Capital Stars™
Advise that matters

UNION BUDGET
2014-15

KEY HIGHLIGHTS OF UNION BUDGET 2014-15

- Reduction in excise duty for **specified food package industry** from 10% to 6%.
- Additional 5% excise tax to be levied on aerated drinks with added sugar **(cold drinks**). **Tobacco products** also to get costly as excise duty hiked to 72%.
- Excise duty on **footwear** reduced from 12% to 6%.
- Government announces measures to encourage **manufacture of LCD/LED** panels of TVs.
- **Housing loan** rebate to rise from Rs 1.5 lakh to Rs 2 lakh for self occupied houses.
- Government proposes to increase investment limit under **Section 80C** from Rs 1 lakh to Rs 1.5 lakh.
- Tax exemption limit for small and marginal, and senior tax payers changed from Rs 2.0 to Rs 2.5 lakh. For senior citizens, no tax for income up to Rs 3 lakh per annum.
- **PPF** limit to be raised to Rs 1.5 lakh.
- Rs 1000 crore provided for **rail connectivity** in northeastern region.
- In order to complete gas grid, 15000 km of additional pipeline to be developed through PPP mode.
- FDI in **insurance** to be increased to 49%.
- FDI in **defense** up from 26 to 49 % with Indian management and control.

CapitalStars Financial Research Pvt. Ltd.
Plot No. 12, Scheme No. 78, Part – II, Vijay Nagar, INDORE 452010 (M.P.)
Tel.: +91 731 679 00 00, 666 99 00: E-mail: info@capitalstars.com

SECTORIAL ANNOUNCEMENT AND ITS IMPACT

BANKING

ANNOUNCEMENT	IMPACT
➢ Government has decided to reduce its stake in the public sector banks. ➢ Bank will be encouraged to give long term funds & loans to the infrastructure	➢ Negatively impact on public sector banks like SBI. ➢ Positively affect to all banks as their profitability increase.

INSURANCE

FDI in insurance sector increased to 49% from 26 % earlier.	Increase in FDI limit in Insurance sector helps the Insurance Company to get capital from foreign investor. Positive for HDFC, Rel capital, ICICI Bank etc.

CapitalStars Financial Research Pvt. Ltd.
Plot No. 12, Scheme No. 78, Part – II, Vijay Nagar, INDORE 452010 (M.P.)
Tel.: +91 731 679 00 00, 666 99 00: E-mail: info@capitalstars.com

CONSUMER GOODS

- Reduction of excise duty on foot wears from 12% to 16%.
- Increase of excise duty on Tobacco products to 72%.

- Positively impact on Footwear manufacturing companies like liberty shoes, Bata India etc.
- Negatively affect to cigarette manufacturing companies like ITC.

INFRASTURCTURE

- Incentives for Real Estate Investment Trusts (REITS). Complete pass through for the purpose of taxation.
- A modified REITS type structure for infrastructure projects as the Infrastructure Investment Trusts.

It is positive for Infrastructure Company as they get new projects like IRB infra, Reliance infra.

CapitalStars Financial Research Pvt. Ltd.
Plot No. 12, Scheme No. 78, Part – II, Vijay Nagar, INDORE 452010 (M.P.)
Tel.: +91 731 679 00 00, 666 99 00: E-mail: info@capitalstars.com

TAXATION

Basic slabs –For all individuals under the age of 60 years		
Rs. 2,00,001 to 5,00,000	Rs. 2,50,001 to 5,00,000	10%
Rs. 5,00,001 to 10,00,000	Rs. 5,00,001 to 10,00,000	20%
Above 10,00,000	Above 10,00,000	30%

Slabs for Senior citizens – Between the ages of 60 to 80 years		
Earlier	**Now**	**Tax Rate**
Up to Rs. 2,50,000	Up to Rs. 3,00,000	NIL
Rs. 2,50,001 to 5,00,000	Rs. 3,00,001 to 5,00,000	10%
Rs. 5,00,001 to 10,00,000	Rs. 5,00,001 to 10,00,000	20%
Above 10,00,000	Above 10,00,000	30%

CapitalStars Financial Research Pvt. Ltd.
Plot No. 12, Scheme No. 78, Part – II, Vijay Nagar, INDORE 452010 (M.P.)
Tel.: +91 731 679 00 00, 666 99 00: E-mail: info@capitalstars.com

INVESTMENTS

- Kissan Vikas Patra (KVP) to be reintroduced.
- A special small savings instrument to cater to the requirements of educating and marriage of the Girl Child to be introduced.
- A National Savings Certificate with insurance cover to provide additional benefits for the small saver.
- In the PPF Scheme, annual ceiling will be enhanced to Rs. 1.5 lakh p.a. from Rs. 1 lakh at present.

