

# Budget with a difference



- 2% education cess on all taxes to fetch Rs. 4,000-5,000 crores.
- No income tax for persons with taxable income of Rs. 1 lakh; rates unchanged for others.
- 9% interest scheme for senior citizens.
- Revenue deficit cut from 3.6% to 2.5% of GDP
- Service tax hiked to 10%; net widened.
- Special focus on irrigation; new scheme for rainwater harvesting.
- No change in small savings interest rates.
- New excise package for textile sector.
- Direct taxes to raise Rs. 2,000 crores.

## New Proposals

FDI caps raised in telecom, insurance and civil aviation.

Interest rate on Central Government loans to States cut.

New Board for Reconstruction of Public Sector Enterprises.

Special packages for Bihar, J&K, North-East.

Investment Commission to be set up.

Rs.25,000-crore Backward States Grant Fund from April 2005.

Pilot Food Stamps Programme.

Securitisation Act to be amended.

New health insurance scheme for poor.

National Manufacturing Competitive Council to be set up.

## Direct Taxes

New transaction tax on share deals.

Long-term capital gains tax on shares removed

Short-term capital gains tax on securities cut to 10 per cent.

Tonnage tax on shipping.

Tax breaks for new agro-processing units.

New rural hospitals offered tax incentives.

Tax on gifts of more than Rs. 25,000 from non-relatives.

## Indirect Taxes

Excise exemptions for tractors, agricultural implements.

Excise cuts on meat, fish and poultry foods.

Zero excise on computers.

Excise raised on steel; customs duty lowered.

85 items removed from SSI list.

Excise duty imposed on contact lenses, black & white TVs.

Customs duty raised on refined palm oil.

## REACTIONS



"We were accused of flying high, now the Government has been grounded. Some good provisions but overall far from satisfactory."

— Atal Bihari Vajpayee  
Former Prime Minister



"Seeks to translate the vision of combining rapid economic growth with faster progress on the road to social equality. Has done an exceedingly good job."

— Manmohan Singh  
Prime Minister



"Positive for agriculture, education and rural uplift, as in CMP. But concessions for foreign capital unwarranted."

— Prakash Karat  
CPI (M) Polit Bureau member



"An unworkable budget. A few sops aimed at the gallery, inroads on the domain of States. A bag full of gimmicks, sound and fury signifying nothing."

— Jayalitha  
Chief Minister, Tamil Nadu

