



BUDGET HIGHLIGHTS - FY12-13

Sector/Industry	Proposals/Schemes	Impact
Financial Sector	Rajiv Gandhi Equity Saving Scheme to allow for income tax deduction of 50 per cent to new retail investors, who invest upto Rs 50,000 directly in equities and whose annual income is below Rs 10 lakh to be introduced. It will have a lock in of 3 Years.	Tax exemption for the smaller investors. While reduction will lead to lower transaction costs equity trading.
	QFIs to access Indian Corporate Bond market.	
	Mandatory for companies to issue IPOs of Rs 10 crore and above in electronic form through nationwide broker network of stock exchanges.	IPO's in mandatory electronic form to help investors
	STT reduced by 20% on delivery transactions.	
Banking Sector	Public Sector Banks and Financial Institutions, to get Rs 15,888 crore for capitalisation.	Capital infusion to help maintain bank's minimum tier - I capital, will build confidence in investors about the financial quality.
	Proposal to extend the scheme of capitalisation of weak RRBs by another 2 years to enable States to contribute their share.	
Cement Sector	Proposal to prescribe a unified rate of 12 per cent + Rs 120 PMT for non-mini cement plants and 6 per cent + Rs 120 PMT for mini cement plants. It is proposed to charge this duty on the Retail Sale Price less abatement of 30 per cent.	Positive for the industry as Uniformity and specific rate will end the confusion over the existing complicated duty structure which is a combination of fixed and ad valorem duties.
	Proposed full exemption of custom duty on Coal.	Moreover, full exemption of custom duty on Coal too will help the industry in minimizing operating cost.
Power Sector	External Commercial Borrowings (ECB) to be allowed to part finance Rupee debt of existing power projects.	Power companies one of the major beneficiaries with many custom exemptions and permission for ECBs to finance rupee debt.
	Coal India to sign fuel supply agreements with power plants, having long-term PPAs with DISCOMs and getting commissioned on or before March 31, 2015.	
	Proposal for full exemption from basic customs duty and a concessional CVD of 1 per cent to steam coal till 31st March, 2014.	
	Full exemption from basic duty provided to certain fuels for power generation	
	Extension of the sunset date by one year for power sector undertakings so that they can be set up on or before March 31, 2013 for claiming 100 per cent deduction of profits for 10 years.	

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Surface Transport	Length of 8,800 kilometre to be covered under NHDP next year	Construction companies to get major boost with full exemption in import duty of specialized equipment.
	Allocation of Road Transport and Highways Ministry enhanced by 14 per cent to Rs 25,360 crore	
	Full exemption from import duty on certain categories of specified equipment needed for road construction, tunnel boring machines and parts of their assembly.	
Aviation Sector	Tax concessions proposed for parts of aircraft and testing equipment for third party maintenance, repair and overhaul of civilian aircraft.	Mixed impact on the cash strapped sector as FDI still to get nod, however tax concession on parts and allowing ECB to help them to some extent.
	Direct import of Aviation Turbine Fuel permitted for Indian Carriers as actual users.	
	ECB to be permitted for working capital requirement of airline industry for a period of one year, subject to a total ceiling of US \$ 1 billion.	
	Proposal to allow foreign airlines to participate upto 49 per cent in the equity of an air transport undertaking under active consideration of the government.	
Realty Sector	Various proposals to address the shortage of housing for low income groups in major cities and towns.	Low cost housing demand to revive a bit
	External Commercial Borrowings (ECB) for low-cost affordable housing projects and setting-up of a Credit Guarantee Trust Fund to ensure improved flow of institutional credit for housing loans.	Exemption of proceeds from the sale of a residential property from Capital Gains tax if they are invested in equity or equipment of an SME will provide home owners with more reinvestment options.
	Provisions under the Rural Housing Fund are proposed to be enhanced from Rs. 3000 crore to Rs. 4000 crore. To enhance limit of indirect finance under priority sector from Rs. 5 lakh to Rs. 10 lakh.	The increase in the service tax rate from 10% to 12% to impact negatively.
	Extension of the scheme of interest subvention of 1 percent on housing loan up to Rs. 15 lakh where the cost of the house does not exceed Rs 25 lakh for another year.	ECB for affordable housing will ensure better capital availability for developers of low-cost housing, helping them in timely project execution, which will result in higher volumes.
Healthcare Sector	Basic customs duty and excise duty reduced on Iodine. Basic customs duty reduced on Probiotics.	Iodine and probiotic to get cheaper.
	The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) aimed at setting up of AIIMS-like institutions and upgradation of existing Government medical colleges is being expanded to cover upgradation of 7 more Government medical colleges.	The setting up of AIIMS-like institutions and upgradation of existing Government medical colleges will enhance the availability of affordable tertiary health care.

