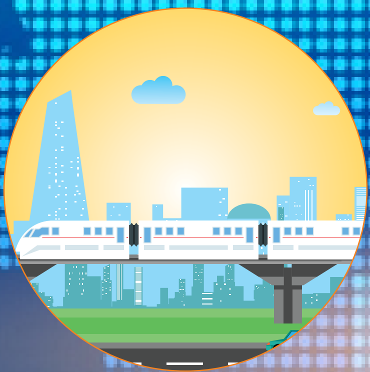

e-Book UNION BUDGET 2021-22

THE INSTITUTE OF
Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

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President

CS Nagendra D. Rao

Vice President

CS Devendra V. Deshpande

Prepared by
Directorate of Academics

UNION BUDGET 2021-2022

A Brief Analysis

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Preface

ॐ सर्वे भवन्तु सुखिनः। सर्वे सन्तु निरामयाः।
सर्वे भद्राणि पश्यन्तु। मा कश्चित् दुःख भाग्भवेत्॥
May All be Happy, May All be Free from Illness.
May All See what is Auspicious, May all prosper without suffering.

The primary reason as to why the Budget Session of the Parliament is one of the most significant events can be attributed to the fact that it is this very day and the speech of the Hon'ble Minister of Finance shares the Dream Plan for the economy and the vision as to where the goal plans, expectations, initiatives and actions lie as regards the various comprising segments of the Economy.

The six pillars on which the Foundation of the budget for the financial year 2021-22 has been laid are the ones demanding maximum attention in the present times. **Health & well-being, Physical & financial capital & infrastructure, Inclusive development for aspirational India, Reinvigorating human capital, Innovation & R&D, and Minimum Government & Maximum Governance; each pillar comes with its own set of needs and yet one which will reap far-reaching and long-term impact.**

Amongst others, since Governance forms part of the Budget as one of the six pillars, the same is accompanied by dedicated actions and initiatives, the intended course is heartily welcomed by the Institute of Company Secretaries of India (ICSI). Unveiled by the Hon'ble Finance Minister Smt. Nirmala Sitharaman on 1st February, 2021, the Union Budget 2021 proposes several reforms for the India Inc. including the persuasion of digital transformation in the Regulatory arena building a new MCA-21 3.0 using data analytics, artificial intelligence, and machine learning. With AI based features being inculcated, the times to follow shall witness a much stronger governance framework encasing the Indian Corporate Sector and a much enhanced role play for the Governance Professionals.

The reforms proposed under the Companies Act, 2013 as well as the Limited Liability Partnership Act, 2008; from amendment in definitions to decriminalization of offences, come across as definitive and resolute attempts to enhance the ease of doing business in the Indian Diaspora. Initiatives like no income tax return filing for senior citizens above 75 years, having only pension and interest income, and setting up of faceless dispute resolution committee for individual tax payers, is indeed applaudable on the part of the Government that ease is being provided in compliance under the Taxation Laws as well. With the Institute taking pride in being an extended arm of the Regulatory Authorities, the new rules for removal of double taxation for NRIs, and a reduction in the time period of tax assessments among other measures are highly appreciated.

With the Securities Markets forever being in limelight as one of the major representatives of the economic positioning of the nation, the proposition of a 'one market code' for rationalizing different security market regulations is a welcome step towards enhancing the advancement in Ease of doing business (EODB) index. Allowing One Person Companies (OPCs) to grow without a restriction on paid up capital and turnover, to convert in any type of company at any time, and alterations in the residency limit would not only simplify the business processes for such companies but also bring much more businesses in the organized sector which again would strengthen the governance scenarios further.

Shifting focus upon the remaining pillars, a boost for the healthcare sector with a significant increase of 137% in the outlay and the decision to spend a major chunk on Covid-19 vaccine development and inoculation is a much needed step.

