rs. 97,134 crore and the child budget Rs. 77, 236 crore in 2013-14.

He said, women belonging to the most vulnerable groups, including single women and widows, must be able to live with self-esteem and dignity and added that young women face gender discrimination everywhere, especially at the work place. Ministry of Women and Child Development has been asked to design schemes that will address these concerns and a sum of Rs. 200 crore has been provided to begin work in this regard.

The Finance Minister allocated Rs. 3,511 crore to the Ministry of Minority Affairs, which is an increase of 12 percent over the BE and 60 percent over the RE of 2012-13. The Maulana Azad Education Foundation is the main vehicle to implement education schemes and channelized funds to non-government organisations for the minorities. Its corpus stands at Rs. 750 crore. With the objective of raising it to Rs. 1500 crore during the 12th Plan period, the Minister proposed to allocate Rs. 160 crore to the corpus fund. The foundation wishes to add medical aid to its objectives and the same has been accepted that a beginning can be made by providing medical facilities such as a resident doctor in the educational institutions run or funded by the Foundation. Rs. 100 crore is being allocated to launch this initiative. He said, government is committed to provide support to persons with disabilities and announced a sum of Rs. 110 crore to the Department of Disability Affairs for the ADIP Scheme in 2013-14.



DSM/SNC/YSK/AKA/51

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NEARLY 30% HIKE IN PLAN EXPENDITURE FOR 2013-14

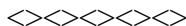
**OVERARCHING GOAL OF BUDGET IS TO CREATE JOB OPPORTUNITIES FOR
YOUTH**

New Delhi, 28th February, 2013
Falgun 09, 1934

The Finance Minister Shri P.Chidambaram has announced that the plan expenditure in 2013-14 will be 29.4 percent more than the revised estimate of the current year. He said that anticipating a global and domestic recovery, total expenditure had been fixed at Rs. 14,90,925 crore but due to the slowdown and the austerity measures, the revised estimate is Rs. 14,30,825 crore or 96 percent of the budget estimate. The Minister said that economic space that has been gained has given him the confidence to be more ambitious in 2013-14 and he has been able to set the BE of total expenditure at Rs. 16,65,297 crore and of plan expenditure at Rs. 5,55,322 crore.

He said, all flagship programmes have been fully and adequately funded and now it is over to the Ministries and Departments to deliver the outcomes through good governance, prudent cash management, close monitoring and timely implementation.

Shri Chidambaram said in a developing country like India, the link between economic policy and economic welfare can be expressed in a few words: opportunities, education, skills, jobs and incomes. The Minister emphasized that his budget for 2013-14 has before it one overarching goal that is to create opportunities for our youth to acquire education and skills that will get them decent jobs or self-employment, that will bring them adequate incomes and that will enable them to live with their families in a safe and secure environment.



DSM/SNC/YSK/AKA/61

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**BANKS TO BE INFUSED WITH Rs 14,000 CRORE CAPITAL TO MEET BASEL III
NORMS-FINANCIAL INCLUSION ON BANK AGENDA**

New Delhi: 28th February, 2013
Phalgun 09, 1934

The Finance Minister Shri P.Chidambaram has taken steps in the budget to ensure adequate capitalization of the public sector banks. The Public sector banks will be provided with an infusion of Rs 14,000 crore additional capital in 2013-14 budget estimates to enable them to meet the BASELIII norms.He said Rs 12,517 crore infusion of capital into the 13 Public Sector Banks shall be done by March 2013.

In order to achieve financial inclusion in addition to all Scheduled Commercial banks and RRBS, all the Cooperative Banks and other Banks will now shift to Core Banking Solution(CBS) by 31 March 2013. All Branches of Public Sector Banks in the country will have ATMs by the deadline of 31st March, 2014. In order to address gender related issues and empower women India's first public sector Women's Bank will be set up with Rs.1000 crore as the initial capital. This Women's Bank will lend funds to women, women run businesses, women SHGs and will employ predominantly women and be functional from October 2013 .

Terming the financial sector as the heart of the economy the Finance Minister announced constitution of a standing Council of Experts in the Finance Ministry to analyze the international competitiveness of the Indian Financial sector. Alerting thatthe Financial Sector Legislative Reforms Commission will present its report next month Chidambaram said it is the Governments intention to act quickly and decisively on the recommendations so that our financial system stands on sound legal foundations.

