

**E**ndeavour to keep central subsidies under 2 per cent of GDP in 2012-13. Over next 3 year, to be further brought down to 1.75 per cent of GDP, **WHEREAS THERE IS A**

## Budget Boost to Mining Industry

### 1. COAL & POWER

- Full exemption from basic customs duty to coal mining project imports.
- Basic custom duty proposed to be reduced for machinery and instruments needed for surveying and prospecting for minerals – *previously the duty imposed stood at 10% of value of goods*
- Coal India Limited advised to sign fuel supply agreements with power plants, having long-term PPAs with DISCOMs and getting commissioned on or before March 31, 2015.
- External Commercial Borrowings (ECB) to be allowed to part finance Rupee debt of existing power projects
- Steam Coal (classified under CTH 2701 19 20) is being fully exempted from basic customs

duty alongwith 1% CVD. This dispensation would be valid upto 31st March, 2014

### 2. IRON ORE, STEEL, CEMENT

- Basic Customs Duty (BCD) is being reduced to 2.5% for the capital goods/ equipments required for setting up or substantial expansion of iron ore pellet plants & iron ore beneficiation plants - *previously the duty imposed was 10%, a cut of 7.5%*
- Relief proposed to be extended to sectors such as steel, textiles, branded readymade garments, low-cost medical devices, labour-intensive sectors producing items of mass consumption

- Excise duty rationalised for packaged cement, whether manufactured by mini-cement plants or others.

**AND INCREASING REVENUE FOREGONE**

Table 9: Contribution of major commodity groups contributing to revenue foregone

(in ₹ crore)

Sector	2010-11		2011-12 (Estimated)	
	Revenue foregone	% Share in total revenue foregone	Revenue foregone	% Share in total revenue foregone
Crude oil and mineral oils (27)	41200	18	58190	21
Machinery (84& 85)	25137	10	29979	11
Diamond and gold (71)	49164	21.50	57063	20.75
Edible vegetable, fruits, cereals, vegetable oils (7, 8, 10, 15)	27928	12.75	32682	12
Primary metals and articles thereof (72 to 83)	12768	5	14747	5.50
Chemicals and plastics (28, 29, 39)	18168	7.50	18395	6.75
Textile (50 TO 63)	11393	5.25	12370	4.50
Fertilizer	6039	3	8927	3.25
Salt and ores (25 TO 26)	7249	3.25	8785	3.25
Drugs	3041	1.25	1611	.60
<b>Total</b>	<b>201166</b>	<b>87.50</b>	<b>242759</b>	<b>88</b>

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e.g; The revenue foregone has increased compared to that registered in 2010-11 (20% more than previous year) because in 2010-11 the effective basic customs duty on crude petroleum oil, Petrol & Diesel continued to be charged at 5%, 7.5% & 7.5% respectively whereas from 25.06.11, the effective BCD for the same was reduced to Nil, 2.5% and 2.5% respectively. See the changes proposed in 2012-13 budget above!

### Skill Development – Whether Proportional, What would be the actual employment gain!

- Projects approved by National Skill Development Corporation expected to train 6.2 crore persons at the end of 10 years.
- 1,000 crore allocated for National Skill Development Fund in 2012-13.

**Whose Accountability.....Whose Gain?**