



# II TUESDAY 1 MARCH 2011

The existing operational norms of Sarva

been sanctioned with a debt of ₹1,500 crore. Another `₹5,000 crore will be sanctioned during 2011-12.

State Bank of India

In order to give a boost to infrastructure development in railways, ports, housing and highways development, I propose to allow tax free bonds of 330,000 crore to be issued by var-ious government undertakings in the year 2011-12. This includes Indian Railway Finance Corporation \$10,000 crore, National Highway Authority of India \$10,000 crore, HUDCO \$5000 crore and Ports \$5,000 crore. To attract foreign funds for the infrastruc-ture functions for the infrastruc-ture functions of the infrastruc-

ture financing, I propose to create Special Vehicles in the form of notified infrastructure debt funds. I will come to the details in Part B of my spee

of my speech. National Manufacturing Policy For sustained growth of GDP and productive employment for younger generation, it is imperative that the growth in manufacturing sector picks up. We expect to take the share of manufacturing in GDP from about 16% to 25% over a period of ten years. The government will come out with a manufacturing policy, which will bring down the compliance burden on the industry through self-regulation and on the industry through self-regulation and help make Indian industry globally competi-

tive. To address the need for greater transparency and accountability in procurement policy and allocation, pricing and utilisation of natural

anocation, preing and utmatching that in a data resources, the government has set up two com-mittees. The recommendations will be avail-able within three months. A Group of Ministers has been set up to con-sider all issues relating to reconciliation of environmental concerns emanating from var-iour daneutmental concerns emanating from various departmental activities including those related to infrastructure and mining. This Group will also suggest changes in the exist-ing statutes, rules, regulations and guidelines and make its recommendations in a time bound manner.

The Indian automobile market is the second fatest growing in the world and has shown nearly 30% growth this year. World over, sub-stantial investments are being made in the field of hybrid and electric mobility. To provide green and clean transportation for the masses, National Mission for Hybrid and Elec-tric Vehicles will be launched in collaboration with all stakeholders. To quicken the clearance of the cargo by

Customs authorities and further modernise the Customs administration. I propose to introduce self-assessment in Customs. Under this, importers and exporters will themselves assess their duty liabilities while filing their declarations in the EDI system. The Depart ment will verify such assessments on a selec-

tive system driven basis. There have been considerable difficulties in the sanction of refunds relating to tax paid on services used for export of goods. I propose to hearth, introduce a scheme for the prefund of shortly introduce a scheme for the refund of these taxes on the lines of drawback of duties in a far more simplified and expeditious man ner: A new scheme is also being introduced by which units in SEZs will be able to obtain tax-free receipt of services wholly consumed within the zone and get their refunds in a much easier manner. Mega clusters have large complement and construction to prove the employment and export potential. I propose to extend the Mega Cluster Scheme for develop-ment of leather products. Seven mega leather clusters would be set up during the year 2011-12. I also propose to include Jodhpur for the development of a handicraft mega cluster. **Black Maney** 

# Black Money

The generation and circulation of black money is an area of serious concern. To deal with this problem effectively, Government has put into operation a five-fold strategy which consists of Joining the global crusade against black more differentiation and emperative local 'black money'; Creating an appropriate leg-islative framework; Setting up institutions for dealing with illicit funds; Developing systems for implementation; and Imparting skills to the manpower for effective action. We secured Membership of the Financial Action Task Force (FATF) in June last year. This is an important initiative of C-20 for

This is an important initiative of G-20 for anti-money laundering. We have also joined the Task Force on Financial Integrity and Eco-nomic Development, Eurasian Group (EAG) and Global Forum on Transparency and Evaluation of Information for Word Dumpore Exchange of Information for Tax Purposes

Exchange of miori nation rate poses. During the year, we have concluded discus-sions for 11 Tax Information Exchange Agree-ments (TIEAs) and 13 new Double Taxation Avoidance Agreements (DTAAs) along with revision of provisions of 10 existing DTAAs. To effectively handle the increase in tax infor-metion cocherge and taxafform puiloing iong mation exchange and transfer pricing issues, Foreign Tax Division of CBDT has been strengthened. A dedicated Cell for exchange of information is being set up to work on this

## agenda.

Strengthening Inclusion The UPA government has engineered a major directional change in public policy by its focus on inclusive development. Creation of legal entitlements for an individual's right to work has added to resilience and dynamism in our rural economy. The right to information and the right to education are effective tools of empowerment for removing social imbal-ances. The country has carried for long enough the burden of hunger and malnutri

Shiksha Abhiyan have been revised to imple-ment the right of children to free and compul-sory education which has come into force with effect from April 1, 2010. For the year 2011-12, I propose to allocate ₹21,000 crore which is 40 per cent higher than ₹15,000 crore allocated in the Budget for 2010-11. A revised Centrally Sponsored Scheme "Vocationalisation of Sec-ondary Education" will be implemented from 2011-12 to improve the employability of our youth. Empowerment flows from Education. While the Scheduled Castes and Scheduled Write the Scheduled Castes and Scheduled Tribes had access to post matric scholarships, there was so far a lack of pre matric scholar-ship scheme. In 2011-12, I propose to introduce a scholarship scheme for needy students belonging to the Scheduled Castes and Sched-uled Tribes studying in classes ninth and tenth. It would benefit about 40 lakh Sched-uled Caste and Scheduled Tribe students

uled Caste and Scheduled Tribe students

National Knowledge Network Approved in March 2010, the National Knowledge Network (NKN) will link 1500 Institutes of Higher Learning and Research through an optical fibre backbone. During the current year, 190 Institutes will be connected to NKN. Since the core will be ready by March 2011, the connectivity to all 1500 institutions will be provided by March 2012.