DSM/PP/SK/60

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

MULTI-PRONGED APPROACH TO HELP INCREASE INSURANCE PENETRATION

New Delhi: 28th February, 2013
Phalgun 09, 1934

The Government will follow a multi pronged approach to increase penetration of insurance-both life and general- in the country. Shri Chidambaram said a number of proposals finalized in consultation with IRDA are being implemented. Insurance companies will now be allowed to open branches in tier II cities and below without prior approval of the IRDA. The banks will be permitted to act as insurance brokers so that full network of banks will be utilized to increase penetration. The banking correspondents will be allowed to sell micro-insurance products. The KYC of Banks will be sufficient for purchase of insurance policies. He added that LIC and at least one other public sector general insurance company will have an office in towns with a population of 10,000 or more by 31st March, 2014.

The Rashtriya Swastha Bima Yojana which covers 34 million families below poverty line is proposed to be extended to cover other categories such as rickshaw, auto rickshaw and taxi drivers, sanitation workers, rag pickers, and mine workers. The Rural Housing Fund set up through National Housing bank which refinances lending for rural housing will be provided Rs 6000 crore as against Rs 4000 crore provided last year. In view of the shortage of houses it is proposed to start a fund for housing in urban areas. The National Housing Bank will be asked to set up the fund and Rs. 2000 will be provided for it in 2013-14.

Championing the idea of an integrated social security package for the unorganized sector he said an integrated and comprehensive package including life cover, cum disability, health cover, maternity assistance and pension benefits will immensely help the poorest and most vulnerable sections of the society. The present schemes such as AABY, JSBY, RSBY, JSY, IGMSY are run by different Ministries and it is proposed to converge them and evolve comprehensive social security package.

DSM/PP/SK/66

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**PROCEDURES FOR FOREIGN PORTFOLIO INVESTORS SIMPLIFIED-
SEVERAL MEASURES ANNOUNCED TO STRENGTHEN CAPITAL MARKETS**

New Delhi: 28th February, 2013
Phalguna 09, 1934

Terming the Indian markets as amongst the best regulated the Finance Minister announced several measures to strengthen the capital market regulator SEBI on the eve of its Silver Jubilee. The Depository Participants authorized by SEBI will now register different classes of portfolio investors subject to compliance with KYC guidelines doing away with different procedures and avenues for many categories. SEBI will simplify the procedure for the Foreign Portfolio Investors and prescribe uniform registration and other norms by converging the different KYC norms. In order to remove the ambiguity between FDI and FII in accordance with international practices, an investor with a stake of 10% or less will be treated as FII whereas the one with more than 10% stake will be treated as FDI. The FIIs will also be permitted to participate in exchange traded Currency Derivatives segments to the extent of their Indian rupee exposure in India. FIIs will also be permitted to use their investments in Corporate Bonds and Government Securities as collateral to meet their margin requirements.

Angel investors provide both experience and capital to new ventures. SEBI will prescribe requirements for angel investor pools by which they can be recognized as category I venture funds.

With the objective of developing the debt market, stock exchanges will be allowed to introduce a debt segment on the exchange wherein banks and primary dealers will be trading members along with insurance companies, provident funds and pension funds. The list of eligible securities in which Pension Funds and Provident Funds may invest will be enlarged to include exchange traded funds, debt mutual funds and asset backed securities.

DSM/PP/SK/69

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

NO CHANGE IN THE NORMAL RATES OF EXCISE DUTY AND SERVICE TAX

**PEAK RATE OF BASIC CUSTOMS DUTY FOR NON-AGRICULTURAL PRODUCTS
ALSO UNTOUCHED**

New Delhi, 28 February, 2013
Phalgun 09, 1934

There is no change in the peak rate of basic customs duty of 10% for non-agricultural products. Presenting the Union Budget in Lok Sabha today, the Finance Minister announced that there will be no change in the normal rate of excise duty of 12% and the normal rate of service tax of 12%.