There is a complete agreement with the thought of the Hon'ble Finance Minister that for achieving a 5-trillion dollar economy, our manufacturing sector has to grow in double digits on a sustained basis and our manufacturing companies need to become an integral part of global supply chains.

If the entire Budget was to be looked at both holistically and categorically, it is indeed quite heartening to witness the efforts made in placing focus on the various sectors, segments and comprising components of the Indian Economy. Furthermore, it would indeed be a greater delight to play our roles both as Governance Professionals and as an Institute in rendering the propositions of the Budget a grand success.

I place on record the dedicated efforts of CS Lakshmi Arun and CS Saurabh Jain, Joint Directors and the entire team of Directorate of Academics, led by CS Alka Kapoor, Joint Secretary (SG) in preparation of this e-booklet.

CS Nagendra D. Rao
President
The Institute of Company Secretaries of India

Views of Experts

Union Budget-2021-22

Council Members, ICSI

DR. MADHU VIJ
Council Member (Govt. Nominee)
ICSI

"A growth-oriented budget with next generation reforms, focusing on six pillars including a pillar on 'Reinvigorating Human Capital' with the thrust on Education, I applaud the initiatives of the Government with specific reference to education sector including setting up of Central University in Leh, introduction of legislation for setting up of Higher Education Commission, initiatives on education as part of National Education Policy, Setting up of National Digital Educational Architecture, Allocation for National Apprenticeship Training Scheme, increased allocation for School Education etc., resulting in streamlining of school and higher education."

The Union Budget 2021 sets the right direction with its focus on strengthening the quality of education, implementation of New Education Policy 2020 and the earmarking of funds for research and development initiatives of our country.

ANIL GUPTA
Chartered Accountant
Council Member (Govt. Nominee)
ICSI

Budget 2021- A big push towards a $5 Trillion Economy

The Union Budget 2021 was presented on the back of an unprecedented pandemic shock that hit the Indian economy and reduced GDP growth by 7.7%. The finance minister's promise of a 'never-seen-before' Budget had increased expectations, and after the Budget, the stock markets reacted jubilantly by soaring over 2,300 points. While many do not believe in the reaction of stock markets, there are a few positives in the Budget that even the critics acknowledged.

The FM has done a commendable job by announcing a bold and thoughtful budget that addresses the immediate need to power the economic growth engine, putting in place the building blocks for long-term growth and self-reliance by adequately funding core sectors, without over-burdening the common man with new taxes or levies.

Ease of Doing Business

Swiftly pushing efforts to improve the ease-of-doing business and boosting the start-up ecosystem, the budget promised to

- Incentivize the incorporation of One Person Companies (OPCs) by allowing OPCs to grow without any restrictions on paid up capital and turnover,
- Allowing their conversion into any other type of company at any time ,
- Reducing the residency limit for an Indian citizen from 182 days to 120 days of stay in India to set up an OPC and
- Allowing the Non Resident Indians (NRIs) to incorporate OPCs in India.

The Union Budget proposed to revise the definition under the Companies Act, 2013 for Small Companies by increasing their thresholds for Paid up capital from "not exceeding Rs.50 Lakh" to "not exceeding Rs.2 Crore" and turnover from "not exceeding Rs.2 Crore" to "not exceeding Rs.20 Crore". This will benefit more than two lakh companies in easing their compliance requirements.

The fast-track process for mergers (under the Companies Act, 2013) has been extended to include the merger of start-ups with other start-ups as well with small companies. It is also likely to help in bringing the unincorporated businesses into the organised corporate sector.

The provisions relating to resolution of disputes by the Dispute Resolution Committee for small taxpayers is a significant step forward as an alternative dispute resolution mechanism under the Income Tax Act, 1961. The Budget has made it applicable to assessees whose income is less than Rs. 50 lakh and the proposed variation in income is less than Rs. 10 lakhs. In due course, we are sure that the government will see merit in expanding this proposition to bigger taxpayers.

A major relief has been given to the taxpayer with the announcement that the reassessment can be opened only up to 3 years under the Income Tax Act, 1961.

