

# Indbankonline

MARKETS FOR YOU

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March - 2012

Issue - 58

From the President's Desk

The time of the year has come for budget. All eyes are on the budgetary announcements and everybody in India has their own wish list from the forthcoming budget both personally and professionally. This year, budget is expected to be announced on March 16, 2012. With the economy slowing down, increasing inflation and deficit, this budget is going to be a tightrope and thus keenly expected by all in the industry.

What is a budget? Simply put, a budget is a statement of estimated income and expenditure for the forthcoming year. It also gives the previous year's estimates along with the actuals. It helps the Government in analyzing the deficiencies and rectifying the same. The thrust on the budget which is emanating from people across the spectrum has reinforced the need to plan out sufficiently in advance and has also set me thinking.

If budgeting is so important at a national level, what about its importance personally? Don't we and our family members have a wish list each and every year and are they getting fulfilled? Further, do we take the time to analyze and channel our resources to achieve the set objectives? The sad fact is a very few of us do such planning and we thus get caught unawares during emergencies. For years, budgets are being presented between the last week of February and the second week of March, namely before the beginning of a financial year. This practice is followed not only in India, but in most of countries across the world.

Thus, let's make budgeting a planned affair. Prepare a wish list and allocate your resources accordingly. Review this periodically and plug the loop holes. With so much information about budget pouring in from various quarters, we decided to turn back and look into the annals of our history for some news about budget. We got some very historical tit bits and have listed the same in our Beginner's Corner, which we feel will be interesting.



**Mr. BANABIHARI PANDA**  
President & Whole time Director  
Indbank Merchant Banking Services Ltd

***PLAN YOUR INVESTMENTS; REAP ITS BENEFITS!!!!***

***HAPPY INVESTING!!!!!!***

**Banabihari Panda**

*President and Whole Time Director*  
Indbank Merchant Banking Services Ltd

02/03/2012

## Domestic Developments

- India's GDP is expected to grow in the range of 7.50-8.00% in 2012-13 and inflation is expected to be around 5-6% - according to Dr. C Rangarajan, Chairman, Economic Advisory Council to the Prime Minister.
- Draft guidelines on liquidity risk management and BASEL III framework on liquidity standards released by RBI.
- India's Annual Consumer Price Inflation touched 7.65% in January 2012.
- To address the liquidity concerns in the banking system, the RBI has indicated that it will consider reduction of Cash Reserve Ratio (CRR).
- The Government of India has reduced the cap on subscription by retail investors in the tax free bond issue of REC to Rs. 1 Lakh from Rs. 5 Lakh.
- The Government of India may allow private companies to set up power transmission projects within the states.

## International Developments

- European Finance Ministers reach a deal to rescue Greece with an aid of \$173 billion, rescuing the debt-laden Greece. German Chancellor Ms. Angela Merkel indicated that she will maintain pressure on Greece to meet debt-cutting pledges, required for its second financial rescue.
- Greece has to lower its spending by \$325 million to secure the bailout funds.
- S&P affirmed its AA- rating on Japan with a negative outlook, warning that higher taxes cannot solve structural problems. It also reduced Greece's long-term rating to SD – Selective Default.
- The European Commission has stated that Euro Zone is likely to witness a mild recession in 2012 as fallout of the credit crisis, even though the recent developments are in the positive side.
- The US markets continued the signs of growth as housing and employment market data showed signs of stability.
- The Chinese Central Bank has lowered its reserve requirements of commercial banks to boost their lending capability.

## Outlook

- After a sting of gains, NIFTY & SENSEX has lost nearly 2.43% and 2% during the last week of February 2012.
- The PM's economic think tank has painted a disappointing twin deficit picture i.e. fiscal deficit and current account deficit and has called for some hard reforms like increasing excise duty, service tax, decontrol of diesel prices etc.
- With mounting deficit & inflation, all eyes are on the budget. The market movement will be based on the budgetary announcements.