DSM/KKP/MM/18

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

MANY CONCESSIONS IN CUSTOMS DUTY ANNOUNCED**DUTY ON CERTAIN MACHINERY FOR MANUFACTURE OF LEATHER AND
LEATHER GOODS REDUCED****DUTY ON PRE-FORMS OF PRECIOUS AND SEMI-PRECIOUS STONES
DRASTICALLY CUT****HOWEVER, TO ENCOURAGE DOMESTIC PRODUCTION DUTY ON SET TOP
BOXES DOUBLED; DUTY ON RAW SILK TRIPLED**New Delhi, 28 February, 2013
Phalguna 09, 1934

Considering leather and leather goods as a thrust sector for exports, the Finance Minister has proposed to reduce the duty on specified machinery for manufacture of leather and leather goods, including footwear, by 2.5%. Now the duty on such machinery will be 5% instead of 7.5%.

To encourage exports, Shri P. Chidambaram also announced in the Budget 2013-14, a drastic reduction in the duty on pre-forms of precious and semi-precious stones from 10% to a mere 2%. He also announced a total withdrawal of export duty on de-oiled *rice bran oil cake*, as such a duty had made our exports uncompetitive.

In order to encourage domestic production of Set Top Boxes, as well as for value addition, the Finance Minister announced the doubling of customs duty on them. Now the duty will be increased from 5% to 10%. The duty on raw silk has also been increased from 5% to 15% so as to give a measure of protection to domestic sericulture.

Considering the fact that the prices of unprocessed ilmenite have gone up several fold in the export market and the need to conserve our natural resources, the Finance Minister has proposed a duty of 10% on export of unprocessed ilmenite and 5% on export of upgraded ilmenite.

Duties on steam coal and bituminous coal, both of which are used in thermal power stations, have been equalized and now a 2% customs duty and 2% CVD is to be levied on both kinds of coal.

DSM/KKP/MM/46

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**CUSTOMS DUTY ON IMPORTED LUXURY GOODS SUCH AS
HIGH END MOTOR VEHICLES, MOTORCYCLES, ETC. INCREASED****HOWEVER, ENVIRONMENT-FRIENDLY VEHICLES GIVEN BENEFIT OF
EXTENDED PERIOD OF CONCESSION****AIRCRAFT MANUFACTURE, REPAIR AND OVERHAUL INDUSTRY ALSO GIVEN
CERTAIN CONCESSIONS****DUTY FREE LIMIT FOR BRINGING JEWELLERY BY ELLIGIBLE PASSENGERS
INCREASED**New Delhi, 28 February, 2013
Phalguna 09, 1934

The customs duty on imported luxury goods such as high-end motor vehicles, motorcycles, yachts and similar vehicles has been increased. In the case of such motor vehicles, the duty has been increased from 75% to 100%; on motorcycles with engine capacity of 800 cc or more the duty now will be 75% instead of 60%. Similarly, the duty on yachts and similar vessels has been increased from 10% to 25%.

On the other hand, to encourage manufacture of environment-friendly vehicles, Shri P. Chidambaram has extended the period of concession now available for specified parts of electric and hybrid vehicles up to 31st March 2015.

Certain concessions have also been extended to the aircraft manufacture, repair and overhaul industry, which is referred to as the MRO industry. It is expected that this will lead to generation of more employment and other benefits. Considering the fact that gold prices have risen sharply, the Finance Minister has proposed to make amends in the baggage rules permitting eligible passengers to bring jewellery. He has proposed to raise the duty free limit to Rs. 50,000 in the case of a male passenger and Rs. One Lakh in the case of a female passenger. However, the usual conditions in this regard will continue to apply.

DSM/KKP/MM/47

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**RELIEF IN EXCISE DUTY TO REDYMADE GARMENT INDUSTRY, HANDMADE
CARPETS, SHIP BUILDING INDUSTRY**

SPECIFIC DUTY ON CIGARETTES, CIGARS, ETC. INCREASED

EXCISE DUTY ON COSTLY MOBILE PHONES AND SUVs ALSO TO GO UP

New Delhi, 28 February, 2013
Phalguna 09, 1934

To provide a lifeline to the distressed readymade garment industry, the Finance Minister has accepted the demand to restore the 'zero excise duty route' for cotton and spun yarn sector at the yarn, fabric and garment stages. In the case of cotton there will be zero duty at the fiber stage also; and, in the case of spun yarn, there will be a duty of 12% at the fiber stage. In the Budget 2013-14, Shri Chidambaram announced that 'zero excise duty route' will be in addition to the already available CENVAT route.

He also proposed to totally withdraw excise duty from handmade carpets and *textile floor coverings* of coir or jute. Extending the relief to ship building industry also, Shri P. Chidambaram proposed to exempt ships and vessels from excise duty. Consequently, there will be no CVD on imported ships and vessels.