Fiscal Deficit and Inflation

- Accepts fiscal deficit target of 4.1 percent of GDP for 2014-15.
- Fiscal deficit seen at 3.6 percent of GDP in 2015-16.
- Fiscal deficit seen at 3 percent of GDP in 2016-17.

Housing

- Extended additional tax incentive on home loans shall be provided to encourage people, especially the young, to own houses.

CapitalStars Financial Research Pvt. Ltd.
Plot No. 12, Scheme No. 78, Part – II, Vijay Nagar, INDORE 452010 (M.P.)
Tel.: +91 731 679 00 00, 666 99 00: E-mail: info@capitalstars.com

EDUCATION

- An amount of Rs. 28635 crore is being funded for Sarv ShikshaAbhiyan (SSA) and Rs. 4966 crore for Rashtriya madhyamic Shiksha Abhiyan (RMSA).
- Rs. 500 crore provided for setting up 5 more IITs in the Jammu, Chhattisgarh, Goa, Andhra Pradesh and Kerala.
- 5 IIMs in the States of HP, Punjab, Bihar, Odisha and Rajasthan.

INDUSTRY

- Rs. 100 crore provided for setting up a National Industrial Corridor Authority.
- Master planning of 3 new smart cities in the Chennai-Bengaluru Industrial Corridor region, viz., Ponneri in Tamil Nadu, Krishnapatnam in Andhra Pradesh and Tumkur in Karnataka to be completed.
- Proposed to establish an Export promotion Mission to bring all

CapitalStars Financial Research Pvt. Ltd.
Plot No. 12, Scheme No. 78, Part – II, Vijay Nagar, INDORE 452010 (M.P.)
Tel.: +91 731 679 00 00, 666 99 00: E-mail: info@capitalstars.com

Agriculture

- The FM has aimed the growth of agriculture sector for the current fiscal at 4 percent.

- A sum of Rs. 50,000 crores has been allocated to the Short Term Co-operative Rural Credit (Refinance) Fund for providing uninterrupted credit flow to the farmers. The farmers, who get loans at a concessional rate of 7 percent, will get incentives of a further concession of 3 percent for timely repayment.

El Nino:

Indian agriculture is largely dependent on monsoon for irrigation. With a forecast of below normal rains this season, the Finance Minister has also allocated

- Rs. 1,000 crores for setting up the "Pradhan Mantri Krishi Sinchayee Yojana" scheme to improve access to irrigation.
- Rs 500 crores have been allocated for setting up "Price Stabilization Fund" and
- Rs 100 crores each for "National Adaptation Fund" and "Agri Tech Infrastructure Fund.
- The budget also intends to provide finance to 5 lakh joint farming groups of "Bhoomi Heen Kisan" through NABARD in the current financial year.

AGRICULTURE RESEARCH INSTITUTE & UNIVERSITIES:

- Rs.200 crores to establish two research Institutions in Assam and Jharkhand on the lines of Agriculture Research Institute, Pusa.

- Another allocation of Rs.200 crores have been made for setting up Agri Universities in Andhra Pradesh and Rajasthan, and horticulture universities in Telangana and Haryana.

CapitalStars Financial Research Pvt. Ltd.
Plot No. 12, Scheme No. 78, Part – II, Vijay Nagar, INDORE 452010 (M.P.)
Tel.: +91 731 679 00 00, 666 99 00: E-mail: info@capitalstars.com

DISCLAIMER

The information and views in this report, our website & all the service we provide are believed to be reliable, but we do not accept any responsibility (or liability) for errors of fact or opinion. Users have the right to choose the product/s that suits them the most.

Use of this report in no way constitutes a client/advisor relationship, all information we communicate to you (the subscriber) either through our Web site or other forms of communications, are purely for informational purposes only.

We recommend seeking individual investment advice before making any investment, for you are assuming sole liability for your investments. Capital Stars will in no way have discretionary authority over your trading or investment accounts.

All rights reserved.

CONTACT US

OFFICE: - +91 731 6790000

PHONE: +91 731 6669900

Email: info@capitalstars.com

CAPITAL STARS FINANCIAL

RESEARCH PRIVATE LIMITED

PLOT NO. 12, SCHEME NO. 78, PART II

VIJAYNAGAR INDORE 452001 (MP)