## Snap Shots

| Particulars           | 27 <sup>th</sup> Jan. 2012 | 03 <sup>rd</sup> Feb. 2012 | 10 <sup>th</sup> Feb. 2012 | 17 <sup>th</sup> Feb. 2012 | 24 <sup>th</sup> Feb. 2012 |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Inflation (%)         | 9.11<br>(Nov. 2011)        | 9.11<br>(Nov. 2011)        | 7.47<br>(Dec. 2011)        | 7.47<br>(Dec. 2011)        | 6.55<br>(Jan. 2012)        |
| 91-Day Cut-off (%)    | 8.7293                     | 8.8131                     | 8.8969                     | 8.9388                     | 9.0227                     |
| 10-yr G-Sec yield (%) | 8.3986                     | 8.2179                     | 8.2802                     | 8.2653                     | 8.2820                     |
| 1-10 yr spread (bps)  | (4)                        | (5)                        | (23)                       | (17)                       | (42)                       |
| USD/INR(Rs)           | 49.65                      | 48.96                      | 49.64                      | 49.21                      | 49.06                      |
| USD 6m LIBOR          | 0.79                       | 0.77                       | 0.76                       | 0.75                       | 0.75                       |
| 10 Y US Treasury      | 1.90                       | 1.95                       | 1.97                       | 2.01                       | 1.98                       |
| USD/Euro Spot         | 0.760746                   | 0.759878                   | 0.758208                   | 0.759936                   | 0.745601                   |

## Global Indices

| Indices            | Country        | Index as on 26 <sup>th</sup> Jan. 2012 | Index as on 27 <sup>th</sup> Feb. 2012 | Variation (%) (Inc/ Dec) |
|--------------------|----------------|--|--|--------------------------|
| NASDAQ             | United States  | 2,461.77                               | 2,966.16                               | 20.49                    |
| DJIA               | United States  | 12,660.46                              | 12,981.51                              | 2.54                     |
| S&P 500            | United States  | 1,316.33                               | 1,367.59                               | 3.89                     |
| Hang Seng          | Hong Kong      | 20,501.67                              | 21,217.86                              | 3.49                     |
| Nikkei 225         | Japan          | 8,841.22                               | 9,633.93                               | 8.97                     |
| Straits Times      | Singapore      | 2,916.26                               | 2,946.78                               | 1.05                     |
| FTSE 100           | United Kingdom | 5,733.50                               | 5,915.50                               | 3.17                     |
| CAC 40             | France         | 3,318.76                               | 3,441.45                               | 3.70                     |
| DAX                | Germany        | 6,511.98                               | 6,849.60                               | 5.18                     |
| Shanghai Composite | China          | 2,319.12                               | 2,439.63*                              | 5.20                     |
| SENSEX             | India          | 17,233.98                              | 17,445.75                              | 1.23                     |
| NIFTY              | India          | 5,204.70                               | 5,281.20                               | 1.47                     |

\*As on 24.2.2012

## Institutional Investments (in February up to 27.2.2012)

| Category              | Debt / Equity | Gross Purchases (Rs Crores) | Gross Sales (Rs Crores) | Net Investment (Rs Crores) |
|-----------------------|---------------|-----------------------------|-------------------------|----------------------------|
| FII Investments       | Equity        | 73863.90                    | 48965.90                | 24898.10                   |
|                       | Debt          | 16384.30                    | 11337.40                | 5046.90                    |
| Mutual Fund           | Equity        | 13083.50                    | 14948.40                | (1864.80)                  |
|                       | Debt          | 73991.10                    | 49293.50                | 24697.80                   |
| FII Derivative Trades | INDEX FUTURES | INDEX OPTIONS               | STOCK FUTURES           | STOCK OPTIONS              |
|                       | - Buy         | 51781.12                    | 288220.53               | 66658.17                   |
| - Sell                | 50074.09      | 280223.34                   | 71147.96                | 12846.11                   |

## Editorial Team

**Banabihari Panda**

President and Whole-time Director

**P. Mugundan**

Executive Vice President & CS

**A.B. Mohan**

Vice-President

**S. Rajalakshmi**

SSO

# IPO and NFO Review

## NEWS FROM IPO

- > Indian Government owned National Building Construction Corporation (NBCC) has filed the DRHP with SEBI. The Government is offloading 10% stake in this IPO.
- > GMR Infrastructure is planning to launch the IPO of its power unit, GMR Energy. According to media reports, the funds raised will be utilized for capital expenditures.
- > BCB Finance Limited became the first IPO under BSE-SME platform. BCB Finance is a NBFC engaged in the business of advancing loans and investing/trading in securities.
- > MCX IPO over-subscribed 52.75 times.

