

The FM has run the extra mile to ease flow of foreign funds into the vital infrastructure sector

Oil firms propose to hike petrol prices by up to ₹4/litre as Budget gives no tax relief

Tax deduction of ₹20,000 for investment in long-term infra bonds extended by 1 yr

10-year tax holiday for power projects gets 1-yr extension; plants in SEZs to lose sop

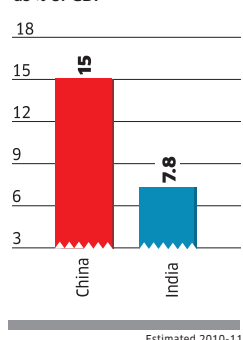
Housing loan limit for priority sector lending raised to ₹25 lakh as property prices rise

VOYAGE FROM '91

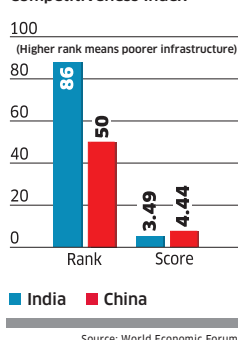
Infrastructure: Lifting the Drag

Poor physical infrastructure is universally seen as a drag on India's economy, preventing it from attaining double-digit growth. Though the 12th Plan has set an ambitious spending target of \$1 trillion, funds are hard to come by in a not-so-friendly policy environment

India has to raise level of investment...
Infrastructure investment as % of GDP



...to improve its competitiveness...
Ranking on Infrastructure Competitiveness Index

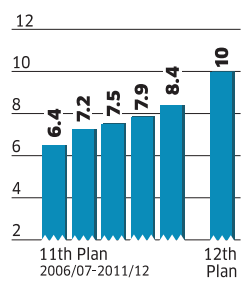


...and increase the productivity of the economy

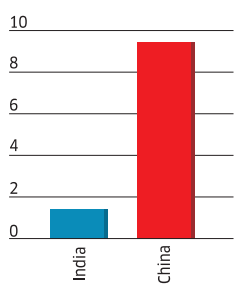
\$200 Billion

Is McKinsey's estimate of loss in GDP in 2017 because of poor infrastructure

It needs to rope in private investment...
Investment as % of GDP



...develop a strong bond market...
Corporate bond market as % of GDP



...and improve policy regime to meet targets

	ORIGINAL	REVISED
Electricity (incl NCE)	6,66,525	6,58,636
Roads and Bridges	3,14,152	2,78,658
Telecommunications	2,58,439	3,45,134
Railways (incl MRTS)	2,61,801	2,00,802

Money In, Get Moving

The Budget is a shot in the arm for funding infrastructure projects that have a long-gestation period and need astronomical sums. But the key issue now is to execute the projects on schedule and transparently



MCCANN WORLDGROUP

In 1991, the first stirrings of change came from the skies as India tuned in to a new reality. The channels of socialism and controlled viewing changed frequency towards a much more pluralistic and globalised environment. Entertainment and reality have collided and Indians are saying: *yeh dil maange more*

what it means for business

Cement Prices Will Rise, Say Dealers

The government has added a fixed excise duty of ₹160 per tonne on cement and reduced Customs duty on petcoke and gypsum, key inputs for the sector. Cement dealers and stockists say the price of a 50 kg bag is likely to go up by ₹5 from March 1.

Tax on Iron Ore Exports to Improve Domestic Supplies

Tax on iron ore exports increased to 20% from 15%. This is expected to improve domestic supplies and arrest rising input costs of steelmakers. Full export duty exemption to iron ore pellets to encourage the value-addition process.

Foreign Investors Can Now Invest More

Big boost to infrastructure as more foreign funds allowed to invest in the sector. Allocation raised by nearly a quarter to ₹2,14,000 crore. Further, government bodies can issue tax-free bonds adding up to ₹30,000 crore.

More foreign money & higher allocation for a stronger infrastructure



ABHEEK BARMAN

FM Switches On Lights for Infrastructure

THE BIGGEST GAINER IN THE Budget is the infrastructure sector, critical to boost growth to double-digit levels. The government has money, so it's hiked spending sharply by more than 23% to ₹2,14,000 crore for the sector. Overseas investors keen to cash in on the growth story will get a chance to do so: FIs can now invest up to \$25 billion each year in five-year tradable infrastructure bonds, up from a measly \$5 billion. Domestic investors can buy tax-free bonds worth another ₹30,000 crore to boost crucial infrastructure like railways, ports, highways and housing. Public-private partnerships have started working well, so expect to see many more in the year to come. Funds will come, now execute the projects.

