



INDIAN UNION BUDGET 2014 : QUICK GLIMPSE

Prime Minister Narendra Modi's new government unveiled what it called a budget for growth on Thursday, vowing to curb borrowing after the Asian giant's longest economic slowdown in a quarter of a century.

Economy is stuttering under high inflation and the worst slowdown since free-market reforms in the early 1990s, and the budget is the first major test of Modi's reformist credentials since he swept to power in May with a pledge to boost growth and create millions of new jobs.

Here are the highlights of the budget:

FISCAL DEFICIT:

- Fiscal deficit target set for 3.6% for 2015-16.
- Accepts fiscal deficit target of 4.1% of GDP for 2014/15.
- Finance Minister says "We cannot spend beyond our means."
- Tax to GDP ratio must be raised.
- Plans to make food and petroleum subsidies more targeted.

GROWTH:

- Aims for sustained growth of 7-8 per cent in the next 3-4 years.
- Finance minister says he is bound to usher in policies for higher growth and lower inflation.

TAXATION:

- Aims to approve goods and services tax by the end of this year.
- Will not change rules on retrospective taxation.
- All pending cases of retrospective tax for indirect transfers to be examined by a high-level committee before any action is taken.
- Proposes changes in transfer pricing mechanism.

INVESTMENT:

- Raises limit on foreign direct investment in defense sector from 26 per cent to 49 per cent.
- Earmarks 70.6 billion rupees to create 100 “smart cities”.

INDUSTRY:

- A National Industrial Corridor Authority, with its headquarters in Pune, is being set up to coordinate the development of the industrial corridors, with smart cities linked to transport connectivity, which will be the cornerstone of the strategy to drive India’s growth in manufacturing and urbanization
- The Amritsar Kolkata Industrial master planning will be completed expeditiously for the establishment of industrial smart cities in seven States of India. The master planning of three new smart cities in the Chennai-Bengaluru Industrial Corridor region, viz., Ponneri in Tamil Nadu, Krishnapatnam in Andhra Pradesh and Tumkur in Karnataka will also be completed.
- The perspective plan for the Bengaluru Mumbai Economic corridor (BMEC) and Vizag-Chennai corridor would be completed with the provision for 20 new industrial clusters.
- Proposal to establish an Export promotion Mission to bring all stakeholders under one umbrella.
- Indian Custom Single Window Project to be taken up for facilitating trade.

INFRASTRUCTURE:

- The Government will set up an institution called 3P India with a corpus of Rs.500 crore to provide support to mainstreaming public- private relationships (PPPs).
- Mr. Arun Jaitley set aside an investment of Rs.37, 880 crore for the construction of both national and state highways.

- He set a target of 8,500km of national highway construction for the current financial year.
- New ship building policy on the anvil.
- Ten year tax holiday provided to power companies.
- Development of 16 new port projects proposed for enhancing connectivity.

TOURISM:

- The facility of Electronic Travel Authorization (e-Visa) would be introduced in a phased manner at nine airports in India where necessary infrastructure would be put in place within the next six months.
- In a bid to boost tourism, among other initiatives Mr. Arun Jaitley has also proposed to create 5 tourist circuits around specific themes and set aside a sum of Rs 500 crore for this purpose.

EDUCATION:

- Proposal to set up Jai Prakash Narayan National Centre for Excellence in Humanities in Madhya Pradesh.
- Proposal to set up five more IITs in the Jammu, Chattisgarh, Goa, Andhra Pradesh and Kerala. Five IIMs would be set up in the States of Himachal Pradesh, Punjab, Bihar, Odisha and Maharashtra.

HEALTH:

- It is proposed to provide assistance to the State Governments to establish fifteen new Braille Presses and modernize ten existing Braille Presses in the current financial year. Government will also print currency notes with Braille like signs to assist the visibly challenged persons.
- To give an added impetus to watershed development in the country, proposal to start a new programme called “Neeranchal” in the current financial year.
- Six new AIIMS at Jodhpur, Bhopal, Patna, Rishikesh, Bhubaneswar and Raipur, which are part of Pradhan Mantri Swasthya Suraksha Yojana, have become functional. A plan to set up four more AIIMS like institutions at Andhra Pradesh, West Bengal, Vidarbha in Maharashtra and Poorvanchal in UP is under consideration.

References: Times of India, Economic Times, DNA, Press Trust of India.