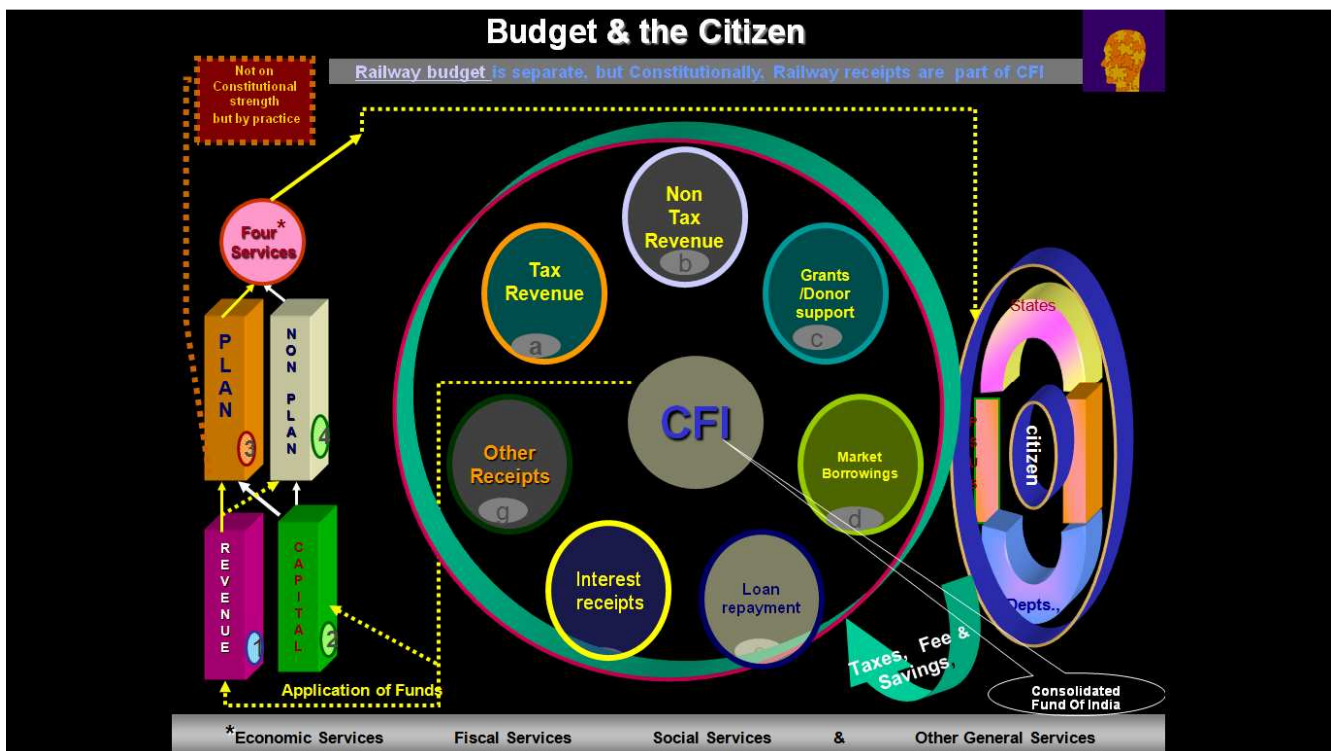


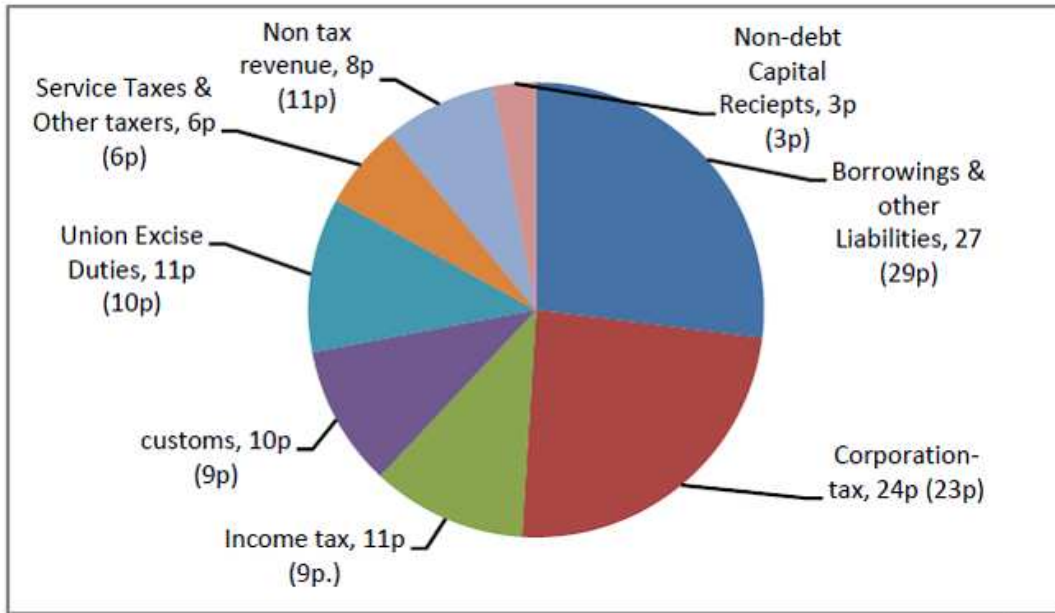


General Studies Prelim 2011: Current Affairs: Indian Economy

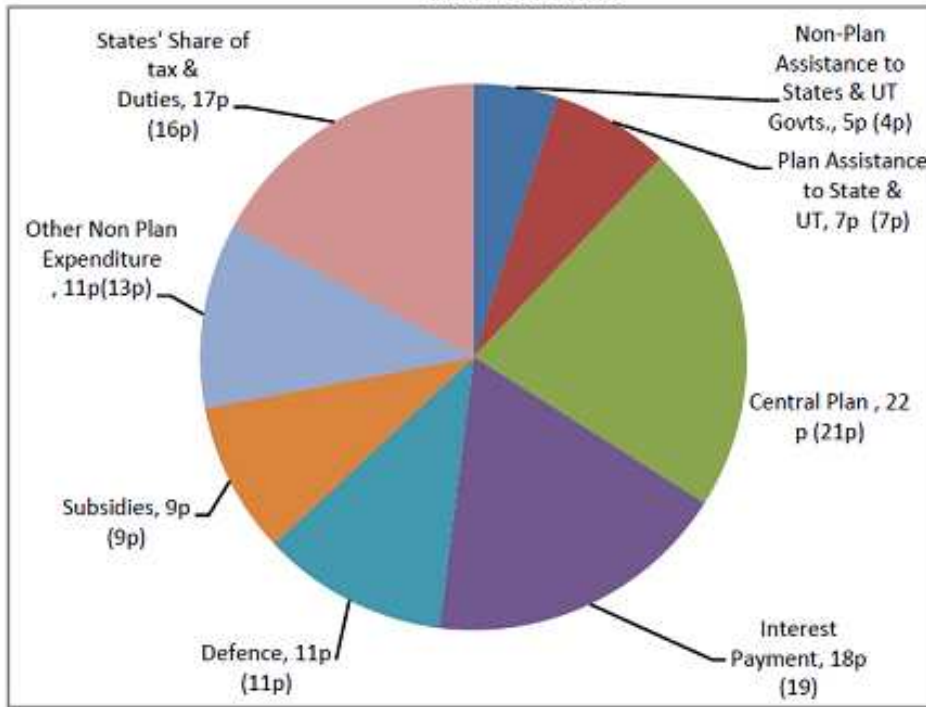