The budget has also addressed various hardships faced by the non residents with respect to the accrued incomes in their foreign retirement accounts and getting credit for Indian taxes in foreign jurisdictions . These difficulties usually arise due to a mismatch in taxation periods. The FM has promised to notify rules for removal of double taxation in the coming future.

Further under the Customs law, the time limit of two years (further extendable by one year) stipulated for completion of any proceedings shall assist in time bound completion of proceedings.

A Major Flip to Agricultural Sector

In a strong pro-farmer signal amid the agitation against the new farm laws, the Budget grants the state regulated agri markets (APMC 'mandis') the access to the Agriculture Infrastructure Fund while adding 1,000 mandis on electronic platform (e-NAM). While this seeks to assuage concerns that the old 'mandi' system will be dismantled, it's clear that reforms will be pursued further even as procurement of farm produce at MSP continues through APMC Markets. The FM emphasised how the MSP regime assures a price at least 1.5 times the cost of production and how procurement continues to increase.

The micro-irrigation fund has been doubled to Rs. 10,000 crores under the Budget and the agri-credit target has hiked to Rs. 16.5 lakh crores. The FM further ensured increased credit flows to the sectors of animal husbandry, dairy, and fisheries.

Road projects to now cruise at high speed

At a time when the private sector investment is muted and the capacity utilisation is low, the public spending on infrastructure is the right counter-cyclical measure to boost demand and job creation. The budget allocates significant funding on this front, thereby strengthening the important transport corridors to the far ends of the nation.

The budget has promised to give Six-lane highways, speed radars and new expressways with the "highest ever" budget outlay of Rs 1.18 lakh crores to the Road Transport and Highway Ministry for FY 2021-22, an increase of nearly 18% than what it was estimated to spend by March . The higher allocation came amid the ministry's target to build a record 11,000 km National Highways during the current financial year. The NHAI will also be allowed to raise Rs 65,000 crore from the market. While giving details of the roadmap for eight major projects, including the Delhi-Mumbai, Bengaluru-Chennai, Delhi-Dehradun, Kanpur-Lucknow and Delhi-Katra expressways, the FM Nirmala Sitharaman announced that all new four and six-lane highways will have advanced traffic management systems with speed radars, variable message sign boards and GPS enabled recovery vans.

FPI to REIT and InvITs

The Budget promised to regulate the Real estate investment trusts (REITs) and infrastructure investment trusts (InvITs) to attract more investments and the government announced that the regulations will be amended to allow them to raise debt fund from foreign portfolio investors (FPIs).

Global institutional investors and sponsors of REITs and InvlTs have been seeking the government's push to enable REIT and InvITs' debt raising from insurance companies and FPIs. This year's budget has also exempted dividends paid to REITs or InvlTs from tax deducted at source (TDS). InvITs and REITs have the potential to emerge as important tools for addressing India's gigantic infra financing needs.

Commercial Realty Cos Not Pleased

Though Commercial real estate developers and co-working operators welcomed the announcement for REITs but they were disappointed by the government's lack of support for the sector in the Budget.

They feel that the reduced GST on leasing would have helped in the recovery of the office space segment. This segment has been wounded by business drop of at least 50% due to the work-from-home culture which gained popularity during the pandemic.

In its budget recommendations, the CII had said that Section 16 read with Section 17(5) of the CGST Act, 2017 should be amended to enable the real estate players to avail ITC on procurement of goods and services during the construction phase where the said immovable property is intended for commercial leasing or renting.

Unified Securities market code

The budgetary proposal to introduce a unified securities market code will help eliminate overlapping and out-dated laws. The government intends to consolidate the SEBI Act, Depositories Act, Securities Contracts (Regulation) Act and Government Securities Act.