## New Listings

| Company Name                 | Exchange  | Price Band   | Fixed Price (Rs.) | Issue Opened on | Issue Closed on | Over Subscription |
|------------------------------|-----------|--------------|-------------------|-----------------|-----------------|-------------------|
| Multi Commodity Exchange Ltd | BSE       | Rs. 860-1032 | 1032.00           | 22.02.2012      | 24.02.2012      | 52.75 times       |
| BCB Finance Ltd              | BSE – SME | Rs.25        | 25.00             | 23.02.2012      | 27.02.2012      | NA                |

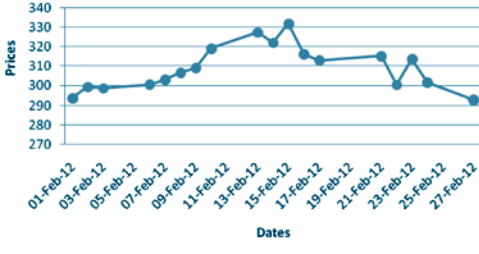
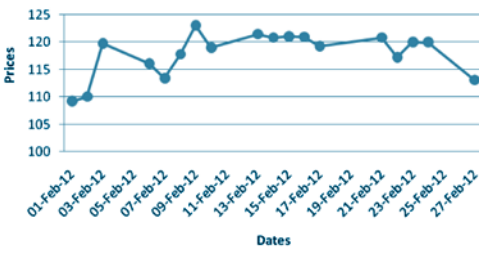
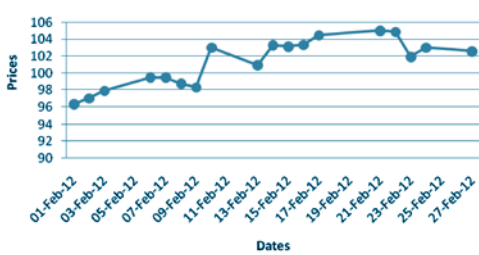
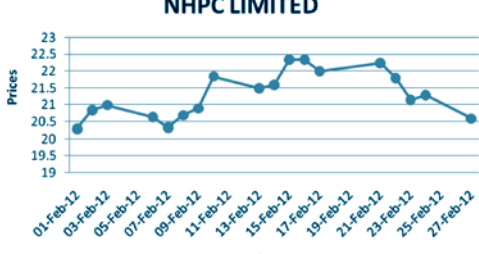
## FORTHCOMING CORPORATE ACTIONS

| Company Name                          | Symbol     | Record Date | Ex Date   | Purpose                                 |
|---------------------------------------|------------|-------------|-----------|---|
| Colgate Palmolive (India) Limited     | COLPAL     | 26-Mar-12   | 22-Mar-12 | Interim Dividend                        |
| Oil & Natural Gas Corporation Limited | ONGC       | 20-Mar-12   | 19-Mar-12 | Interim Dividend                        |
| Coal India Limited                    | COALINDIA  | 17-Mar-12   | 15-Mar-12 | Interim Dividend                        |
| Bharat Forge Limited                  | BHARATFORG | 09-Mar-12   | 07-Mar-12 | Interim Dividend                        |
| Bharat Heavy Electricals Limited      | BHEL       | 07-Mar-12   | 06-Mar-12 | Interim Dividend                        |
| Mandhana Industries Limited           | MANDHANA   | 02-Mar-12   | 01-Mar-12 | Interim Dividend - Rs.1/- Per Share     |
| Plastiblends India Limited            | PLASTIBLEN | 01-Mar-12   | 29-Feb-12 | Face Value Split From Rs.10/- To Rs.5/- |

