

press release

UNION BUDGET

UNION BUDGET 2010/11

The key issue in the Union Budget 2010 was how to address the fiscal deficit, which had been brought about due to the need to revive the economy after the slowdown of the global financial crisis. The budget was once again received as conservative, without the wholesale reform which some analysts had speculated would be set in motion by a Congress Government with a healthy mandate. The positive reaction of the markets demonstrate that companies and investors are pleased to have been spared an increase in headline direct taxation. Some key features of the budget included a strategy to boost the efficacy of the agricultural sector, an emphasis on infrastructure development and a focus on the financial sector as a driver of future growth.

The Government confirmed its adherence to precipitating double digit growth in the coming years.

Education

- The central government plan allocation for school education increased by 16 per cent from £ 3.8 billion in 2009-10 to £4.4 billion in 2010-11.
- In addition, States will have access to around £525 million for elementary education under the Thirteenth Finance Commission grants for 2010-11.

Skill development

- The National Skill Development Corporation has approved three projects worth about £6.5 million to create one million strong skilled manpower at the rate of one hundred thousand per annum.
- An extensive skill development programme in the textile and garment sector to be launched by leveraging the strength of existing institutions and instruments of the Textile Ministry to train 3 million persons over 5 years.

Infrastructure

Higher allocation towards roads, railways, housing, urban infrastructure and continued financing and refinancing plans by the India Infrastructure Finance Company will have a positive impact on the sector. Furthermore, additional deduction will be made available for investment in long-term infrastructure bonds for individuals should lead to faster execution of infrastructure projects.

- 46% of the total plan allocation will be set aside for infrastructure development
- Allocation for road transport increased by 13% from £2.5 billion to £2.8 billion
- Allocation for railways increased from Rs 158 to 167 billion
- India Infrastructure Finance Company Ltd disbursements expected to reach £2.9 billion by March 2011
- Allocation for the Rajiv Awas Yojana housing scheme increased from £21 million to £180 million

partnership in action

Banking

- RBI to give additional banking licenses to private sector players and NBFC's

Supply Chains

- External commercial borrowing allowed for cold storage or cold room facility

further information
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