Spot Gold Exchanges

The finance ministry has named the Securities and Exchange Board of India (SEBI) as the regulator for domestic gold commodity exchanges. At present, besides capital markets, the SEBI regulates only commodity derivatives exchanges, not commodity spot exchanges. It's a welcome step in filling the gaps in the gold ecosystem to make India a gold price setter instead of a price taker.

Time for the idea of National Monetisation Pipeline

A dedicated development financial institution (DFI) has been announced. Previously, when IDBI and ICICI were first set up, there weren't many infrastructure assets in the country — which is not the case now. We hope that the DFI will be able to provide value-added products such as long-term fixed-rate loans at reasonable rates - a product not available at a large scale in the Indian market. A 15-20 year fixed-rate debt product would allow infrastructure investors such as NIIF to have significant predictability and confidence in acquiring or developing long-term infrastructure assets.

The continued focus on asset monetisation and strategic disinvestments is highly commendable. Announcement of creation of a National Monetisation Pipeline and its active tracking through National Infrastructure Pipeline will offer confidence to investors on the direction and scale of monetisation.

Assets such as power transmission lines, airports, ports, railway infrastructure, gas pipelines, warehouses and sports stadia will be part of the pipeline.

The combination of a National Infrastructure Pipeline (NIP) for infrastructure building and a National Monetisation Pipeline, for financing the NIP, could lead to a virtuous infrastructure development and recycling cycle at scale.

The Recycling Initiative which started in 2014. And with global yields at historic lows, the government should be able to get excellent value for selling assets now and can then use the proceeds to build new projects at low interest rate as well.

A Bold Budget Under Challenging Conditions

The FM deserves credit in having crafted a budget that sets its priorities right and puts its energies in the right areas. What is important now is to ensure swift implementation of the proposed innovative measures. "Well begun is half done" This proverb is perfect for the Budget. However, the one thing missing in the Budget was the role of Insolvency & Bankruptcy Code, which is claimed to be one of the biggest structural reforms in the recent times. One can only hope that the Budget proposals do not undermine IBC and help overcome the twin balance-sheet issues of both banks and corporate sector.

The government has also budgeted to raise Rs. 1.75 Lakh Crore through disinvestment and strategic sales in the coming fiscal year. It depends upon the privatisation of BPCL and other firms. The target can be achieved provided the government starts divestment early in the fiscal, instead of waiting for the right time. Implementation holds the key to the viability of the budget numbers.

2021 has dawned with a feeling of hope and optimism. India has done well to limit the spread of COVID-19 over the last few months by swiftly launching the vaccination drive. The need of the hour was to take concrete measures to revive the economic growth engine. The budget does just that in a spectacular fashion.

***

Past Presidents, ICSI

CS RANJEET PANDEY
Past President
The Institute of Company Secretaries of India (ICSI)

The Union Budget for 2021-22 was presented under the shadow of the worst pandemic of our times. Covid -19 shook the entire world and put economies of even the strongest nations on halt. Presenting the union budget of one of the fastest growing economy of the world must have been a real herculean task for the Finance Minister. However, I feel the budget did boost all the important sectors that needed much attention and provided more thrust on capital expenditure than revenue expenditure.

The Budget this year focuses on the six pillars - health and well-being, physical & financial capital and infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation and R&D, and 'Minimum Government, Maximum Governance'.

Emphasis on Healthcare, Education and ease of doing business clearly shows the Government's focus on building a self- reliant India.

Dedicated schemes like 'Atma Nirbhar Swasthya Bharat Yojana', to develop primary, secondary and tertiary healthcare and 'Jal Jeevan Mission (Urban) aimed at providing water to all households gives a clear roadmap of a 360 degree development leading to a healthier nation.

Opening of 100 new Sainik Schools, 750 Eklavya schools in the tribal areas, setting up of Central University in Ladakh are steps that would strengthen the education system across the length and breadth of the country. The Budget specially focuses on skill development and emphasises on transforming the learning framework from a traditional approach to an advanced and evolved one.