## New Fund Offers

| Scheme               | Type  | Class         | Open Date | Close Date | Offer Price | Min. Inv. Amount |
|----------------------|-------|---------------|-----------|------------|-------------|------------------|
| BirlaSL FTP S EL     | Close | Debt - FMP    | 16-02-12  | 28-02-12   | 10          | 5000             |
| BirlaSL FTP S EO     | Close | Debt - FMP    | 21-02-12  | 28-02-12   | 10          | 5000             |
| DSPBR FMP S36 12M    | Close | Debt - FMP    | 24-02-12  | 28-02-12   | 10          | 5000             |
| HDFC FMP 18M Feb12 1 | Close | Debt - FMP    | 23-02-12  | 28-02-12   | 10          | 5000             |
| ICICI PruFMPS62 786E | Close | Debt - FMP    | 23-02-12  | 28-02-12   | 10          | 5000             |
| JPMorgan FMP S6      | Close | Debt - FMP    | 27-02-12  | 28-02-12   | 10          | 5000             |
| Kotak FMP S - 78     | Close | Debt - FMP    | 24-02-12  | 28-02-12   | 10          | 5000             |
| Reliance DualFTFII A | Close | Debt - Income | 15-02-12  | 28-02-12   | 10          | 5000             |
| Reliance FHF XXI S30 | Close | Debt - FMP    | 14-02-12  | 28-02-12   | 10          | 5000             |
| Religare FMP SXIII A | Close | Debt - FMP    | 27-02-12  | 28-02-12   | 10          | 5000             |
| Sundaram FTP CM      | Close | Debt - FMP    | 24-02-12  | 28-02-12   | 10          | 5000             |
| UTI FTIF SX Plan X   | Close | Debt - FMP    | 24-02-12  | 28-02-12   | 10          | 5000             |
| UTI FTIF SX Plan X   | Close | Debt - FMP    | 24-02-12  | 28-02-12   | 10          | 10000            |
| Axis FTP S19         | Close | Debt - FMP    | 28-02-12  | 29-02-12   | 10          | 5000             |
| DSPBR DualAdv SI 36M | Close | Debt - Income | 16-02-12  | 29-02-12   | 10          | 5000             |
| DWS FMP S4           | Close | Debt - FMP    | 15-02-12  | 29-02-12   | 10          | 5000             |
| DWS Hybrid FTF S5    | Close | Debt - FMP    | 15-02-12  | 29-02-12   | 10          | 5000             |
| Fidelity FMP SVII PA | Close | Debt - FMP    | 27-02-12  | 29-02-12   | 10          | 5000             |
| HDFC FMP370D Feb123  | Close | Debt - FMP    | 24-02-12  | 29-02-12   | 10          | 5000             |
| HDFC FMP92D Feb123   | Close | Debt - FMP    | 24-02-12  | 29-02-12   | 10          | 5000             |
| L&T FMP V Feb368D A  | Close | Debt - FMP    | 27-02-12  | 29-02-12   | 10          | 5000             |
| Religare FMP SXII F  | Close | Debt - FMP    | 22-02-12  | 29-02-12   | 10          | 5000             |
| UTI FTIF SXI Plan I  | Close | Debt - FMP    | 24-02-12  | 29-02-12   | 10          | 5000             |
| UTI FTIF SXI Plan I  | Close | Debt - FMP    | 24-02-12  | 29-02-12   | 10          | 10000            |
| ICICI PruFMPS62 396F | Close | Debt - FMP    | 27-02-12  | 01-03-12   | 10          | 5000             |
| Taurus FMP Series-O  | Close | Debt - FMP    | 24-02-12  | 01-03-12   | 10          | 5000             |
| SBI Tax AdvantageSII | Close | Equity - ELSS | 22-12-11  | 21-03-12   | 10          | 500              |

