

## **HIGHLIGHTS OF THE UNION BUDGET, 2010-2011**

Shri Pranab Mukherjee, Hon'ble Union Minister of Finance, presented the proposals for the Union Budget for the year 2010-2011, on 26-02-2010. Some of the highlights/salient features of the proposals with reference to manufacture and exports of textiles & clothing are as follows:-

### **Tax reforms**

- GST along with the Direct Tax Code (DTC) to be introduced from April, 2011.

### **TUF Scheme**

- Allocation of Rs.2400 crores is made under TUF Scheme to facilitate clearing arrears of interest subsidy.

### **Interest Subvention**

- Interest subvention of 2% on pre-shipment export credit is extended only for sectors like Handicrafts, Carpets, Handlooms & Small & Medium enterprises
- Subvention for timely repayment of crop loans raised from 1% to 2% for 2010-2011. Thus the effective rate of interest for such farmers will now be 5% per annum.

### **Extension for repayment of loan by farmers**

- Period for repayment of the loan amount by farmers extended by six months i.e. from 31-12-2009 to 30-06-2010.

### **Exports from Tirupur**

- In order to sustain and give an impetus to exports of hosiery items from Tirupur a one time grant of Rs.200 crores is provided to Government of Tamil Nadu towards the cost of installation of zero liquid discharge system at Tirupur

## **Skill Development**

- To launch an extensive skill development programme in the Textile & Garment sector by leveraging the strength of existing institutions and instruments of the Ministry of Textiles.

## **Direct & Corporate Taxes**

- Increase in the rate of Minimum Alternative Tax (MAT) from the current rate of 15% to 18% of book profits
- Hike in the weighted deduction on expenditure incurred on in house R & D from 150% to 200%
- Reduction in the current surcharge of 10% on domestic companies to 7.5%

## **Customs duties**

- Restoration of the Basic Custom Duty of 5% on Crude Petroleum, 7.5% on diesel and petrol and 10% on other refined products.

## **Central Excise duties**

- Reduction in rate of Central Excise Duties to be partially rolled back and the standard rate on all non-petroleum products enhanced from 8% to 10%, ad valorem
- Increase in Central Excise Duty on Petrol and Diesel by Rs.1 per litre.
- In order to ease the cash flow position for small scale manufacturers hit hard by the economic slowdown, they would be permitted to take full credit of Central Excise duty paid on Capital goods in a single instalment in a year of their receipt.
- Permit to pay Central Excise duty on quarterly basis rather than monthly basis.
- Reduction in Central Excise Duty on corrugated boxes and cartons from 8% to 4%