GENERAL BUDGET 2011-12



RUPEE COMES FROM

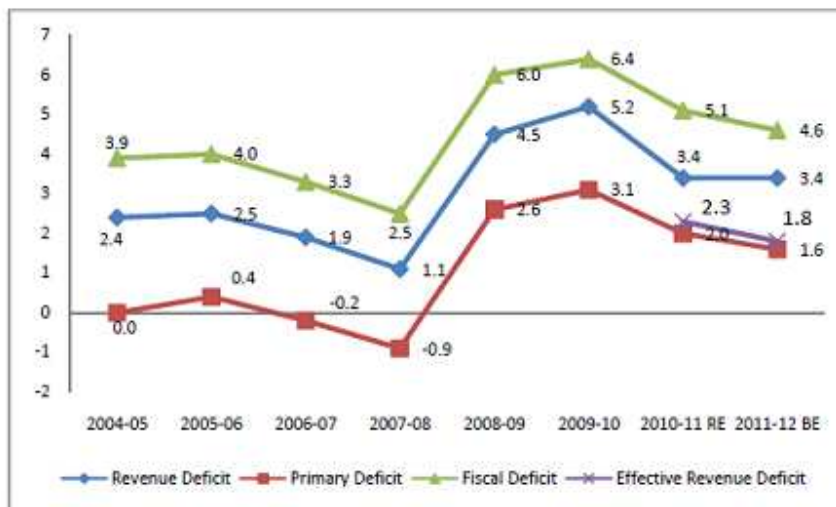


RUPEE GOES TO



Transfers to States and UTs	29p
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AS A PERCENTAGE OF GDP