# OUR PICKS

|   |   |  |
|---|---|--|
| <p><b>INDUS INDBANK LTD.</b><br/>Leading emerging bank in India catering to the needs of consumer &amp; corporate customers.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>↙ Two fold bottom line growth.</li> <li>↙ High Credit Deposit Ratio.</li> <li>↙ Aggressive risk management strategies.</li> <li>↙ Spectacular performance for the last 3 years.</li> <li>↙ EPS: 12.20</li> <li>↙ PE Ratio: 24.30</li> <li>↙ Book Value: Rs. 85.50</li> </ul> | <p style="text-align: center;"><b>BUY –<br/>Long Term</b></p> <p>CMP : Rs. 292.50*</p> <p>Target : Rs. 350.00</p> <p>52W H/L : Rs. 301.6 /203.7</p> <p>Potential Upside – 18%</p> | <p style="text-align: center;"><b>INDUS IND BANK LIMITED</b></p>  <p style="text-align: center;">BSE Code: 532187 NSE Code: INDUSINDBK</p>        |
| <p><b>TATA GLOBAL BEVERAGES LTD.</b><br/>Emerging player in the global beverage market.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>↙ Inorganic Growth Strategy.</li> <li>↙ Partnership deal with Star Bucks.</li> <li>↙ Opportunities in Single Brand Retail.</li> <li>↙ Expected Brand Royalty.</li> <li>↙ EPS: 4.00</li> <li>↙ PE Ratio: 29.50</li> <li>↙ Book Value: Rs. 63.40</li> </ul>   | <p style="text-align: center;"><b>BUY –<br/>Long Term</b></p> <p>CMP : Rs. 113.05*</p> <p>Target : Rs. 140.00</p> <p>52W H/L : Rs. 126.4/80</p> <p>Potential Upside – 18%</p>     | <p style="text-align: center;"><b>TATA GLOBAL BEVERAGES LIMITED</b></p>  <p style="text-align: center;">BSE Code: 500800 NSE Code: TATAGLOBAL</p> |
| <p><b>DABOUR INDIA LTD.</b><br/>Legacy of Quality and experience of 125 years. World's largest Ayurvedic &amp; Natural health care company.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>↙ Leading player in FMCG sector.</li> <li>↙ Expansion plans.</li> <li>↙ Diversified product portfolio.</li> <li>↙ Distribution Realignment.</li> <li>↙ EPS: 3.30</li> <li>↙ PE Ratio: 31.70</li> <li>↙ Book Value: Rs. 8.00</li> </ul>                        | <p style="text-align: center;"><b>BUY –<br/>Long Term</b></p> <p>CMP : Rs. 102.60*</p> <p>Target : Rs. 122</p> <p>52W H/L : Rs.122/92</p> <p>Potential Upside – 18%</p>           | <p style="text-align: center;"><b>DABUR INDIA LIMITED</b></p>  <p style="text-align: center;">BSE Code: 500096 NSE Code: DABUR</p>              |
| <p><b>NHPC LTD.</b><br/>Mini Ratna Category I Govt. of India Enterprise, engaged in development of hydro-power.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>↙ Single largest player in the hydro power sector.</li> <li>↙ Scaling up of capacities.</li> <li>↙ Strong Operational Capacity.</li> <li>↙ Huge opportunities in the alternate power sectors.</li> <li>↙ EPS: 2.00</li> <li>↙ PE Ratio: 10.60</li> <li>↙ Book Value: Rs. 21.60</li> </ul> | <p style="text-align: center;"><b>BUY –<br/>Long Term</b></p> <p>CMP : Rs. 20.60*</p> <p>Target : Rs. 28.00</p> <p>52W H/L : Rs. 26.3/17.6</p> <p>Potential Upside – 33%</p>      | <p style="text-align: center;"><b>NHPC LIMITED</b></p>  <p style="text-align: center;">BSE Code: 533098 NSE Code: NHPC</p>                      |

# STOCK UPDATES

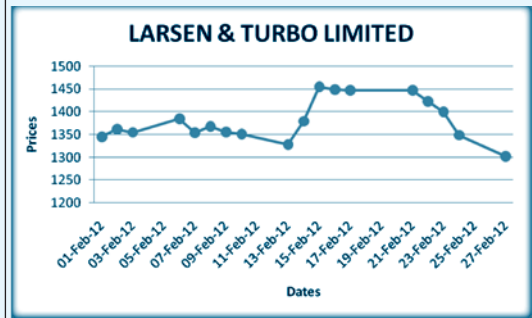
**LARSEN & TURBO LTD.**  
India's largest private sector engineering & construction company.