Innovations To move beyond the formal R&D paradigm, a National Innovation Council under Shri Sam Pitroda has been set up to prepare a roadmap for innovations in India. The process of set-ting up State Innovation Councils in each State Councils of State Stat State and Sectoral Innovation Councils aligned to Central Ministries is underway. The Government has been providing special grants to recognise excellence in universities and academic institutions. In the course of 2011-12, 1 propose to provide: • ₹ 50 crore each to upcoming centres of Ali-

Softrore each to upcoming centres of Ali-garh Muslim University at Murshidabad in West Bengal and Malappuram in Kerala;
 ₹100 crore as one-time grant to the Kerala Veteri nary and Animal Sciences Universi-ty at Pookode, Kerala;
 ₹10 crore each for setting up Kolkata and Allahabad Centres of Mahatma Gandhi Antareshtriya Hindi Viehwatidaalawa

Antarrashtriya Hindi Vishwavidyalaya, nance

₹200 crore as one time grant to IIT, Kharag

Foundation;

all halppy to minor in the rouse that vactori-al Skill Development Council (NSDC) is well on course to achieve its mandate of creation of 15 crore skilled workforce two years ahead of 2022, the stipulated target year. It has already sanctioned 26 projects with a total funding of CFD arone. These projects of the one empedded sanctioned 26 projects with a total runding of 658 crore. These projects alone are expected to create more than 4 crore skilled workforce over the next ten years. In the current year, skill training has so far been provided to 20,000 persons. Of these, 75% have found placements. I will provide an additional₹1'500 crore to the National Skill Development Fund during the next wer

Automatical and a skill be elopinent rund during the next year. National celebrations of 150th Birth Anniversary of Gurudev Rabindranath Tagore will commence from May 7, 2011 in New Delhi. Important events will be held in Granul countries in Evener America and several countries in Europe, America and Asia. A series of events are also proposed to be organised under the aegis of joint India-Bangladesh Celebrations Committee. An international award with prize money of 1 crore is being instituted for promoting values of Universal Brotherhood in the memory of Gurudev Rabindranath Tagore. Health

For health, I propose to step up the plan allo-cations in 2011-12 by 20% to ₹ 26,760 crore. The Rashtriya Swasthya Bima Yojana has emerged as an effective instrument for providing a basic health cover to poor and marginal workers. It is now being extended to MGNRE-GA beneficiaries, beedi workers and others. In 2011-12, I propose to further extend this scheme to cover unorganised sector workers in hazardous mining and associated indus

Financial Inclusion In my last budget speech I had advised Banks to provide banking facilities to habita-Jaints to prove ball and the ball and the ball and the tions have been applied to be ball and the ball and th vate people to open bank accounts. During this year, banks will cover 20,000 villages. Remaining will be covered during 2011-12. Unorganised Sector

To give a boost to the development of backward regions, the allocation under the Back

ward Regions Grant Fund has been increased from ₹7,300 crore to ₹ '9,890 crore amounting to an increase of over 35%. To address problems related to Left Wing Extremism affected districts, an Integrated Action Plan (IAP) for 60 selected tribal and headward dictricts head head headward in Action Fian (1AF) for 60 selected number of the above the districts has been launched in December 2010. The scheme is being implemented with 100 per cent block grant of  $\overline{\mathbf{x}}\mathbf{S}$  crore and  $\overline{\mathbf{x}}\mathbf{30}$  crore per district during the years 2010-11 and 2011-12, respectively. The allocated funds are placed at the disposal of the district hand permitting which is account. the district level committees who in consulta-tion with local MPs will have the flexibility to spend the amount on development schemes as per the local needs. In recognition of the sacrifices made by Cen-

In recognition of the sacrinices made by Cen-tral Para-military Forces engaged in tackling Left Wing Extremism, a lump sum ex-gratia compensation of ₹9 lakh for 100% disability will now be granted to personnel of the Defence and para-military forces who are dis-charged from service on medical grounds on account of disability attributable to or aggra-vatad in government service for personnel vated in government service. For personnel with disability ranging from 20 to 99%, a pro-portionate amount would be given. In the Budget 2011-12, a provision of 1,64,415 crore has been made for Defence services which induce 2001 00 course for acoustied entrop

which include ₹`69,199 crore for capital expenditure. Needless to say, any further require-ment for the country's defence would be met. *Census 2011* The 15th Census in the country is being con-ducted from 9th February. It is the largest administrative exercise in the country provid-ion activities of data on different pacing compare

ing statistical data on different socio-econom ing statistical data of ultrefin socioeconom-ic parameters of population. In response to the overwhelming demand for enumeration of castes other than Scheduled Castes and Scheduled Tribes in Census 2011, it has been decided to canvass 'caste' as a sepa-rate time bound exercise. This exercise will

start in June 2011 and will be completed by 30th September 2011. Improving Governance I now turn to some important measures being taken for improving gover-

