



NEWS ALERT

RUN UP TO THE BUDGET

Divestment & Duty To Take Centre Stage

Expect higher tax rates and massive disinvestment in the coming budget, to help reduce the fiscal deficit from 6.8% of GDP this year to 3% over the next 5 years. Finance minister Pranab Mukherjee will package his higher indirect tax rates as an exit from the fiscal stimulus of 2008-09 and a return to the path of fiscal responsibility.

Such sound finance will not, however be politically popular, and critics complain that it is inflationary. Hence, the tax hikes are likely to be introduced in small installments — increases of 1% or 2% at a time — over a long period.

Starbucks, famous for making coffee drinking fashionable in the US, had tried to enter India by striking an alliance with Kishore Biyani's Future Group three years ago, but these plans were rejected by the Foreign Investment Promotion Board, the government body which regulates inflow of foreign money into India's shops, factories and mines. Starbucks has revived its plans for India and begun talks with Shyam and Hari Bhartia-owned Jubilant Foodworks for a possible alliance.

Jubilant Foodworks, part of the Delhi-based jubilant group, is the Indian franchisee for pizza chain Domino's

Organized coffee retailing is a niche but growing segment in India. Industry officials said the size of the segment, which is dominated by unlisted companies, is Rs500-600 crore. The major players in India include two franchisees of overseas coffee retailers — Italian chain Lavazza owned Barista, and UK based Costa Coffee. Café Coffee Day, owned by entrepreneur VG Siddhartha, which has PE firms among its shareholders, is another major player in this segment..

These chains have been thriving on rising demand from India's increasing up worldly middle class and youth for whom hanging out in a coffee shop is still aspirational.

EVERY RUPEE HAS AN OPPORTUNITY COST

- Prepare a shopping list before you enter the supermarket and stick to it
- Visit the supermarket only once a month for groceries and other groceries and other utilities to reduce impulse buys
- Check your neighborhood grocer. He may offer the best deals in town
- Keep switching to a low-cost tariff plan on your mobile phone and review your plan once in three months
- Keep a back-up emergency fund
- Chalk out your expenses and plug the leaks
- If you are compelled to buy an item, come back to it the next week to reassess the need
- If you are planning to upgrade your functional television, it's a want
- Don't swipe your credit card for recurring expenses such as groceries, vegetables or essentials