Smart Call on Keeping Stimulus, Promise to Tackle Corruption



KUMAR BIRLA
CHAIRMAN
ADITYA BIRLA GROUP

THE UNION BUDGET STAYS the direction charted out in previous budgets. It focuses on keeping the growth engine strong and containing inflation, all within a framework of inclusiveness. The Budget has a host of positives. The fiscal stimulus package remains in place, and excise duty has been retained at 10%. The outlays for infrastructure have been hiked by 23%. Additional instruments will be introduced to mobilise resources. The PPP concept for infrastructure projects is being strengthened. Key agro-related sectors like fertilisers and cold storage have been granted industry status. Equipment for large power projects has been exempted from excise duty. The introduction of self-assessment procedures in Customs duty is wel-

come. Housing has also got a boost through a hike in the ceiling for priority sector loans. There are positives for the financial sector, including a strengthening of the capital base of PSU banks. The guidelines for grant of new banking licenses are to be announced soon. A major step is being taken to rationalise subsidies by introducing direct cash transfers for LPG, kerosene and fertilisers. The time frame of April 2012 for implementing the Direct Taxes Code and the GST remains intact. The Bill amending the Companies Act should be forthcoming. There is a determination to tackle the softer issues head-on. The FM's stress on the need to combat corruption collectively augurs well with a definite mechanism in place. In Transparency International's

next rating of countries with good governance and low corruption levels, India's ranking should rise from the lowly 87. I would also like to commend the FM for the massive injection of funds into education. As distressing as it is, more than half of our Republic's 20 crore children between 6 and 14 do not complete even eight years of elementary education. Hence, universalising of secondary education and pre-matric scholarships to nearly 40 lakh students should help. Likewise, beefing up the National Skill Development Fund is reassuring. This will give our youngsters options for long-term sustainable jobs. As we go along, only by mentoring our intellectual capital will our nation retain its primacy. These steps will also help accelerate the process of inclusive growth.

It's Just the Beginning, India Still Needs \$1T in 5 Ys

In Focus

Infra Boost

₹30,000 cr WORTH OF TAX-FREE BONDS FOR CORE SECTOR

23.3% HIGHER ALLOCATION FOR INFRA IN 2011-12

INDIA'S OPENED the tap of foreign funds chasing highway, port and airport projects and reduced costs for developers by slashing taxes, as the finance minister made a big push to galvanise the sector that is seen as the biggest obstacle to double-digit economic growth. The Budget cheered infrastructure providers, but state oil companies, who were expecting tax cuts in the face of soaring crude costs, were disappointed. They are now proposing to raise petrol rates by

₹4 per litre, which will be the 10th hike in the last one year. Prices of diesel, cooking gas and kerosene are government controlled and finance minister Pranab Mukherjee said a decision on fuel prices would be taken later, as crude oil has been very volatile in recent days. Mukherjee's focus was primarily on infrastructure financing and ways to attract funds for infrastructure projects, which have a long gestation period and require astronomical amounts of money. India needs to spend \$1 trillion in five years, half of it by the private sector, to speed up

movement of goods in ports, trains and highways, remove chronic shortages of electricity and improve urban infrastructure, according to government estimates. The government has raised the FII limit for investment in corporate bonds to \$25 billion from \$5 billion, increased spending on the sector and highlighted public-private partnership. But analysts and bidders for projects say they are eagerly awaiting moves for transparent award of projects and speedy implementation.

Myth: Investing in a mutual fund gives you transparency.

Fact: There is a lack of transparency on distribution costs.

While mutual fund investment portfolios are transparent, distribution costs are not. So when a fund is recommended to you, is it working for you or the distributor? And who can you trust to give you the correct picture? The fact is that Quantum is the first and only mutual fund house to deal directly with the investor, so that all your money finds its way into the market. And there is complete clarity and transparency on all costs. So when it comes to long term wealth generation that puts the investor first, the choice is clear. Come, *click* on the path to profit with process.

Available only at www.QuantumMF.com. Log on for a free copy of The Quantum Theory of Investment booklet.

Equity | Fixed Income | Gold **SMS: 'Quantum' to 56677 | Toll free: 1800-22-3863 | Email: Info@QuantumMF.com**

The cost of this advertisement is not paid for by the investor. Wealth generation and path to profit does not mean guaranteed future results. Risk Factors: All Mutual Funds and securities investments are subject to market risks and there can be no assurance that the scheme's objective will be achieved and the NAV of the scheme(s) may go up or down depending upon the factors and forces affecting securities markets. Investors in the Scheme(s) are not being offered a guaranteed or assured rate of return. Investment in mutual fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including possible loss of capital. Past performance of the Sponsor / AMC / Mutual Fund does not indicate the future performance of the Scheme(s). **Statutory Details:** Quantum Mutual Fund (the Fund) has been constituted as a Trust under the Indian Trusts Act, 1882. **Sponsor:** Quantum Advisors Private Limited, 503, 5th Floor, Regent Chambers, Nariman Point, Mumbai - 400 021. (Liability of Sponsor limited to Rs. 1,00,000/-) **Trustee:** Quantum Trustee Company Private Limited. **Investment Manager:** Quantum Asset Management Company Private Limited (AMC). The Sponsor, Trustee and Investment Manager are incorporated under the Companies Act, 1956. **Please read the Scheme Information Document (SID) / Key Information Memorandum (KIM) / Statement of Additional Information (SAI) / Addenda carefully before investing. SID / KIM / SAI can be obtained at the Investor Service Centers of AMC or office of AMC or on website www.QuantumMF.com**

QUANTUM ADVISORS PVT. LTD.: PROUD SPONSOR OF INDIA'S FIRST AND ONLY DIRECT-TO-INVESTOR MUTUAL FUND.