**Stock Return**

- 3 Months – (1.9)
- 6 Months – (18.3)
- 9 Months – (15.6)
- ↕ EPS: 73.70
- ↕ PE Ratio: 18.40
- ↕ Book Value: Rs. 414.00

**BUY –  
Medium Term**

CMP : Rs. 1301.90\*  
Target : Rs. 1600.00  
Stop Loss : Rs. 1286.00  
52W H/L : Rs. 1932.9/971



BSE Code: 500510

NSE Code: LT

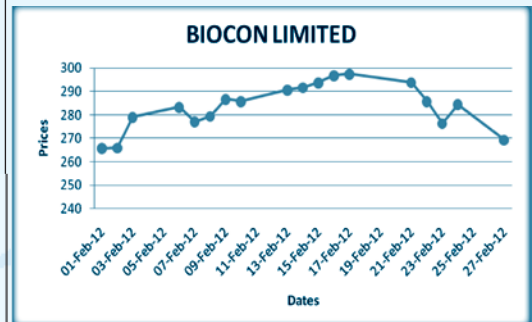
**BIOCON LTD.**  
Leading drug making enterprise in Asia.

**Stock Return**

- 3 Months – (15.9)
- 6 Months – (16.2)
- 9 Months – (20.7)
- ↕ EPS: 18.40
- ↕ PE Ratio: 15.60
- ↕ Book Value: Rs. 101.60

**BUY –  
Medium Term**

CMP : Rs. 269.25\*  
Target : Rs. 320.00  
Stop Loss : Rs. 271.00  
52W H/L : Rs. 390/240.10



BSE Code: 532523

NSE Code: BIOCON

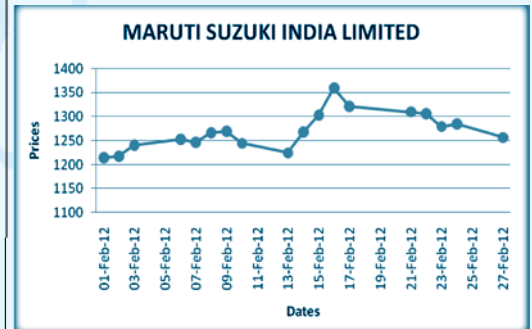
**MARUTI SUZUKI INDIA LTD**  
Largest car manufacturing company of India.

**Stock Return**

- 3 Months – 15.2
- 6 Months – (2.70)
- 9 Months – (0.30)
- ↕ EPS : 78.90
- ↕ PE Ratio : 15.80
- ↕ Book Value : Rs. 478.20

**BUY –  
Medium Term**

CMP : Rs. 1257.00\*  
Target : Rs. 1400.00  
Stop Loss : Rs. 1180.00  
52W H/L : Rs. 1345/905.50



BSE Code: 532500

SE Code: MARUTI

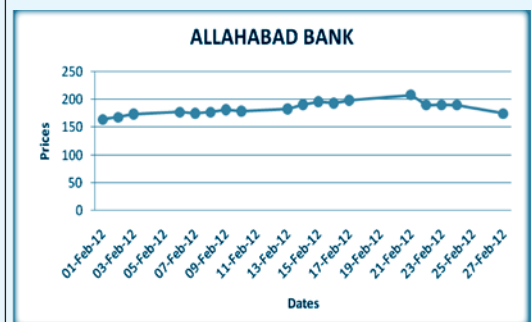
**ALLAHABAD BANK**  
One of the oldest banks in India.

**Stock Return**

- 3 Months – 38.90
- 6 Months – 15.50
- 9 Months – 7.50
- ↕ EPS : 39.30
- ↕ PE Ratio : 5.20
- ↕ Book Value : Rs. 219.60

**BUY –  
Medium Term**

CMP : Rs. 173.95\*  
Target : Rs. 230.00  
Stop Loss: Rs. 170.00  
52W H/L : Rs. 240/113.60



BSE Code: 532480

NSE Code: ALBK

For detailed analyst reports, please visit: [www.indbankonline.com](http://www.indbankonline.com)

⇒ Reports & Downloads ⇒ Equity Research

\*Closing price as on 27.02.2012 on NSE

# Mutual Fund Corner

## Scheme of the Month

### ICICI PRUDENTIAL TAX PLAN - GROWTH

**Fund Manager: Mr. Chintan A Haria**

#### Investment Philosophy:

The scheme seeks long-term capital appreciation by investing approximately 90 per cent of the investments in equity instruments, while the balance 10 per cent would be a parked in debt and money market instrument and cash (Including-money at call). This fund has a lock-in period of 3 years. It comprises of a mix of large and medium sized stock, having potential of long-term capital appreciation and growth.