On the other hand, to gather resources the Finance Minister has proposed to increase the specific excise duty on cigarettes by about 18%. Similar increases are also proposed on cigars, cheroots and cigarillos. Shri Chidambaram has also proposed a 3% increase in the excise duty on SUVs so that the duty on them will go up from 27% to 30%. However, such an increase will NOT apply to SUVs registered as taxis.

Expensive mobile phones i.e. mobile phones which are priced at more than Rs. 2000 will also have to bear higher excise duty of 6%. However, mobile phones which are not more than Rs. 2000 will continue to be levied a concessional excise duty of only 1%.

Rationalizing the excise duty rate for marble, which was fixed way back in 1996, the Finance Minister has proposed to increase the duty from Rs. 30 per sq mt. to Rs. 60 per sq mt.

The excise duty on silver manufactured from smelting zinc or lead has been brought at par with the excise duty applicable to silver obtained from copper ores and concentrates. Thus, now such silver will bear a duty of 4%.

To reduce valuation disputes with regard to branded medicaments of Ayurveda, Unani, Siddha, Homeopathy and Bio-Chemic systems of medicine, the Finance Minister

has proposed to use the MRP based assessment. An abatement of 35% will be provided to such branded medicaments.

DSM/KKP/MM/45

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**'VOLUNTARY COMPLIANCE ENCOURAGEMENT SCHEME' PROPOSED TO
MOTIVATE DEFAULTERS TO FILE SERVICE TAX RETURNS AND PAY DUES**

TWO MORE SERVICES INCLUDED IN THE NEGATIVE LIST FOR SERVICE TAX

ALL AIR CONDITIONED RESTAURANTS TO COME UNDER SERVICE TAX NET

New Delhi, 28 February, 2013
Phalgun 09, 1934

To motivate about 10 lakh of those registered assesses of service tax, who are not filing returns and paying tax dues, the Finance Minister has proposed to introduce a one-time scheme called 'Voluntary Compliance Encouragement Scheme' in 2013-14 Budget proposals. Under this scheme a defaulter can file a truthful declaration of service tax dues since 1st October, 2007 and make the payment in one or two installments before prescribed dates. In such a case, interest, penalty and other consequences will be waived.

Two more services have been included in the negative list for service tax. These are: Vocational courses offered by institutes affiliated to the State Council of Vocational Training; and, testing activities in relation to agriculture and agricultural produce.

The Finance Minister has also accepted the request of the Film Industry that full exemption of service tax granted on copy right on cinematography be limited to the films exhibited in cinema halls only.

All air conditioned restaurants will be brought under the service tax net. At present service tax does not apply to those air conditioned restaurants which do not serve liquor. But considering this distinction to be artificial, Shri P. Chidambaram has proposed the uniformity of service tax for the two.

The rate of abatement for such homes and Flats which have a carpet area of 2000 sq. ft. or more; or have a value of Rs. 1 crore or more, has been reduced from 75% to 70%. However, low cost housing and single residential units will continue to enjoy existing exemptions from service tax.

DSM/KKP/MM/56

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**RS. 9,000 CRORE SET APART FOR THE 1ST INSTALMENT OF THE
BALANCE OF CST COMPENSATION TO STATES****WORK ON DRAFT GST CONSTITUTIONAL AMENDMENT BILL AND GST LAW
EXPECTED TO BE TAKEN FORWARD**New Delhi, 28 February, 2013
Phalguna 09, 1934

The Finance Minister Shri P. Chidambaram presenting the Union Budget in Lok Sabha today has expressed the hope that the consensus on providing for a Goods and Services Tax (GST) regime can be taken forward in the next few months so that a draft bill on the constitutional amendment and also a draft bill on GST can be tabled in the Lok Sabha. In his Budget 2013-14 speech, Shri. P. Chidambaram said that his recent meetings with the Empowered Committee of State Finance Ministers has led him to believe that the State Governments, or at least the overwhelming majority, are agreed that there is need for a constitutional amendment and there is need for passing a GST law that will be drafted by the State Finance Ministers and the GST Council, as also there is need for the Centre to compensate the States for loss due to the reduction in the CST rate. Shri Chidambaram said that he proposes to take the first decisive step in this direction by setting apart in the 2013-14 Budget a sum of Rs. 9,000 crore towards the first instalment of the balance of CST compensation.

