



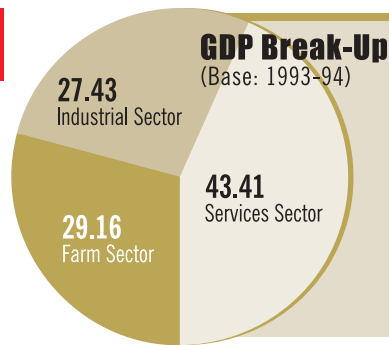
PC through the Years

A look at Finance Minister P. Chidambaram's previous five budgets.

1996-97

BUDGET THRUST AREAS

To keep fiscal deficit at 5 per cent of GDP and revenue deficit at 2.5 per cent of GDP. Focus was on improving agricultural growth as growth in crop production had dipped to 0.9 per cent in 1995-96. Also to increase investment in infrastructure.



Real Economy

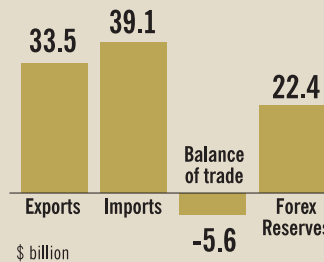
GDP Rs **12,43,546**
GDP Growth **7.5** per cent

CROP PRODUCTION **199.4** million tonnes

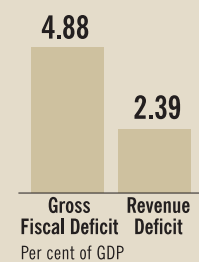
GROSS SAVINGS **23.19** per cent of GDP

SUBSIDIES AS % OF EXPENDITURE **7** per cent

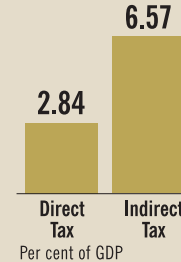
BOP Details



Deficit Trends



Tax



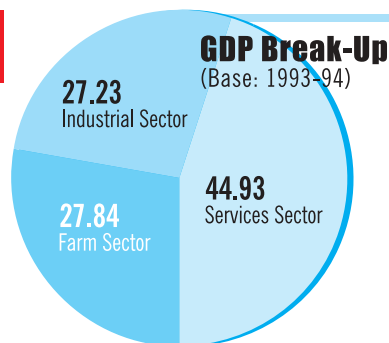
POLICY MEASURES: FM allotted an additional Rs 2,500 crore for financing rural infrastructure through the RIDF (Rural Infrastructure Development Fund). Income tax reform was initiated. Tax rate for the first bracket was reduced from 20 per cent to 15 per cent. Minimum Alternative Tax was introduced. Custom duty on crude oil was reduced from 35 per cent to 25 per cent.

CAUSE FOR CONCERN: Tax revenue fell to Rs 97,212 against budgeted estimate of Rs 97,310.

1997-98

BUDGET THRUST AREAS

To reduce fiscal deficit further. To contain growth of money supply within 16 per cent. Further liberalisation of import policy for essential commodities.



Real Economy

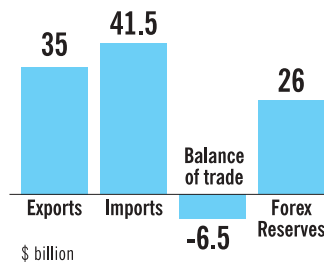
GDP Rs **13,90,148**
GDP Growth **4.8** per cent

CROP PRODUCTION **192.26** million tonnes

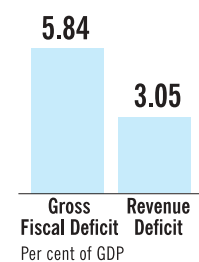
GROSS SAVINGS **23.13** per cent of GDP

SUBSIDIES AS % OF EXPENDITURE **7.8** per cent

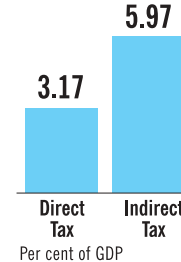
BOP Details



Deficit Trends



Tax



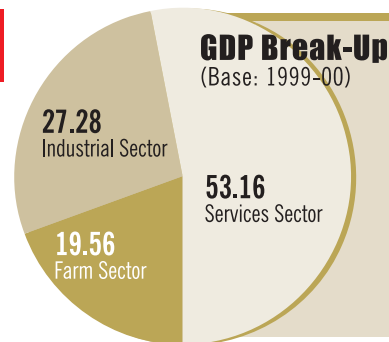
POLICY MEASURES: Income tax slabs simplified and were replaced with new rates of 10, 20 and 30 per cent. The limit of aggregate investment in a company by FII, NRIs and NRI-OCBs was raised to 30 per cent from 24 per cent. 7.5 per cent surcharge on corporates was abolished.

CAUSE FOR CONCERN: Total revenue receipts witnessed a sharp fall. Government collected Rs 1,38,514 crore against a budgeted estimate of Rs 1,53,143 crore.

2004-05

BUDGET THRUST AREAS

To maintain GDP growth rate of 7-8 per cent. To provide universal access to education and health. A 100-day job plan for the main breadwinner of the family at minimum wage rate was launched. Food-for-work programme was announced.