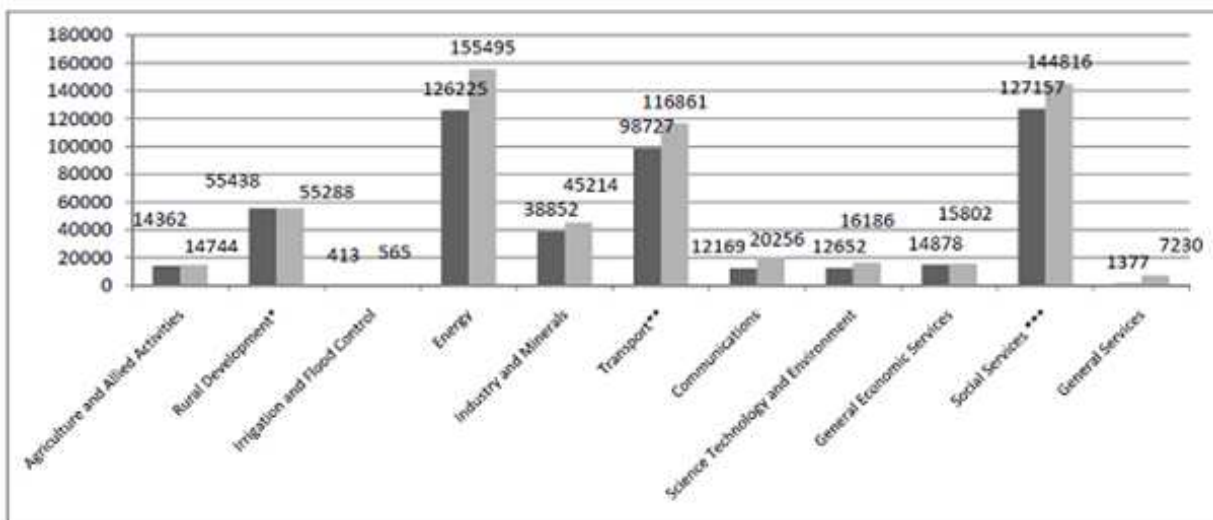


Deficits have been calculated on the basis of the following estimates of GDP

- (i) 2010-2011 (RE) Rs 7877947 crore. (ii) 2011-12 (BE) Rs 8980860 crore
- GDP Estimates as per revised series with 2004-05 as base year, have been adopted for working out deficit as percentage of GDP.

CENTRAL PLAN FOR OUTLAY BY SECTORS

(In crore of rupees)



*Includes provision for rural housing but excludes provision for rural roads.

** Includes provisions for rural roads.

*** Excludes provisions for rural roads.

■ 2010-11 RE

▨ 2011-12 BE

Budget at a Glance

(In crore of Rupees)

		2009-2010	2010-2011	2010-2011	2011-2012
		Actuals@	Budget	Revised	Budget
			Estimates	Estimates	Estimates
1	Revenue Receipts	572811	682212	783833	789892
2	Tax Revenue (net to centre)	456536	534094	563685	664457
3	Non-Tax Revenue	116275	148118	220148	125435
4	Capital Receipts (5+6+7)\$	451676	426537	432743	467837
5	Recoveries of Loans	8613	5129	9001	15020
6	Other Receipts	24581	40000	22744	40000
7	Borrowings and other liabilities*	418482	381408	400998	412817
8	Total Receipts (1+4) \$	1024487	1108749	1216576	1257729
9	Non-Plan Expenditure	721096	735657	821552	816182
10	On Revenue Account of which,	657925	643599	726749	733558
11	Interest Payments	213093	248664	240757	267986
12	On Capital Account	63171	92058	94803	82624
13	Plan Expenditure	303391	373092	395024	441547
14	On Revenue Account	253884	315125	326928	363604
15	On Capital Account	49507	57967	68096	77943
16	Total Expenditure (9+13)	1024487	1108749	1216576	1257729
17	Revenue Expenditure (10+14)	911809	958724	1053677	1097162
18	Of Which, Grants for creation of Capital Assets		31317	90792	146853
19	Capital Expenditure (12+15)	112678	150025	162899	160567
20	Revenue Deficit (17-1)	338998	276512	269844	307270
		-5.2	-4	-3.4	-3.4
21	Effective Revenue Deficit (17-18)#		245195	179052	160417
			-3.5	-2.3	-1.8
22	Fiscal Deficit {16-(1+5+6)}	418482	381408	400998	412817
		-6.4	-5.5	-5.1	-4.6
23	Primary Deficit (20-11)	205389	132744	160241	144831
		-3.1	-1.9	-2	-1.6