# UID Mission

pur; ₹ 20 crore for Rajiv Gandhi National Insti-

tute of Youth Development, Sriperum-budur, Tamil Nadu ₹20 crore for IIM, Kolkata, to set up its Financial Research and Trading Laborato-

₹200 crore for Maulana Azad Education

Foundation; 10 crore for Centre for Development Eco-nomics and Ratan Tata Library, Delhi School of Economics, Delhi; and ₹10 crore for Madras School of Economics. Skill Development I am happy to inform the House that Nation Skill Development

tries like slate and slate pencil, dolomite, mica and asbestos etc

Stamp Act, 1899 has been felt over the years. I

UNION BUDGET 2011-12 🥂 🛔

Stamp Act, tasy has been left over the years. I propose to introduce a Bill shortly to amend the Indian Stamp Act. Five years ago, we took an initiative to intro-duce a modern and people-friendly e-stamping facility in the country. Only six States have introduced this system so far. I propose to hunch o new achemic with on other of 200 launch a new scheme with an outlay of '300 crore to provide assistance to States to mod-ernise their stamp and registration adminis-tration and roll out e-stamping in all the dis-tricts in the next three years. I propose to introduce a new simplified

return form 'Sugam' to reduce the compliance

return form Sugain to reduce the compliance burden of small taxpayers who fall within the scope of presumptive taxation. The increase in scope of cases admitted by the Settlement Commissions has provided relief to several taxpayers. This has also increased the workload of the Commission. To fast track the disposal of cases, three more Benches of the Commission are being set up.

*Corruption* A Group of Ministers has been constituted to consider measures for tackling corruption. The Group has been tasked with addressing issues relating to State funding of elections, speedier processing of corruption cases of public servants, transparency in public pro-curement and contracts, discretionary powers of Central ministers and competitive system for exploiting natural resources. The Group will make its recommendations in a time Performance Monitoring and Evaluation

# System Pursuant to the recommendations of Second

Administrative Reforms Commission, the Government has set up a Performance Moni-toring and Evaluation System (PMES) to assess the effectiveness of Government departments in their mandated functions. It inverting the amount of a Department Engenerated involves preparation of a Results Framework Document (RFD) by each department, high-lighting its objectives and priorities for the financial year and achievements against pre-specified targets at the end of the year. This document would be available for public infor-tent and achievements and the department. mation on the departmental websites. In the first phase, 62 departments have been covered under PMES

ing these budget provisions into account, the effective revenue deficit" is estimated at 2.3% in the Revised Estimates for 2010-11 and 1.8 per ent for 2011-12. In my last Budget, I had stat-ed that government would avoid issuing bonds in lieu of subsidies to oil and fertiliser compa-ing the additional de this decision. nies. I have adhered to this decision, thereby bringing all subsidy related liabilities into our fiscal accounting. The fiscal deficit of 4.6% of GDP in 2011-12

works out to  $(\neq 4, 12, 810 \circ 00 \circ 00 \circ 100 \circ 1$ cover linear the 201712 would be vasa lack crore. In addition, ₹15,000 crore is proposed to be financed through Treasury Bills. Accord-ingly, the Central Government debt as a pro-portion of GDP is estimated at 44.2% for 2011. 12 as against 52.5% recommended by the Thir teenth Finance Commission.

## PART - B

Madam Speaker, Ishall now present my tax proposals. In the formulation of these proposals, my priorities are directed towards making taxes moderate, payments simple for the taxpayer and collection of taxes easy for the tax collec-

## Direct Taxes

I shall now deal with direct taxes. As government's policy on direct taxes has been outlined in the DTC, which is before Par-

liament, I have limited my proposals to initia-tives that require urgent attention. Last year I provided relief to individual tax-payers by broadening the tax slabs. To take us payers by broadening the tax stabs. To take us closer to DTC rates, I propose to enhance the exemption limit for the general category of individual taxpayers from ₹1,60,000 to ₹1,80,000 this year. This measure will provide a uniform tax relief of ₹2,000 to every taxpay-or of this category.

er of this category. Senior citizens deserve our special attention.

For them, I propose
to reduce the qualifying age, from 65 years to 60 years;
to enhance the exemption limit from

₹2,40,000 to ₹2,50,000; To create a new category of Very Senior

Citizens, eighty years and above, who will be eligible for a higher exemption limit of

# metals and stones. In case of jewellerv and

metais and scores. In case of jewenery and articles of gold, silver and precious metals, the levy would apply only to goods sold under a brand name. Most of the States have increased their merit rate of VAT from 4% to 5%. In line with this, I also propose to enhance the lower rate of Cen-tral Excise duty from 4 per cent to 5%. Beady made garments and meda use of tax.

