

Key highlights of the Interim Union Budget 2009-10

The acting Finance Minister, in the Interim Union Budget 2009-10 (“the budget”) largely recapitulated various achievements and incentives extended by the United Progressive Alliance Government relevant to the “*Aam Aadmi*”.

Agriculture, services, manufacturing, trade and construction sectors were announced as growth drivers and the budget highlighted the impact of global inflation, economic recession and financial crisis on the Indian economy. The sectors given prime importance in the interim budgetary allocation are rural development, infrastructure, information technology, education, defence and banking.

The key highlights of the budget are as under:

Budget Estimates 2009-10

Expenditure	(Rs in crores)
Plan expenditure	285,149
Non-plan expenditure	668,082

Key sectors for allocation

Defence	141,703
Major subsidies	95,579
Bharat Nirman	40,900
National Rural Employment Guarantee Scheme	30,100

Financial sector reforms

- The Companies Bill, 2008, introduced in the Parliament
- Deepening and widening of the securities markets and strengthening the regulatory mechanisms for these markets
- NPAs of Public Sector Banks declined to 2.3 per cent on March 31, 2008.

Social reforms

- Two new schemes launched – ‘Indira Gandhi National Widow Pension Scheme’ to provide pension of Rs 200 to widows between age groups of 40-64 years and ‘Indira Gandhi National Disability Pension Scheme’ to provide pension to severely disabled persons
- Strengthening of Rashtriya Mahila Kosh
- Scope of the pre-metric scholarship for children of those engaged in unclean occupations expanded and rates of scholarship doubled in 2008-09. Annual ad-hoc grant increased by about 50 per cent as compared to earlier rates
- Implementation of ‘Priyadarsini Project’ a rural women’s employment and livelihood programme
- Widows in the age group of 18-40 years to be given priority in admission. Government to bear cost of their training and provide stipend of Rs 500 per month.

Agriculture sector

- Plan allocation increased by 300% from 2003-04 to 2008-09
- Rashtriya Krishi Vikas Yojna to increase the annual growth rate of the agricultural sector to 4% p.a. during 11th Plan period
- Agriculture credit disbursement increased to about Rs 250,000 crore in 2007-08
- Financial assistance of about Rs 13,500 crore provided to strengthen short-term cooperative credit structure
- Farmers to get short term crop loans up to Rs 3 lakh at a reduced interest rate of 7% p.a.
- The central issue prices under Targeted Public Distribution System maintained at July 2000 levels in case of Below Poverty Line and Antyodaya Anna Yojana categories and at July 2002 levels for Above Poverty Line category.

Rural Development

- A separate window for rural roads created with a corpus of Rs 4,000 crore
- Panchayat Empowerment and Accountability Scheme proposed to be expanded
- 'Project Arrow' to provide new technology enabled services through post offices to the common man.

Education sector

- New Centrally Sponsored Scheme launched to universalize education at secondary stage in the year 2008-09
- Ordinance promulgated for establishing 15 Central Universities, 8 new Indian Institutes of Technology, 5 Indian Institute of Science Education and Research, 2 new

schools of Planning and Architecture, and 6 new Indian Institute of Management.

- 500 ITIs upgraded into centers of excellence and the number proposed to be increased.

Taxation

- No changes in respect of direct and indirect tax rates or thresholds
- Proposed enhancement of functional efficiency of tax authorities and better tax payer services besides reduction of overall taxes
- Going forward the rates of Union Excise Duties and Service Tax to be rationalized for the eventual shift to the Goods and Service Tax on April 1, 2010.

Other areas

- A comprehensive system of Unique Identity for the resident population of the country has been worked out. The Unique Identification Authority of India is being established under the aegis of the planning commission for which a notification has been issued in January 2009.
- Interest subvention of 2% on pre and post shipment credit for certain employment oriented sectors i.e. Textiles (including handlooms and handicrafts, carpets, leather, gem and jewellery, marine products and SMEs extended beyond March 31, 2009 till September 30, 2009, involving an additional financial outlay of Rs 500 crore.

Several initiatives were announced though fiscal benefits were deferred for being taken up by the new government, later on in the year. It was mentioned that while tax rates must fall in the current time, the same would have to await a full fledged budget. The thrust of allocations seems to be largely to stimulate the economy.

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