Key points - Union Budget 2011-12

- Critical institutional reforms set pace for double-digit growth
- Scaled up flow of resources infuses dynamism in rural economy
- **GDP estimated to have grown at 8.6% in 2010-11**
- Exports grown by 9.6%, imports by 17.6% in April-January 2010-11 over corresponding period last year
- **Indian economy expected to grow at 9% in 2011-12.**
- Five-fold strategy to deal with black money. Group of Ministers to suggest ways for tackling corruption
- Public Debt Management Agency of India Bill to come up next financial year
- **Direct Tax Code (DTC) to be effective from April 01, 2012**
- Phased move towards direct transfer cash subsidy to BPL people for better delivery of kerosene, LPG and fertilizer mooted
- **Rs.40,000 crore to be raised through disinvestment in 2011-12**
- FDI policy to be liberalized further
- SEBI registered mutual funds permitted to accept subscription from foreign investors who meet KYC requirement
- **FII limit for investment in corporate bonds in infrastructure sector raised to US \$40 Billion**
- Additional banking license to private sector players proposed
- **Rs.6000 crore to be provided in 2011-12 for maintaining minimum Tier I Capital to Risk Weighted Asset Ratio (CRAR) of 8% in public sector banks**
- Rs.500 crore to be provided to regional rural banks to maintain 9% CRAR
- India Microfinance Equity Fund of Rs.100 crore to be created by SIDBI
- Rs. 500 crore Women SHG Development Fund to be created
- Micro Small and Medium Enterprises MSME gets boost as Rs. 5000 crore provided to SIDBI and Rs.3000 crore to NABARD
- **Existing housing loan limit enhanced to Rs.25 lakh for dwelling units**
- Provision under Rural housing Fund enhanced to Rs.3000 crore
- Allocation under Rashtriya Krishi Vikas yojna (RKVY) increased to Rs.7860 crore
- Allocation of Rs.300 crore to promote 60000 pulses villages in rainfed areas
- Rs. 300 crore vegetable initiative to achieve competitive prices
- Rs.300 crore to promote higher production of nutri-cereals
- Rs.300 crore to promote animal based protein
- Rs.300 crore Accelerated Fodder Development Programme to benefit farmers in 25000 villages
- **Credit flow to farmers raised from Rs.3,75,000 crore to Rs.4,75,000 crore**
- Rs.10,000 crore for NABARD's Short Term Rural Credit Fund for 2011-12
- **15 more mega food parks during 2011-12**
- National food security bill to be introduced this year
- Capital investment in storage capacity to be eligible for viability gap funding
- **23.3% increase in allocation for infrastructure**
- Tax-free bonds of Rs.30,000 crore proposed by government undertakings
- Environmental concerns relating to infrastructure projects to be considered by Group of Ministers
- **National Mission for Hybrid and Electric Vehicles to be launched**
- **7 Mega clusters for leather products to be set up**

- Allocation for social sector increased by 17% amounting to 36.4% of total plan allocation
- Bharat Nirman allocation increased by Rs.10,000 crore
- Rural broadband connectivity to all 2.5 lakh panchayats in three years.
- Bill to amend Indian Stamp Act to introduce. Rs.300 crore scheme for modernization stamp and registration administration
- **Significant increase in remuneration of Angawadi workers and helpers**
- Allocation for education increased by 24%. Rs.21,000 crore allocated for Sarv Shikshya Abhiyan registering an increase of 40%
- 1500 institute of higher learning to be connected by March 2012 with Knowledge Knowledge Network.
- **National Innovation Council set up. Additional Rs.500 crore for National Skill Development Fund**
- Plan allocation for health stepped up by 20%
- Indira Gandhi National Old Age Pension Scheme liberalized further
- Rs.200 crore for Green India Mission
- Rs.200 crore for cleaning of rivers
- Rs.8000 crore provided for development needs of J&K
- 10 lakhs Aadhaar(UID) numbers to be generated everyday from 1st October
- **Fiscal deficit kept at 4.6% of GDP for 2011-12**
- Income Tax exemption limit for general category in individual tax payers enhanced from Rs.1,60,000 to Rs.1,80,000
- Qualifying age for senior citizens lowered to 60; senior citizen above 80 year to get Rs.5,00,000 IT exemption
- Surcharge on corporate lowered to 5%