The Finance Minister appealed to the State Finance Ministers to realize the serious intend of the Central Government to introduce GST; and come forward to work with the Union Government and bring about a transformational change in the tax structure of the country.

The tax proposals put forward by Shri P. Chidambaram in his Budget 2013-14 will yield Rs. 13,300 crore on the direct taxes side and Rs. 4,700 crore on the indirect taxes side.

DSM/KKP/MM/62

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Doing Business in India to be Made Easy and Mutually Beneficial

12th Plan Projects Investment of Rs 55,00,000 Crore in Infrastructure

New Delhi: February 28, 2013
Phalgun 9, 1934

While presenting the Budget for 2013-14 , the Finance Minister , Shri P. Chidambaram Said that the growth rate of an economy is correlated with the investment rate. The key to restart the growth engine is to attract more investment, both from domestic investors and foreign investors. He said that efforts will be made to improve communication of the country’s policies to remove any apprehension or distrust in the minds of investors, including fears about undue regulatory burden or application of tax laws. ‘Doing business in India’ must be seen as easy, friendly and mutually beneficial.

While every sector can absorb new investment, it is the infrastructure sector that needs large volumes of investment. The 12th Plan projects an investments of USD 1 trillion or Rs. 55,00,000 crore in infrastructure. The Plan envisages that the private sector will share 47 percent of the investment. Besides, India needs new and innovative instruments to mobilize funds for this order of investment. Government has taken or will take the following measures to increase investment in infrastructure:

Infrastructure Debt Funds (IDF) will be encouraged. These funds will raise resources and, through take-out finance, credit enhancement and other innovative means, provide long-term low-cost debt for infrastructure projects. Four IDFs have been registered with SEBI so far and two of them were launched in the month of February, 2013.

India Infrastructure Finance Corporation Ltd (IICL), in partnership with the Asian Development Bank, will offer credit enhancement to infrastructure companies that wish to access the bond market to tap long term funds.

In the last two years, a number of institutions were allowed to issue tax free bonds. They raised Rs. 30,000 crore in 2011-12 and are expected to raise about Rs.

25,000 crore in 2012-13. It is proposed to allow some institutions to issue tax free bonds in 2013-14, strictly based on need and capacity to raise money in the market, upto a total sum of Rs. 50,000 crore.

Multilateral Development Banks are keen to assist in efforts to promote regional connectivity. Combining the 'Look East' policy and the interests of the North Eastern States, it is proposed to seek the assistance of the World Bank and the Asian Development Bank to build roads in the North Eastern States and connect them to Myanmar.

NABARD operates the Rural Infrastructure Development Fund (RIDF). RIDF has successfully utilized 18 tranches so far. It is proposed to raise the corpus of RIDF-XIX in 2013-14 to Rs.20,000 crore.

Pursuant to the announcement made last year, a sum of Rs. 5000 crore will be made available to NABARD to finance construction of warehouses, godowns, silos and cold storage units designed to store units designed to store agricultural produce, both in the public and the private sectors. This window will also finance, through the State Governments, construction of godowns by panchayats to enable farmers to store their produce, Shri Chidambaran announced.

DSM/UM/R/58

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

A Regulatory Authority to Remove Bottlenecks in Road Sector to be Constituted

New Delhi: February 28, 2013
Phalgun 9, 1934

The Finance Minister Finance, Shri P Chidambaram said in his Budget speech in Lok Sabha today that the road construction sector has reached a certain level of maturity. But it faces challenges not envisaged earlier, including financial stress, enhanced construction risk and contract management issues, that are best addressed by an independent authority. Hence, Government has decided to constitute a regulatory authority for the road sector. Bottlenecks stalling road projects have been addressed and 3,000 Kms of road projects in Gujarat, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh will be awarded in the first six months of 2013-14, Shri Chidambaram added.

DSM/UM/R/57

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Government to Introduce Investment Allowance of 15 per cent for High Value Investments

Incentives for Semiconductor Wafer Fab Manufacturing

New Delhi: February 28, 2013

Phalgun 9, 1934

The Finance Minister, Shri P Chidambaram in his Budget speech in Lok Sabha today said that to attract new investment and to quicken the implementation of projects, I propose to introduce an investment allowance for new high value investments. A company investing Rs. 100 crore or more in plant and machinery during the period 1.4.2013 to 31.3.2015 will be entitled to deduct an investment allowance of 15 percent of the investment. This will be in addition to the current rates of depreciation. There will be enormous spill-over benefits to small and medium enterprise.