Ready-made garments and made-ups of tex-tiles are currently under an optional excise duty regime. A manufacturer is required to pay duty only if he wishes to avail of Cenvat credit. Our garment and made-ups industry has come of age and has shown handsome ment his meant made area to be a support growth in recent years. As part of base expan-sion, I propose to convert the optional levy into a mandatory levy at a unified rate of 10 per cent. The levy would however, apply only to branded garments or made-ups and not to those tailored or made to order for a retail cus tomer. Credit of tax paid on inputs, capital goods and input services would be available to manufacturers of these products. Keeping in mind the fragmented nature of this industry, full SSI exemption is also being extended to these weather. these products. Export of these items would

We have a long term commitment to align our customs duty rates to those prevailing in ASEAN countries. The peak rate of customs duty has been reduced over the years and has settled at 10 per cent. In view of continued uncortointics in the clobal communications. settled at 10 per cent. In view of continued uncertainties in the global economy, I propose to hold the peak rate at its current level. How-ever, some rationalisation is being done to unify three rates namely, 2%, 2.5% and 3% at the middle level of 2.5%. I now turn to proposals that are aimed at encouraging some of the thrust sectors that are in need of attention.

Agriculture & Related Sectors Agriculture & Related Sectors Hon'ble Members would recall that, in the last Budget, I had announced a package of measures to improve the availability of storage and warehouses for agricultural produce as well as to incentivise food processing. I have received encouraging feedback on the impact of these measures. I propose to enlarge the scope of these exemptions by: • extending full exemption from excise duty to aim conditioning continuous t and writing

to air-conditioning equipment and refrig-eration panels for cold chain infrastruc-

## DREAMS DEREGULATED. CELEBRATING 20 YEARS OF LIBERALISATION.



₹5.00.000.

Two decades ago, India was happy riding two-wheelers. But acquiring a scooter was an arduous task. The demand-supply mismatch and a long wait turned even a two-wheeler into a status symbol. Today, the country is spoilt for choice - right from the smallest car on the road to swanky offroaders. The drive towards growth definitely has many more milestones

The UID Mission has taken off and Aadhaar numbers are being generated in large num-bers. So far 20 lakh Aadhaar numbers have been given and from 1st October 2011, ten lakh numbers will be generated per day. The stage is now set for realising the potential of Aad haar for improving service delivery, accounta bility and transparency in governance of var-

# TAGUP

In pursuance of the announcement made in the Budget 2010-11, I had set up a Technology Advisory Group for Unique Projects (TAGUP). The Group has submitted its report and its recommendations have been accepted in prin ciple. The modalities of implementation are being worked out. Indian Rupee now has a new symbol which

In the case of corporates, my initiative of phasing out the surcharge continues. I propose to reduce the current surcharge of 7.5% on domestic companies to 5%. Simultaneous ly, I propose to increase the rate of Minimum ernate Tax (MAT) from the current rate of 18 per cent to 18.5 per cent of book profits to keep the effective rate of the MAT at the same

including conveyor belts in the full exemp-tion from excise duty to equipment used in cold storages, mandis and warehouses. A concessional rate of basic customs duty of

I imposed service tax in 2010-11 on health check up or treatment. This levy has resulted in differential treatment between persons who make payments themselves and others where payments are made by an insurance company or a business entity. Thus, I propose to replace it with a tax on all services provided by hospi-tals with 25 or more beds that have the facility of central air-conditioning. Though the tax is on high end treatment, I propose to sweeten the pill by an abatement of 50% so that the actual burden is kept at 5 per cent of the value of service. I propose to raise the service tax 5 per cent was provided to specified agriculof service. I propose to raise the service tax on air travel by ₹ 50 in the case of domestic air tural machinery in the last budget. This duty is being reduced further to 2.5% and the con-cession is also being extended to parts of such machinery to anounce their domestic protravel and  $\vec{\epsilon}$  250 on international journeys by economy class. I also propose to tax travel by

Full exemption from basic customs duty and a concessional rate of Central Excise duty of 4% was provided to specified parts of electri-cal vehicles in the last Budget on actual-user basis. I propose to extend the concession to batteries imported by such manufacturers for the replacement market. Fuel cell or Hydro. the replacement market. Fuel cell or Hydro-gen cell technology is a promising green tech-nology for the automobile sector. I propose to extend the concessional excise duty of 10% to vehicles based on this technology. Hybrid vehicles enjoy a concessional excise duty rate of 10%. However, import depend-ence for their critical parts/ sub-assemblies is still quite high. It is proposed to grant speci-fied parts of such vehicles full exemption from basic customs duty and special CVD. In addi-tion, a concessional rate of excise duty of 5 % is being prescribed to incentivise their domesthe replacement market. Fuel cell or Hydro

