HIGHLIGHTS OF INTERIM BUDGET - 2009

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Highlights of the Interim Budget 2009

- All efforts made to deliver on commitments
- Sustained growth at over 9% in last 4 years
- Per capita income grew 7.4% during UPA regime
- Gross domestic savings rate at 37.7%, gross capital formation at 14.2%
- Tax-GDP ratio at 12.5% in 2007-08, close to fiscal correction target
- Domestic investment rate over 39% in FY08
- Growth drivers - agriculture, services, manufacturing, construction
- Outlook for food grain production encouraging for coming year
- Exports grew at annual average rate of 26.4% during last 4 years
- Challenges related to capital inflows and global inflation
- Have weathered the crisis, but no room for complacency
- Moderate pass through of prices affected domestic inflation in 2008
- December industrial growth fell 2% (YoY)
- Forecasts indicate that world economy may fare worse in 2009
- India has been affected along with other slowing EM (emerging markets) economies
- GDP growth of 7.1% makes India the second fastest growing economy
- Fiscal packages announced provide tax relief to boost demand, spending
- Have taken steps to encourage private investments in infrastructure via PPP
- Approved 37 infrastructure projects worth Rs 70,000 crore between August 08-January 09
- 54 central infrastructure projects of Rs 67700 crore sent for final nod to PPP panel
- Initiative for providing refinance to banks for long-term credit to project
- IIFCL to raise Rs 10000 crore, has approval for an additional Rs 30000 crore
- IIFCL to refinance 60% of their projects
- Extension of export credit for labour intensive exports
- FDI inflow at USD 23.3 billion during April-November 2008
- Have relaxed fiscal responsibility and budget management targets
- May need to consider additional fiscal measures in next regular budget
- Need to revert to fiscal consolidation at the earliest
- Economic regulatory and oversight systems have to be more efficient
- Attention given to agriculture sector, plan allocation up 300% in 4 years
-Government implementing revival agriculture package in 25 states worth Rs 13500 crore
-Government will continue to provide interest subvention for agriculture in FY10
-Farm debt waiver of Rs 65,300 crores covering 36 million homes
-Government to provide interest subsidy to farmers in FY10
-Outlay on higher education up 900% in 11th 5-year plan
-Annual ad-hoc grants have been increased by 50% (YoY)
-Tax rates must fall during times of crisis
-FY09 revised estimates of spending at Rs 9 lakh crore vs Rs 7.5 lakh crore
-FY09 plan expenditure revised to Rs 2.8 lakh crore from Rs 2.4 lakh crore
-Government revises FY09 fertiliser subsidy to Rs 44863 crore
-FY09 food subsidy revised to Rs 10960 crore
-FY09 fiscal deficit seen at 6% of GDP versus estimate of 2.5%
-FY09 revenue deficit at 4.4% of GDP versus estimate of 1%
-FY10 spending seen at Rs 9.53 lakh crore
FY10 budgetary support seen at Rs 2.85 lakh crore
-Rural jobs scheme to get Rs 30100 crore in FY10
- JNNURM spending seen at Rs 11842 crore for FY10
- Allocation of Rs 40900 crore for Bharat Nirman Scheme
- Interest subvention for some export loans extended
- Budget plan spending may have to be upped substantially post polls
- Additional plan expenditure has to increase by 0.5-1% post polls
- FY10 non-plan spend est at Rs 6.68 lakh crore
- Major subsidy spending for FY10 seen at Rs 95,500 crore
- FY10 budget revenue deficit seen at 4%, fiscal deficit at 5.5%
- FY10 gross tax revenue seen at Rs 6.71 lk crore
- Allocation of Rs 8,000 crore for mid-day meal scheme
- Rs 13,100 crore allocated for elementary education
- Interest subvention for some export loans extended
- Budget plan spending may have to be upped substantially post polls
- Additional plan expenditure has to increase by 0.5-1% post polls
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- Major subsidy spending for FY10 seen at Rs 95,500 crore
FY10 budget revenue deficit seen at 4%, fiscal deficit at 5.5%
FY10 gross tax revenue seen at Rs 6.71 lakh crore
FY10 gross market borrowing seen at Rs 3.2-3.3 lakh crore
No tax changes in interim budget