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Textile Sector	Financial package of Rs 3,884 crore for waiver of loans of handloom weavers and their cooperative societies.	To help handloom weavers and contribute to the industry growth.
	Two Handloom clusters, one in Andhra Pradesh and another in Jharkhand to be set up.	Increase in excise duty will marginally benefit textile companies in the higher end of the value chain.
	Rs 500 crore pilot scheme announced for promotion and application of Geo-textiles in the North Eastern Region.	Weavers Service Centers will provide technical support to poor handloom weavers.
	Excise duty increased to 12 percent and the abatement increased to 70 per cent. As a result, the incidence of duty as a percentage of the Retail Sale Price would come down from 4.5 per cent to 3.6 per cent.	Power loom mega cluster in Maharashtra will address the need of local artisans and weavers.
	Setting up of three Weavers Service Centers, one each in Mizoram, Nagaland and Jharkhand.	Customs duty exemption of shuttle less looms will benefit spinning mill companies such as Nahar Spinning Mills, Vardhman Textiles, Sangam India and Suryajyoti Mills.
	A power loom Mega Cluster will be set up in Ichalkaranji in Maharashtra with a Budget allocation of Rs 70 crore.	
	Customs duty exemption of shuttle less looms from 5% to zero.	
Auto Sector	In case of large cars enhancement of the duty from 22% to 24%. Cars that attract a mixed rate of duty of 22% + Rs 15000 per vehicle, duty to increase and switch over to an ad valorem rate of 27%.	Large cars to get costly, auto makets to hike prices. Demand to get negatively impacted.
	Building of commercial vehicle bodies to have duty of an ad valorem rate of 3 per cent instead of Rs 10000 charged earlier.	Premium cars such as Bentleys, BMWs, Posrche and Volvos will become more expensive.
	Hike in import duty to 75% from 60% for assembled SUVs and multi-utility cars costing more than \$40,000.	The increased duties are likely to impact the passenger car market as auto industry is expected to pass on the entire burden of excise duty to customers.
	Basic Excise duty hiked to 12 per cent from 10 per cent.	
Pharma Sector	Extension of concessional basic customs duty of 5 per cent with full exemption from excise duty/CVD to six specified life-saving drugs/ vaccines. Used in HIV- AIDS.	The life saving drugs/vaccines will get cheaper after exemption of excise duty/CVD on 6 specified life saving drugs/vaccines.
	The minister has extended weighted deduction of 200 per cent for R&D expenditure in an in-house facility beyond March 31, 2012 for a further period of five years.	Positive for the sector as companies will spend more on R&D as FM extended weighted deduction for a further period of five years
	Proposal to extend concessional basic customs duty of 5 per cent with full exemption from excise duty/CVD to 6 specified life saving drugs/vaccines.	
	Moreover, the pharmaceutical sector also got another relief from the Government as it would be in the negative list in the case of service tax.	Service tax exemption to continue for being in the negative list.

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Tobacco/Cigarette	Nominal increase in basic excise duty on hand-rolled bidis from Rs 8 to Rs 10 per thousand and on machine-rolled bidis from Rs 19 to Rs 21 per thousand.	Cigarette companies to benefit of the rise in other tobacco products but Cigarettes of more than 65 millimeters to be levied an additional 10 percent tax on an ad valorem basis.
	Duty specified per packing machine for Pan masala, gutkha, chewing tobacco, unmanufactured tobacco and zarda scented tobacco in pouches hiked.	

Income Tax	Tax slab revision, no tax applicable upto Rs 2 lakh, Rs 2-5 lakh ' 10%, Rs 5-10 lakh ' 20% and above Rs 10 lakh ' 30%.	Will put some extra money to invest more.
	Interest from saving accounts upto Rs 10,000 becomes tax deductible.	

Service Tax	Rates hiked from 10-12%.	Almost everything to get costly, electricity bill, phone bill and even consumer goods purchase.
	All services to be taxed except 17 in negative list	

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