



MARKET CREATORS LIMITED

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India Union Budget FY 13-14

I. FISCAL DEFICIT

- * Fiscal deficit seen at 5.2 pct of GDP in 2012/13
- * Fiscal deficit seen at 4.8 pct of GDP in 2013/14
- * Faced with huge fiscal deficit, India had no choice but to rationalise expenditure

II. SPENDING

- * Total budget expenditure seen at 16.65 trillion rupees in 2013/14
- * India's 2013/14 plan expenditure seen at 5.55 trillion rupees
- * Non-plan expenditure estimated at about 12 trillion rupees in 2013/14
- * Revised estimate for total expenditure is 14.3 trillion rupees in 2012/13, which is 96 pct of budget estimate
- * Set aside 100 billion rupees towards spending on food subsidies in 2013/14

III. Central Government Borrowings:

Central Government's Gross borrowings at Rs. 6.29 Lakh Crores

In Crores	Revised 2012-2013	Budget 2013-2014	Y-o-Y
Market Loans	558000	629008.84	71008.84
Maturity	90615.94	95008.84	4392.90
OMO Buy Back / Switching of Govt. Securities (Budgeted)	0	50000	50000.00
Net Market Borrowing	467384.06	484000.00	16615.94

IV. Major Subsidy Expenditures:

In Crores	Revised 2012-2013	Budget 2013-2014	Y-o-Y
Fertiliser Subsidy	65974.1	65971.5	-2.60
Food Subsidy	85000	90000	5000.00
Petroleum Subsidy	96879.87	65000	-31879.87
Interest Subsidies	7415.88	8061.34	645.46

V. Debt Market:

- ❖ Infra debt funds are encouraged to promote investment in infrastructure. 4 IDF's have been registered with SEBI, 2 will be launched soon
- ❖ Some companies can issue tax free bonds upto Rs **50,000 cr** for Infra developments
- ❖ Stock exchanges can introduce a dedicated debt exchange

VI. CURRENT ACCOUNT DEFICIT

* India's greater worry is the current account deficit - will need more than \$75 billion this year and next year to fund deficit. Foreign investment is an imperative to finance CAD. CAD a bigger worry than fiscal deficit

VII. TAX

- * Proposes surcharge of 10 pct on rich taxpayers with annual income of more than 10 million rupees a year
- * To increase surcharge to 10 pct on domestic companies with annual income of more than 100 million rupees
- * Education cess to continue at 3 pct

VIII. CORPORATE SECTOR AND MARKETS

- * Plans to issue inflation-indexed bonds
- * Proposes capital allowance of 15 pct to companies on investments of more than 1 billion rupees
- * Foreign institutional investors (FIIs) can use investments in corporate, government bonds as collateral to meet margin requirements
- * Insurance, provident funds can trade directly in debt segments of stock exchanges
- * FIIs can hedge forex exposure through exchange-traded derivatives
- * Investor with less than 10 pct stake in a company will be regarded as FII, more than 10 pct stake as FDI (foreign direct investment)
- * Stock exchange regulator will simplify know-your-customer norms for foreign portfolio investors
- * To implement quickly recommendations of financial sector legislative reforms commission