Environment

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is being prescribed to incentivise their domes

is being prescribed to incentivise their domes-tic production. In the last Budget, Central Excise duty on LED lights was reduced from 8 per cent to 4% to promote their use. The basic component of these lights viz. the LED attracts an excise duty (hence, CVD) of 10% and a special CVD of 4 per cent. The excise duty on LEDs is being reduced to 5% and special CVD is being fully exempted exempted.

exempted. Infrastructure Capital goods imported for the expansion of existing mega or ultra mega power projects enjoy a concessional basic customs duty of 2.5% and full exemption from CVD. This cre-ates a disability for the domestic suppliers who are required to pay Central Excise duty on supplies to such projects. I propose to cor-rect this anomaly by providing a parallel excise duty exemption. Bio-based asphalt is an emerging, green tech-nology for the surfacing of roads. Full exemp-tion from basic customs duty is being extend-ed to bio-asphalt and specified machinery for its application in the construction of national

its application in the construction of national highways. Tunnel-boring machines required for the construction of highways are also being included in this exemption. *Other Proposals* Works of art and antiquities are exempt from customs duties when imported for exhi-bition is a sublic mucuum on actional institu-



bition in a public museum or national institu-tion. In recent years, many organisations have joined the cause of promoting and popularis-ing both traditional and contemporary art. Some of them have been active in locating her itage works of Indian art and antiquities in Tage works of indian art and antiquities in foreign countries and bringing them back home. To encourage such initiatives, I propose to expand the scope of this exemption for works of art and antiquities to also apply to imports for exhibition or display, in private art galleries or similar premises that are open to the general public. Department of Culture will notify details of the scheme separately. Service Tax

The actual collections of Service Tax do not reflect the full potential of this sector. While retaining the standard rate of service tax at 10% I seek to achieve a closer fit between the present service tax regime and its GST succes present service tax regime and its GST successor by:
Bringing in a few new services into the tax net to expand the tax base while ensuring that the impact is predominantly on sections of society that have the ability to pay;
Suitably expanding or rationalising the scope of existing service categories;
Rationalising certain provisions relating to import of services and valuation;
Modifying provisions of the Cenvat Credit

Modifying provisions of the Cenvat Credit

scheme to achieve a more realistic balance between input credits and output tax and

between input credits and output tax and harmonising the provisions of the scheme across goods and services; Rationalising penal provisions to reinforce the message that honest taxpayers would be facilitated and deviants would be dealt

Adoption of Point of Taxation rules for services which would shift the basis for tax

collection from "cash" towards "accrual basis as with Central Excise duty.

Service provided by air-conditioned restaurants that have license to serve liquor, by giving an abatement of 70%.

I imposed service tax in 2010-11 on health

the bill

liquor, by giving an abatement of 70%. Thus, the effective burden will be 3% of

burden of hunger and ma tion. After detailed consultations with all stakeholders including State Governments we are close to the finalisation of National Food Security Bill (NFSB) which will be introced in the Parliament during the cour this year. The proposed allocation of `1,60,88' crore for social sector in 2011-12 is an increase of 17 per cent over current year. It amounts to 36.4 per cent of the total plan allocation.

Bharat Nirman The UPA government's flagship programmes have been the principal instrument for implementing its agenda for inclusive development. For the year 2011-12, Bharat Nirman, which ludes Pradhan Mantri Gram Sadak Yoin: (PMGSY), Accelerated Irrigation Benefit Pro gramme, Rajiv Gandhi Grameen Vidyu tikaran Yojna, Indira Awas Yojna, National Rural Drinking Water Programme and Rural telephony have together been allocated `58.000 crore. This is an increase of ₹10.000 crore from the current year. A plan has been finalised to provide Rural Broadband Connec-tivity to all 2,50,000 Panchayats in the country in three years.

## MGNREGA

In pursuance of my earlier budget announce-ment to provide a real wage of ₹100 per day, the government has decided to index the wage rates notified under the MGNREGA to the Consumer Price Index for Agricultural Labour. The enhanced wage rates have been notified by the Ministry of Rural Develop-ment on January 14, 2011. It has resulted in significant enhancement of wages for the ben-eficiaries across the country.

The Anganwadi workers and Anganwadi helpers are the backbone of Integrated Child Development Services Scheme. I am happy to announce an increase in the remuneration of Anganwadi workers from ₹1,500 per month to \$3,000 per month and for Anganwadi bitus ₹3,000 per month and for Anganwadi helpers from ₹750 per month to ₹`1,500 per month. This will be effective from April 1, 2011. Around 22 lakh Anganwadi workers and helpers will benefit from the increase

Scheduled Castes and Tribal Sub-plan In the Budget for 2011-12, for the first time specific allocations are being earmarked owards Scheduled Castes Sub-plan and Tribal Sub-plan. These will be shown in the Budget of the relevant Ministries and Departments under separate minor heads of account. Fur-ther, I propose to increase the Budget allocation for primitive tribal groups from ₹185 crore in 2010-11 to `244 crore in 2011-1212.