With continued enhancement towards ease of doing business, the government has left no stone unturned. From structural reforms for the corporate sector to encouraging entrepreneurship especially helping the startups, the budget incentivizes every sector of India Inc.

Technology driven MCA21 V3 Project strengthens enforcement and facilitates seamless integration and data exchange amongst the various stakeholders. The project will have Micro-services architecture with high scalability and capabilities for advanced analytics. The key components of MCA21 being e-Scrutiny, e-adjudication, e-Consultation, Compliance Management System (CMS) & MCA Lab shall transform the corporate regulatory environment in India.

CS ASHISH GARG
President
Corporate Secretaries International Association (CSIA), Hong Kong
Immediate Past President
The Institute of Company Secretaries of India (ICSI)

Maximum governance, minimum government reiterated : Union Budget 2021

The heat and surge felt days and weeks prior to the presentation of the Fiscal Budget is sufficient to portray the significance of the document, its constituents and its long ranging and far reaching impact on each and every component of the economy. The Indian Corporate Sector with its chunk of role played in the economic diaspora has always vied the Budget with great expectations and anticipation. The lawmakers too have while fully understanding this role have accorded due substance to this segment in the process of budget making on a year-on-year basis. It is for this reason that the past years have witnessed some of the major reforms redefining the course of functioning and operations of the Indian businesses as well as the professionals. While on one hand the goal of enhancing the **ease of doing business** is being accomplished; the impact on the Indian growth trajectory has been all positive.

If the year gone by is to be re-winded and understood minutely, it would not be an exaggeration to say that both the Lawmakers and the Regulatory Authorities have not only stood strong in their roles but have placed exceptional efforts in reposing the faith of the populace in the Economy and its growth story. The Rs. 20 lakh crore packages rolled out under the aegis of Atmanirbhar Bharat followed by today's Fiscal Budget for the Financial Year 2021-22 have not only reinstated but reiterated faith in the Government's view of **Minimum Government, Maximum Governance**.

If one was to look at the Union Budget presented by the Hon'ble Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman, the aspects covered, the decisions proposed and the reforms put to order as regards companies, is quite impeccable.

The announcements in Budget for decriminalization of LLPs, revision of definition of small companies, incentives for incorporation of OPCs, strengthening the framework of NCLT and launch of MCA21 version 3.0 adding modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management will definitely a leap forward for the Indian economy to be in US$ 5 trillion economic club.

CS (DR.) SHYAM AGRAWAL
Past President
The Institute of Company Secretaries of India (ICSI)

Focus on making ‘Atmanirbhar Bharat’ a resilient Economy and a Global Super Power

बरसतहरसतसबलखें, करसतलखेनकोय।

तुलसीप्रजासुभागसे, भूपभानुसोहोय।।

(जब सूर्य पानी सोखता है तो किसी को पता नही चलता और जब बरसात के रूप में पानी वापस बरसाता है तो सब खुश हो जाते है, ठीक इसी प्रकार राजा ऐसा होना चाहिए जो ऐसे कर लगाए की किसी को भार ना लगे पर जब प्रजा को इसका वापस लाभ दे तो सब खुश हो जाए।तुलसीदास जी कहते है कि ऐसा सूर्य के समान राजा बड़े भाग्य से प्रजा को मिलता है)

This shloka, sourced from the Tulsidas’s Ramayana, falls in perfect synchronicity with the Union Budget recently rolled out for the Financial Year 2021-22 by Smt. Nirmala Sitharaman, Hon’ble Minister of Finance & Corporate Affairs under the able leadership of Hon’ble Prime Minister Shri Narendra Modi. The Government of India with this all-inclusive and comprehensive document has once again portrayed its intent and point-blank focus on rendering India a Global Superpower; a goal which can only be achieved by generating resilience and creating self-reliance.

The thought of pursuing economic independence even as the nation and the world are recovering from the pandemic; is much embedded in the six pillars of health & well-being, physical & financial capital & infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation & R&D, Minimum Govt & Maximum Governance.