#### Trailing Returns

| As on 24.02.2012          | Fund Return | Category Return |
|---------------------------|-------------|-----------------|
| Year to Date              | 19.22       | 13.48           |
| 1-Month                   | 6.76        | 2.49            |
| 3-Month                   | 13.11       | 9.50            |
| 1-Year                    | 3.48        | 0.67            |
| 3-Year                    | 38.78       | 26.85           |
| 5 - Year                  | 9.45        | 6.25            |
| Return Since Launch 23.22 |             |                 |

Note: Return up to 1 year are absolute and over 1 year are annualized

| Asset Allocation        |              |
|-------------------------|--------------|
| As on 31/01/2012        | % Net Assets |
| Equity                  | 89.77        |
| Cash & Cash Equivalents | 10.23        |

| Other Information  |  |
|--------------------|--|
| Minimum Investment | Lump Sum: Rs. 500 & in multiples of Rs. 500          |
| SIP Availability   | Available; Min. Amt.: Rs. 5000; Min. Installments: 5 |

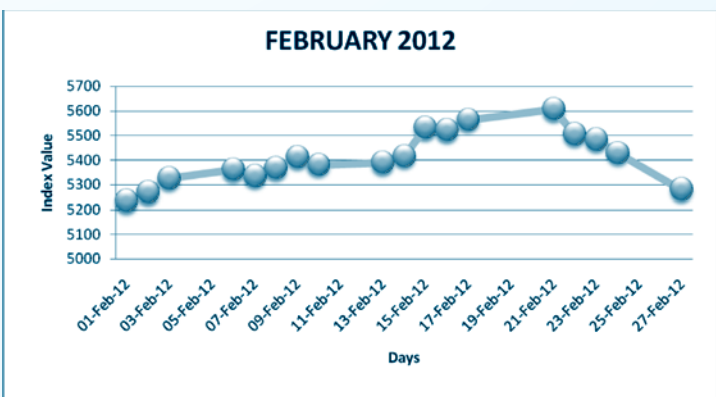
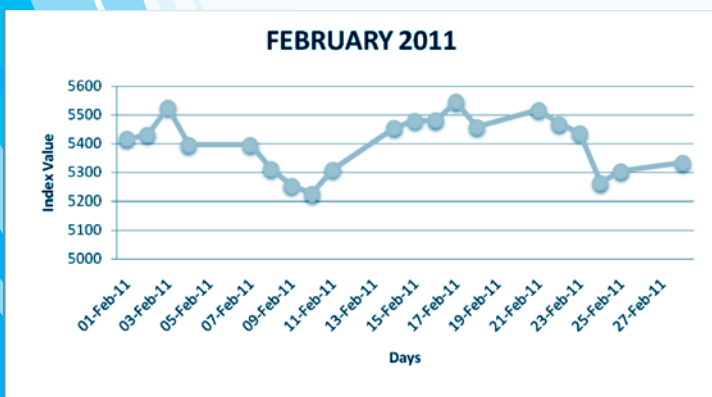
| Current Statistics & Profile |                      |
|------------------------------|----------------------|
| Latest NAV                   | 136.92 (24/02/12)    |
| 52-Week High                 | 145.27 (28/04/11)    |
| 52-Week Low                  | 113.64 (20/12/11)    |
| Fund Category                | Equity: Tax Planning |
| Type                         | Open End             |
| Launch Date                  | August 09, 1999      |
| Net Assets (Cr)              | 1197.24 (31.12.11)   |
| Benchmark                    | S&P CNX 500          |

| Fund Style  | Portfolio Characteristic - As on 31.01.2012   |
|---|---|
| <b>Investment Style</b><br>Growth Blend Value<br> | <b>Avg. Market Cap – 22757.05 Cr</b><br><b>Market Capitalization</b><br>Giant – 43.64%<br>Large – 15.99%<br>Mid – 22.99%<br>Small – 17.09%<br>Tiny – 0.16%<br>Portfolio P/B Ratio – 2.64<br>Portfolio P/E Ratio – 16.20 |