### Education

Our "demographic dividend" of a relatively younger population compared to developed countries is as much of an opportunity as it is a challenge. Over 70% of Indians will be of working age in 2025. In this context, universal ising access to secondary education, increas ing the percentage of our scholars in higher education and providing skill training is nec essary. For education, I propose an allocation of ₹52,057 crore, which is an increase of 24% over the current year

### Sarva Shiksha Abhivan

had announced a co-co scheme "Swavalamban" in the Budget 2010-11. This scheme has been welcomed by the work ers in unorganised sector. Over 4 lakh applica-tions have already been received. On the basis of the feedback received, I am relaxing the exi under norms whereby a subscriber under Swavalamban will be allowed exit at the age of 50 years instead of 60 years, or a minimum tenure of 20 years, whichever is later. I also propose to extend the benefit of Government contribution from three to five years for all subscribers of Swavalamban who enroll dur-

ing 2010-11 and 2011-12. An estimated 20 lakh beneficiaries will join the scheme by March 2012 Under the on-going Indira Gandhi National Old Age Pension Scheme for BPL beneficiar-ies, the eligibility for pension is proposed to be reduced from 65 years at present to 60 years. Further, for those who are 80 years and above

### the pension amount is being raised from `₹200 sent to ₹500 per month Environment and Climate Change Forests

Protection and regeneration of forests has reat ecological, economic and social value Our government has launched an ambitious ten-year Green India mission. I propose to allocate ₹200 crore from the National Clear Energy Fund to begin its implementation in 2011-12.

# . Environmental Management

Environmental pollution has emerged as a serious public health concern across the country. I propose to allocate ₹200 crore from the National Clean Energy Fund as Centre's con-tribution in 2011-12 for launching environmental remediation programmes. Cleaning of Rivers and Lakes

A number of projects under the National Ganga River Basin Authority have been approved in 2010-11. This momentum will be further steepped up. There are many rivers and lakes of cultural and historical significance that need to be cleaned. In the course of the that need to be cleaned in the course of the second secon Ganga.

### Some Other Initiatives

In order to boost development in the North Eastern Region and Special Category States, the allocation for special assistance has been almost doubled to ₹8,000 crore for 2011-12. Out of this ₹5,000 crore has been allocated as of this. `₹5,400 crore has been allocated as untied Special Central Assistance.

The Government's special support to Jammu & Kashmir is anchored in '28,000 crore Prime Minister's Reconstruction Plan. In addition, for the current year, about 78,000 crore has been provided for the State's development needs. A Task Force to assess infrastructure needs that can be addressed within a time horizon of 24 months for Ladakh and Jammi regions of the state has recomm ects amounting to ₹416 crore and ₹497 crore

identified projects in 2011-12.

IT Initiatives The backbone of an efficient tax administra-tion is a robust IT infrastructure and its deployment for enhanced taxpayer services. Towards this objective, both the Central Boards of Direct Taxes (CBDT) and Excise and Customs (CBEC) have put in place the following measures:

The on-line preparation and e-filing of income tax returns, e-payment of taxes through 32 agency banks, ECS facility for electronic clearing of refunds directly in taxpayers' bank accounts and electronic filing of TDS returns are now available throughout the country. These measures have empowered taxpayers to meet their tax obligations without visiting an income

The Centralised Processing Centre (CPC) at Bengaluru has increased its daily pro cessing capacity from 20,000 to 1.5 lakh returns in 2010-11. This project has won a Gold Award for e-Governance in 2011. Two more CPCs will become operational in Manesar and Pune by May 2011 and a fourth CPC will come up in Kolkata in 2011 10 2011-12

With the completion of its IT Consolida-tion Project, CBEC can now centrally host its key applications in Customs, Central Excise and Service Tax. The Customs EDI system now covers 92 locations across the counter CDECas Composition particulated country. CBEC's e-Commerce portal ICE GATE TE, has also been conferred a Gold ard for e-Governance.

The 'Sevottam' concept has been adopted by both Boards. The three pilot projects of Aaykar Seva Kendras (ASKs) under CBDT have come of age. CBDT will commission eight more such centres this year. In 2011-12, another fifty ASKs will be set up across the country. CBEC has also launched a similar initiative and four of their pilot projects have been commissioned The electronic filing of Tax Deduction at

The electronic infing of rak betuction at Source (TDS) statements has stabilised. The Board shall soon notify a category of salaried taxpayers who will not be required to file a return of income as their tax liability has been discharged by their wardward though doubtion at cause ployer through deduction at source.

CBDT will provide a separate web-based facility to enable a direct, stand-alone interface for taxpayers with the Income Tax Department so that they can report and track the resolution of their refunds and credit for prepaid taxes.