Real Economy

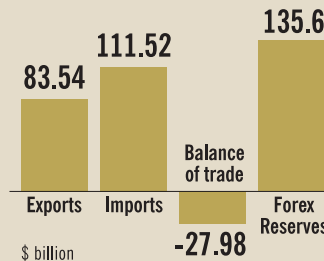
GDP Rs **28,43,897**
GDP Growth **7.5** per cent

CROP PRODUCTION **198.36** million tonnes

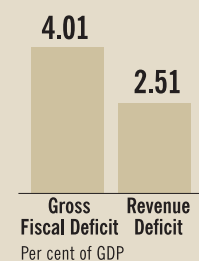
GROSS SAVINGS **29.1** per cent of GDP

SUBSIDIES AS % OF EXPENDITURE **8.8** per cent

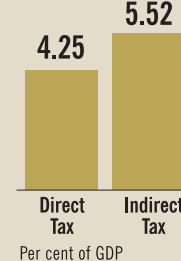
BOP Details



Deficit Trends



Tax



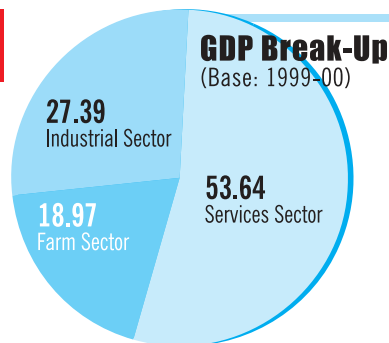
POLICY MEASURES: FDI was raised in telecommunications from 49 per cent to 74 per cent, in civil aviation from 40 per cent to 49 per cent, in Insurance from 26 per cent to 49 per cent. An individual with a taxable income of Rs 1,00,000 was exempted from paying income tax. Excise duty on computers was abolished. Service tax was raised to 10 per cent.

CAUSE FOR CONCERN: Inflation touched a high of 8.7 per cent on August 28, 2004. Subsidy bill rose to Rs 46,514 crore.

2005-06

BUDGET THRUST AREAS

To maintain a growth rate of 7-8 per cent. To promote investment, to generate employment, to accelerate fiscal consolidation and to focus on agriculture, manufacturing and infrastructure.



Real Economy

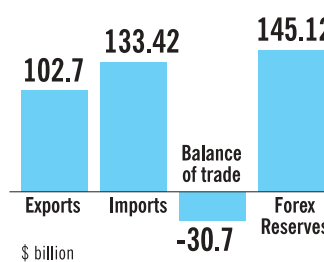
GDP Rs **32,09,397**
GDP Growth **8.43** per cent

CROP PRODUCTION **208.3** million tonnes

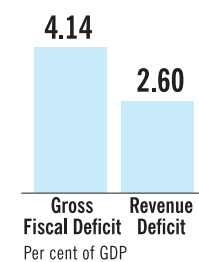
GROSS SAVINGS **32.4** per cent of GDP

SUBSIDIES AS % OF EXPENDITURE **9.2** per cent

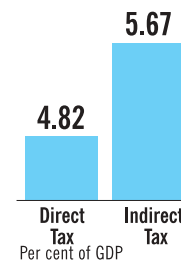
BOP Details



Deficit Trends



Tax



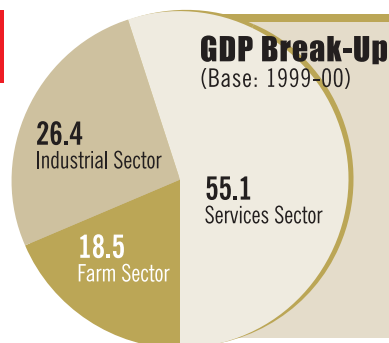
POLICY MEASURES: VAT was launched in April 2005. Peak rate of custom duty for non-agricultural products was reduced from 20 per cent to 15 per cent. Cess on petrol and diesel was increased by 50 paise per litre to finance the National Highways Development Project. National Rural Employment Guarantee Scheme was also introduced.

CAUSE FOR CONCERN: Total revenue receipts were Rs 3,48,474 crore, whereas budget estimate was Rs 3,51,200 crore.

2006-07

BUDGET THRUST AREAS

To meet FRBM target of reducing at least by 0.3 percentage points fiscal deficit and by 0.5 percentage points revenue deficit annually. Target for revenue deficit of 2.1 per cent of GDP and fiscal deficit of 3.8 per cent of GDP are in line with FRBM.



Real Economy

GDP **NA**
GDP Growth **9.2** per cent

CROP PRODUCTION **209.2** million tonnes

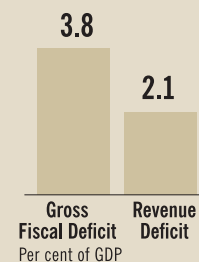
GROSS SAVINGS **NA**

SUBSIDIES AS % OF EXPENDITURE **8.2** per cent

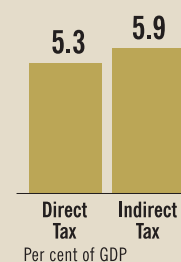
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Deficit Trends



Tax



POLICY MEASURES: Limit on FII investment in G-Secs was increased from \$1.75 billion to \$2 billion. FII investment cap in corporate debt was hiked from \$0.5 billion to \$1.5 billion. Peak custom duty for non-agricultural products was cut to 12.5 per cent. Excise duty on small cars was cut to 16 per cent from 24 per cent.

CAUSE FOR CONCERN: Economy's reeling under high rate of inflation. It was 6.73 per cent in the first week of February, vis-à-vis 4.02 per cent on February 11, 2006.