#### PORTFOLIO – Top 5 Holdings as on 31/01/2012

| Name of Holding      | Nature of Instrument | % Net Assets |
|----------------------|----------------------|--------------|
| Reliance Industries  | Equity               | 10.09        |
| Infosys Technologies | Equity               | 7.54         |
| ICICI Bank           | Equity               | 6.19         |
| Sterlite Industries  | Equity               | 4.16         |
| HDFC Bank            | Equity               | 2.89         |

## NIFTY IN FEBRUARY 2011 & FEBRUARY 2012



# Beginner's Corner

## UNION BUDGET

UNION BUDGET is a statement detailing the estimated receipts and expenditure of the Central Government for the forthcoming financial year and a financial review of the previous financial year. A financial year starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March. India's public finance system is modeled on British pattern and thus no Central Government Expenditure from public funds can be disbursed without the approval of the Parliament, which also scrutinizes and audits all Government Accounts to ensure that expenditures are legally authorized and properly spent. However, proposals for taxation / expenditure may be initiated by the Council of Ministers – specifically Minister of Finance.

**Government of India has three budgets, namely:**

1. General Budget
2. Railway Budget (For Indian Railways)
3. Post Budget (For India Posts)

Of the above, the last one is not tabled in the Parliament.

### MAIN PLAYERS

**The main players in the formulation of a budget are:**

1. Ministry of Finance.
2. Administrative Ministries.
3. Planning Commission.
4. Comptroller & Auditor General of India.

### STAGES OF FORMULATION

**Stage 1: Preparation of Estimates** – Circulars requesting for information is sent by the Finance Ministry to all the departments. The details requested would usually be actual figures, sanctioned figures and estimates for the next year.

**Stage 2: Consolidation** - The information thus obtained is scrutinized & consolidated by the Finance Ministry. The disputes if any are settled and a consolidated statement of estimated revenue and receipts is prepared, which lays the foundation for the various policy decisions that will be taken by the Council of Ministers.

**Stage 3: Presentation** – Budget is presented in the Lok Sabha under its Rule 213. The General Budget is presented by the Finance Minister and the Railway budget by the Railway Minister. The Members of the Lok Sabha, then discuss the important provisions in the budget and then pass the budget. Then the budget is passed in the Rajya Sabha and sent to the President of India for approval. On his/her approval, the budget provision becomes legislations.

If the budget is not passed in the Lok Sabha, then the Prime Minister has to tender his resignation along with his Council of Ministers, as non-passing of budget is equivalent to passing of No Confidence Motion against the Government.

After enactment by the Parliament, the budget is executed by the respective departments.

### TIMING OF PRESENTATION

Until the year 2000, the Union Budget was announced at 5 p.m. on the last working day of February. This practice dates back to the Colonial era, when the British Parliament would pass the budget in the noon followed by India in the evening.

This practice was changed during the year 2001, when Mr. Atal Bihari Vajpayee was the Prime Minister. Mr. Yashwant Sinha, the then Finance Minister announced the budget on 11 a.m., which is still being followed.

### SOME INTERESTING TIT BITS

- ❖ The first Union Budget of India was presented by the then Finance Minister Mr. R.K. Shanmukham Chetty on November 26, 1947.
- ❖ The Union Budget for the financial years from 1959-1960 to 1963-64 were presented by Mr. Moraji Desai. When he presented the budget on 29.02.1964 and 29.02.1968, he became the only Finance Minister to present Union Budget on his birthday twice. He also holds the record for maximum number of Budget Presentations (8 Annual Budgets and 2 Interim Budgets).
- ❖ Indira Gandhi – the first and only women Prime Minister of India, is also the only woman finance minister of India. She took over the Ministry of Finance, when Mr. Desai resigned his post.
- ❖ Three Prime Ministers have presented General Budgets so far. They are Mr. Jawaharlal Nehru, Ms. Indira Gandhi and Mr. Rajiv Gandhi.
- ❖ Mr. Pranab Mukherjee, the current Finance Minister of India, became the first Rajya Sabha Member to present the General Budget, when he presented the annual budget for the year 1982-83.
- ❖ The budget presented for financial year 1992-93 by Dr. Manmohan Singh, is considered historic, as it opened up the Indian economy and reduced import duties from a peak of 300% to 50% levels. He is credited with rolling out of the financial reforms in 1992, the main catalyst for the impeccable growth of Indian economy.

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