Mission Mode Projects for computerisation of Commercial Taxes in States that I announced in my last Budget, will allow States to align with the roll out of GST. Funds have been released for 31 projects received from the States and Union Territories. Most of the States and UTs have already enabled the facili-ty of dealers making electronic payments. A number of States have already started accept-ing Electronic Tax Returns and issuing forms

respectively. I am providing ₹100 crore for Ladakh and ₹150 crore for Jammu for these required for inter-state trade. With the development of the economy, the need to review the provisions of the Indian

as been notified for use by the Centra state governments, business entities and the general public. A new series of coins carrying this symbol will be issued shortly. The Gov-ernment has approached Unicode Standards Authority for inclusion of the symbol in inter-

# national standards. Budget Estimates 2011-12

I now turn to the Budget Estimates for 2011

The Gross Tax Receipts are estimated at ₹9,32,440 crore which is an increase of 24.9% over the Budget Estimates for 2010-11. After devolution to States, the net tax to Centre in 2011-12 is `₹6,64,457 crore. The Non Tax Rev enue Receipts for 2011-12 are estimated at ₹1 25 435 cror The total expenditure proposed for 2011-12 is

₹12,57,729 crore, which is an increase of 13.4% over the Budget Estimates for 2010-11. The Plan Expenditure at ₹4,41,547 crore marks an increase of 18.3% and the Non Plan Expendi Increase of 10.5% and the rout route 200  $\pm$  10.9% over BE 2010-11. As 2011-12 is the last year of the Eleventh Plan, I am happy to share that Eleventh Plan expenditure in nominal terms is more than 100% of the expenditure envis-

Is highly that how a one capacitate carries aged for the Plan period. The total plan and non-plan transfers of  $\overline{< 2.01,733}$  crore to States and UT Governments in 2011-12 have increased by 23% over the Bud-get Estimates 2010-11. This includes grants of ₹13,713 crore in 2011-12 to local bodies as per recommendation of the Thirteenth ance Commission.

Honble Members are aware that in the course of 2010-11, I had the opportunity to effect a further improvement in the fiscal balance, due to the higher than anticipated nontax revenues from 3G spectrum auctions. I chose to do that and much more. While I pro-vided additional resources of about ₹ 50,000 crore to critical infrastructure and social sec tors and also to meet the expenditure on subs dies, I have brought down the fiscal deficit from 5.5% to 5.1% of the GDP for 2010-11. For 2011-12, I have kept it at 4.6% of GDP, which improves upon my own target for 2011-12 indi-cated in the fiscal road map presented in the last Budget. In the Medium Term Fiscal Poli-ue: Structure heing surgented to the Huuse cy Statement being presented to the House today, the rolling targets for fiscal deficit are placed at 4.1% for 2012-13, and 3.5% for 2013-14. There has been some concern expressed regarding the stickiness of government's rev-enue deficit in the post-global crisis phase of the economy. For 2010-11 as against a target of the account the proton deficit is activated at 4 per cent, the revenue deficit is estimated at 3.4% of GDP. In the past few years the trans-fers to States and other developmental expenditure have grown significantly. These are classified as revenue expenditure even though a considerable part of the expenditure from these transfers is in the nature of capital expenditure. In 2010-11, \*90,792 crore from such revenue expenditures were in the nature of capital expenditure. Similarly, in 2011-12 grants-in-aid for creation of capital assets which are now shown separately in the Bud

get documents, are about `₹1.47 lakh crore. Tak-

el. As a measur the corporate tax liability, I propose to levy MAT on developers of Special Economic

Zones as well as units operating in SEZs. To attract foreign funds for financing of infrastructure, I propose to

create special vehicles in the form of notified infrastructure debt funds;

subject interest payment on the borrow ings of these funds to a reduced withhold ing tax rate of 5% instead of the current rate of 20%;

exempt the income of the fund from tax. In order to promote savings and raise funds for infrastructure, an additional deduction of ₹20,000 for investment in long-term infrastruc ture bonds was notified by the Central Gov nt in 2010-11. I propose to extend this

window for one more year. It has been represented that the taxation of foreign dividends in the hands of resident taxpayers at full rate is a disincentive for their payers at full rate is a distincentive for their repartiation to India and they continue to remain invested abroad. For the year 2011-12, I propose a lower rate of 15 per cent tax on div idends received by an Indian company from its foreign subsidiary. I do hope these funds vill now flow to India

In order to give a boost to production in the agriculture sector, I propose to extend the ben-efit of investment linked deduction to busi-nesses engaged in the production of fertilis-

Considering the importance of housing, I also propose investment linked deduction to businesses which develop affordable housing under a notified scheme

## Indirect Taxes

I shall now turn to my indirect Taxes I shall now turn to my indirect tax proposals. In view of the healthy growth in indirect taxes in 2010-11, I had the option to roll back the Central excise duty to levels prevailing in November 2008. I have chosen not to do so for two reasons. I would like to see improved busi-ness margine translated into higher invest. ness margins translated into higher invest ment rates. I would also like to stay my course towards GST. I have therefore decided to main ain the standard rate of Central excise duty at 10 per cent. I propose certain changes in the Central

Excise rate structure to prepare the ground for the transition to GST, beginning with a reduction in the number of exemptions. At present, there are about 100 items that are exempt from Central Excise as well as State VAT. In addition, there are as many as 370 items that anion exemption from Central items that enjoy exemption from Central Excise duty but are chargeable to VAT I pro-pose to withdraw the exemption on 130 of these items that are mainly in the nature of consumer goods. The remaining 240 items would be brought into the tax net when GST is interduced. introduced

A nominal Central Excise duty of 1 per cent is being imposed on the 130 items that are entering the tax net. No Cenvat credit would be available for the manufacture of these items. Basic food and fuel would continue to be ourcomt be exempt

This levy would also not apply to precious

achinery to encourage their domestic production Micro-irrigation is an environment-friendly

and efficient means of irrigation especially for dry land farming. I propose to reduce the basic customs duty on micro-irrigation equip-ment from 7.5% to 5%.