The focus on digital transformation, the inclusion of Artificial Intelligence in the processes of Regulation, the minute detailing on aspects concerning India Inc. and bringing out apt reforms, all in all point towards a thoroughly contemporary and yet grounded approach.

The current Budget with its reforms for Start-ups and Indian businesses, are creating the perfect pitch to make the nation one of the most favourable destinations for foreign investments. The Finance Bill and the taxation reforms proposed therein are a step ahead into establishing a greater confirmation with the goal of enhancing ease of doing business.

As professionals, the Budget seems to be one of opportunities, and an optimistic futuristic outlook towards a sure shot ‘Atmanirbhar Bharat’, a resilient economy and a global super power.

CS MAKARAND LELE
Past President
The Institute of Company Secretaries of India (ICSI)

Budget reforms & measures are taking Indian economy to next height

India Budget 2021 gives clear indications of emergence of India from the unfortunate historical Pandemic phase. Budget reforms & measures are clearly supportive to the progressive growth of business and taking Indian economy to next height. Government has rightfully refrained from increasing any additional tax burden on the society at large at this emergence phase. It has rather provided boosting measures for make in India, MSME and Start-ups.

Budget has shown a trend of moving over to a self-certification & self- reliance zone over a regulatory and licensing regime. Measures like abolition of GST audit, increasing the limit for small companies, changes in tax audit pattern, modernization of regulatory offices, consolidation of capital market laws, removal of TDS on dividend payments, increasing limits for restricted FDI's sector will further add values to Ease of Doing Business policy. Introduction of de-criminalization of offenses, facilitation of e-courts, e-adjudication, e- scrutiny, reduced penalties for small companies, rationalization in labour laws are some of the corporate reforms, India was looking forward for couple of years.

Attachment of penal provisions to CSR compliances & transfer of unspent amount to government funds will provide more funds in the social development. These changes in CSR laws will boost social development scenario in India.

On this background, Professional institutions & professionals are required to review and realign their strategies and approaches. Digitalization in compliance & regulatory zone is on fast forward mode. In coming 5 years every professional in order to survive need to identify completely new ways and roads to travel & survival. They also need to adopt new techniques and new consulting approaches.

I am sure under able leadership of CS Nagendra D. Rao, the newly elected President, ICSI will launch new professional reforms and will emerge as strong option available in Indian consulting league. I therefore welcome the budget 2021 and compliment government of India for introduction of much needed progressive reforms.

CS PREETI MALHOTRA
Past President
The Institute of Company Secretaries of India (ICSI)
Chairperson
Smart Group

Goal of becoming a $5 trillion Economy

With the FY2021-22 budget, the government has given a much needed shot in the arm to the Indian Economy, allowing it to recoup and reinforce its goal of becoming a $5 trillion economy.

The budget's focus on self-reliance and the spending on Physical Capital and mega Infrastructure projects is indicative of a risk tolerant regime that has not succumbed to the temptation of easy options like COVID tax or health tax. The hike in the FDI limit for investment into the insurance sector along with the willingness of the government to use FDI for national infrastructure will further pique the interest of foreign investors looking to invest in India. We hope that the Indian government will also capitalise its position in the FDI market by creating a conducive atmosphere for foreign investors by taking small but significant steps such as alleviating foreign investor concerns regarding matters relating to taxation of their global income. This will allow investors to spend more time in India to tend to their investments and will catapult India into the League of Nations such as USA and China who remain atop the list of global FDI investment consistently.