Shri Chidambaram added that the National Electronics Policy 2012 is intended to promote manufacture of electronic good in India. We recognize the pivotal role of semiconductor wafer fabs in the eco-system of manufacture of electronics. I propose to provide appropriate incentives to semiconductor wafer fab manufacturing facilities, including zero customs duty for plant and machinery.

DSM/UM/R/68

GENERAL BUDGET 2013-14

“15”
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**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Centre Incentivises Saving for Household Sector

New Delhi: February 28, 2013
Phalgun 9, 1934

The Finance Minister, Shri P Chidambaram in his Budget speech in Lok Sabha today said that increasing savings and their optimal allocation for productive uses lead to higher economic growth. After touching a high of 36.8 percent in 2007-08, gross domestic saving fell by 6 percentage points in 2011-12. The private sector, comprising households and corporate, remains the contributor to saving. The household sector must be incentivized to save in financial instruments rather than buy gold. Hence, the following measures have been proposed:

Firstly, the Rajiv Gandhi Equity Savings Scheme will be liberalized to enable the first time investor to invest in mutual funds as well as listed shares and one can do so, not in one year alone, but in three successive years. The income limit will be raised from Rs. 10,00,000 to Rs. 12,00,000;

Secondly, a person taking a loan for his first home from a bank or a housing finance corporation upto Rs. 25,00,000 during the period 1.4.2013 to 31.3.2014 will be entitled to an additional deduction of interest of upto Rs. 100,000. This will promote home ownership and give a fillip to a number of industries like steel, cement, brick, wood, glass etc. besides jobs to thousands of construction workers.

Thirdly, in consultation with RBI, it is proposed to introduce instruments that will protect savings from inflation, especially the savings of the poor and middle classes. These could be Inflation Indexed Bonds or Inflation Indexed National Security Certificates. The structure and tenor of the instruments will be announced in due course.

DSM/UM/R/67

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Seven New Cities Planned on Delhi Mumbai Industrial Corridor(DMIC)

A Chennai Bengaluru Industrial Corridor Being Planned

New Delhi: February 28, 2013

Phalguna 9, 1934

The Finance Minister, Shri P Chidambaram in his Budget speech in Lok Sabha today said that the Delhi Mumbai Industrial Corridor (DMIC) project has made rapid progress. Plans for seven new cities have been finalized and work on two new smart industrial cities at Dholera, Gujarat and Shendra Bidkin, Maharashtra will start during 2013-14. We acknowledge the support of the Government of Japan. In order to dispel any doubt about funding, The Government will provide, if required, additional funds during 2013-14 within the share of the Government of India in the overall outlay for the project.

The Department of Industrial Policy and Promotion (DIPP) and the Japan International Cooperation Agency (JICA) are currently preparing a comprehensive plan for the Chennai Bengaluru Industrial Corridor. The corridor will be developed in collaboration with the Governments of Tamil Nadu, Andhra Pradesh and Karnataka.

The next corridor will be the Bengaluru Mumbai Industrial Corridor on which preparatory work has started.

DSM/UM/R/70

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

A PPP Policy Framework with Coal India to be Devised to Increase Coal Production

New Delhi: February 28, 2013
Phalgun 9, 1934

The Finance Minister, P Chidambaram in his Budget speech in Lok Sabha today said that In the medium to long term, we must reduce our dependence on imported coal. One of the ways forward is to devise a PPP policy framework, with coal India Limited as one of the partners, in order to increase the production of coal for supply to power producers and other consumers. These matters are under active consideration and the Minister of Coal will announce Government's policies in this behalf in due course. Despite abundant coal reserves, we continue to import large volumes of coal. Coal imports during the period April-December, 2012 have crossed 100 million tones. It is estimated that imports will rise to 185 million tones in 2016-17. If the coal requirements of the existing power plants and the power plants that will come into operation by 31.3.2015 are taken into account, there is pricing.

Hon'ble Members are aware that the Government has approved a scheme for the financial restructuring of DISCOMS to restore the health of the power sector. I would urge State Governments to prepare the financial restructuring plans quickly, sign the MOU, and take advantage of the scheme.

DSM/UM/R/71