De-oiled rice bran cake constitutes an important ingredient of cattle feed and its improved availability would have a positive impact on milk production. I propose to provide full exemption from basic customs duty to this item. Simultaneously, an export duty of 10 per cent would be levied to discourage its export. Manufacturing Sector

For the manufacturing sector, my proposals seek to encourage domestic value addition vis-a-vis imports, to remove duty inversions and promotion and to provide a lower browning field anomalies and to provide a level playing field to the domestic industry. The major proposals are to:

reduce basic customs duty on raw silk (not thrown) from 30 to 5%

reduce basic customs duty from 5% to 2.5% on certain textile intermediates and inputs for chemicals, ferro-alloys and paper;

reduce basic customs duty on certain spec filed inputs for manufacture of certain technical fibre and yarn from 7.5% to 5%; fully exempt stainless steel scrap from horize rutare duties

basic customs duty; reduce import duties on specified raw material for the manufacture of syringes and needles to 5% basic and 4% CVD.

extend the concession available to parts, components and accessories for manufac-ture of mobile handsets till 31st March, 2012 and to include few more items in its ambit: expand the raw material list for manufac

ture of specified electronic components that are fully exempt from basic customs

duty; reduce excise duty (and hence CVD) on parts of ink-jet and laser-jet printers from 10% to 5%

Iron ore attracts an export duty of 15% in the case of lumps and 5% in the case of fines. This is a natural resource which needs to be conserved. I propose to enhance the rate of export duty for all types of iron ore and unify it at 20 % ad valorem. Iron ore is also exported in a value-added, pelletised form. Full exemp-tion from export duty is being provided to iron ore pellets to encourage the value addition process for fines.

As a measure of relief to cement industry, I As a measure of reflet to centerin mutustry i, propose to replace the existing excise duty rates with composite rates having an ad val-orem and specific component with some ratio-nalisation. The basic customs duty on two crit-ical raw materials of this industry viz. petcoke and gypsum is proposed to be reduced to

To drive the financial inclusion agenda of the government, I propose to fully exempt cash dispensers from basic customs duty. Full exemption is also being extended to parts of such machines to encourage their domestic production.

on domestic sector at th dard rate of 10% to bring it on par with jour nevs by higher classes on international air Services provided by life insurance compa

nies in the area of investment are also pro-posed to be brought into tax net on the same lines as ULIPs. I propose to expand the scope of legal services to include services provided by business entities to individuals as well as representational and arbitration services by individuals to business entities. There shall, however, be no tax on services provided by individuals to status individuals individuals to other individuals.

There are certain other changes mainly by way of rationalisation or expansion in the scope of certain services or by plugging exist-ing loopholes. I do not wish to take the value able time of the House in further elaboration here

The strength of a good value-added-tax lies in the free flow of the credit of the tax paid at the previous stage. Due to complexities, there have been many legal disputes on the avail-ability of credit on a number of inputs or

input services. These provisions are being rationalised by laving down clear definitions so that the scope of inputs and input services that are eligible and those that are not, is clear. Allocation of CENVAT credit to exempt and taxable goods and services is also being streamlined.

The number of assessees in service tax has The number of assessees in service tax has grown manifold. Ifind that a large number of them comprise individuals or sole proprietors with small turnovers. Any audit at their premises tends to dislocate their activities for the duration of the audit. I therefore, propose to free all individual and sole proprietor tax ayers with a turnover upto ₹`60 lakh from the nalities of audi

This will give relief to a large number of tax-payers. I also intend to give all assessees with turnover upto ₹ 60 lakh, the benefit of 3 percentage points in interest on delayed payment My proposals relating to service tax are esti-mated to result in net revenue gain of ₹ 4,000

core for the year Copies of notifications giving effect to the changes in Customs, Central Excise and Ser-

vice Tax will be laid on the Table of the House in due course

My proposals on direct taxes are estimated to result in a revenue loss of ₹11,500 crore for the year. Proposals relating to indirect taxes are timated to result in a net revenue gain of ₹11,300 crore, leaving a net loss of ₹200 crore in the Budget.

As an emerging economy, with a voice on the global stage, India stands at the threshold of a decade which presents immense possibilities. We must not let the recent strains and tensions hold us back from converting these pos sibilities into realities. With oneness of heart, let us all build an India, which in not too dis-tant a future, will enter the comity of developed nations.

Madam Speaker, with these words, I commend the Budget to the House.