Income Tax Rates/Slabs for FY 2011-12

Income Tax Rates/Slabs	Rate (%)
Upto 1,80,000 (Men, +20,000) Upto 1,90,000 (for women) Upto 2,50,000 (senior citizens, + 10,000) Upto 5,00,000 (newly introduced 'Very Senior citizen' category)	NIL
1,80,001 – 5,00,000	10
5,00,001 – 8,00,000	20
8,00,001 and above	30
Tax amendments for the FY 2011-12 are mentioned below : <ul style="list-style-type: none"> • Increase in base income tax slab of men and senior citizens. • Tax exemption limit remains the same i.e Rs. 20,000 on investment in tax saving Infrastructure bonds. • A set of New Direct Tax Codes have been proposed, which will be active from Financial Year 2011. • Senior citizen age reduced from 65 years to 60 years. • People above 80 years of age to be included in the newly introduced 'Very Senior citizen' category. 	

Highlights of Railway Budget 2011-12

- **No hike in passenger fare and freight rates.**
- Highest ever Plan outlay of Rs. **57, 630** crore proposed for Railways.
- Rs. 9,583 crore provided for new lines.
- 1300 km new lines, 867 km doubling of lines and 1017 km gauge conversion targeted in 2011-12.
- 56 new Express Trains, 3 new Shatabdis and 9 Duronto trains to be introduced.
- **AC Double Decker services on Jaipur-Delhi and Ahmedabad-Mumbai routes.**
- **New Super AC Class to be introduced.**
- **A new portal for e-ticketing to be launched shortly. Booking charges will be cheaper with a charge of only Rs. 10 for AC classes and Rs.5 for others.**

- Pan-India multi-purpose smart card “Go India” to be introduced.
- 236 more stations to be upgraded as Adarsh Stations.
- 47 additional suburban services in Mumbai and 50 new suburban services proposed for Kolkata.
- Two new passenger terminals in Kerala and one each in Uttar Pradesh and West Bengal proposed.
- Feasibility study to raise speed of passenger trains to 160-200 kmph to be undertaken.
- A special package of two new trains and two projects for the States managing trouble free run of trains through out the year.
- **Anti Collision Device (ACD) sanctioned to cover 8 zonal railways.**
- **GPS Based ‘Fog Safe’ Device to be deployed.**

- All unmanned level crossing upto 3000 to be eliminated.
- All India Security Help line on a single number set up.
- All state capitals in the North-East except Sikkim to be connected by Rail in next seven years.
- A Bridge Factory in J & K and a state-of-art Institute for Tunnel and Bridge Engineering is proposed at Jammu.
- **A Diesel Locomotive Centre will be set-up in Manipur.**
- A Centre of Excellence in Software at Darjeeling proposed under the aegis of CRIS.
- **Rail Industrial Parks at Jellingham and New Bongaigaon proposed.**
- Additional mechanized laundry units to be set up at Nagpur, Chandigarh and Bhopal.
- 700 MW gas-based power plant to be set up at Thakurli in Maharashtra.
- 18,000 Wagons to be procured during 2011-12.
- A scheme for socially desirable projects, ‘Pradhan Mantri Rail Vikas Yojana’ with Non-lapsable fund proposed.
- **10,000 shelter units proposed for track side dwellers in Mumbai, Sealdah, Siliguri, Tiruchirapalli on pilot basis.**

- Concession to physically handicapped persons to be extended on Rajdhani and Shatabdi trains.
- Concession of 50% to press correspondents with family increased to twice a year.
- Senior Citizens concession to be hiked from 30 % to 40 %.
- Medical facilities extended to dependent parents of the Railway employees.
- Scholarship for Girl child of Group-D railway employees increased to Rs.1200 per month.
- 20 additional hostels for children of railway employees to be set up.
- Recruitment for 1.75 lakh vacancies of Group ‘C’ and ‘D’ including to fill up backlog of SC/ST

initiated, 16,000 ex-servicemen to be inducted by March 2011.

- A separate sports cadre to be created.
- **2011-12 declared 'Year of Green Energy' for Railways.**
- Freight loading of 993 MT and passenger growth of 6.4 % estimated for 2011-12.
- Gross Traffic Receipts at Rs.1,06,239 crore, exceeding one lakh crore mark for the first time estimated.
- Ordinary Working Expenses assessed at Rs. 73,650 crore.

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