DR. G.B. RAO
Past President
The Institute of Company Secretaries of India (ICSI)

The Budget will promote investment and Ease of Doing Business

- Economic Development and a Caring Society with no raise in Tax/Cesses is welcomed by one and all. To make individual taxpayers' life easier, senior citizens above the age of 75 years, who only have pension and interest as a source of income will be exempted from filing the income tax returns. Amendment/Revision in the Definition/Rules regarding Small Companies, One Person Companies, Mergers/ Amalgamation inter se will reduce compliance burden and promote investment and ease of doing business.
- **Legislative Changes: A Securities Markets Code** will be introduced **to consolidate four Acts** including **the SEBI Act, 1992 and the Government Securities Act, 2007**. The Insurance Act, 1938 will be amended to increase the **permissible FDI limits in insurance companies from 49% to 74%,** and allow foreign ownership and control with safeguards. The Companies Act, 2013 will be amended to **revise the definition of small companies** by increasing threshold for paid up capital (from Rs 50 lakh to Rs 2 crore) and annual turnover (from Rs 2 crore to Rs 20 crore). Certain offences under the Limited Liability Partnership Act, 2008 will be decriminalised. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 will be amended to ensure **that depositors get time-bound and easy access to their deposits to the extent of their insurance cover**. The minimum loan size for NBFCs to be eligible for debt recovery under the SARFAESI Act, 2002 will be reduced from Rs 50 lakh to Rs 20 lakh.
- **Revision in rules under Companies Act 2013, easing norms for setting up of One Person Company (OPC) by reducing the residency limit of NRIs from 182 to 120 days. Non-resident individuals are now enabled to set up One Person Companies (OPC)** with no paid up capital and turnover restrictions**, reducing registration timeline from 182 days to120 days**
- **Now the scheme of fast track merger can be entered into between: two or more small companies; holding company and its wholly-owned subsidiary company; two or more start-up companies; one or more start-up company with one or more small company.**

Past Secretary, ICSI

CS N K JAIN
Past Secretary & CEO
The Institute of Company Secretaries of India (ICSI)

Economically Sensible and Socially Sensitive Budget

The Hon'ble Finance Minister admirably rose to the exceptional challenges in making the Budget for the Financial Year 2021d-22. Key Highlights are as under:-

No New Taxes: The most noteworthy aspect is that no additional burden has been proposed. Economic growth considerations took centre stage.

Focus on CAPEX: More than one third increase in the budget allocation for infrastructure sectors will help create demand and improve country's competitiveness.

Significant Reforms Announced: (i) Strategic sale of public sector companies including two Public Sector Banks and a General Insurance Company (ii) Monetization of Assets (iii) Strategic approach to government ownership of businesses (iv) Increase in the limit of FDI in the Insurance Sector; and (v) Additional funds for bank recapitalization.

Significant Changes in Company Law: One Person Companies with very few restrictions proposed to incentivise start-ups. Compliance burden on approximately 2 lac companies will be substantially reduced as such companies will stay "small" with 4 times higher capital (Rs 2 crs against Rs 50 lacs now) and 10 times higher turnover (Rs 20 crs against Rs 2 crs now).

One Securities Code: Proposal to introduce a single unified securities market code will help eliminate overlapping and outdated laws. The Government intends to consolidate the SEBI Act, Depositories Act, Securities Contracts (Regulation) Act and Government Securities Act. It will improve ease of doing business. Bond market would be a key beneficiary of the unification of laws.

Ease of Compliance Burden: Several steps have been announced to ease the compliance burden on direct tax payers. Information based assessments will help reduce harassment of taxpayers.

I will rate this Budget as one of the best in recent times. Hope the focus will now shift to executing the intent shown in the Budget.

Secretary, ICSI

With the soul lying in the *Atmanirbharatha*, the nation witnessed a progressive budget with due vitality on improvement in ease of business, boosting the country into a global innovation hub. The Budget displays a clear focus on a tailored growth plan to revive the economy in the post covid milieu.

Highlighting the principles behind the budget of expansion of new opportunities for growth, youth, new dimension to human resources, infrastructure development and support for new sectors grow, this is incontrovertibly a 'Proactive' budget, amidst extraordinary circumstances.

The vital facets of the Budget 2021 are discussed herein.

The Launch of PM *AtmaNirbhar Swasth Bharat Yojana* has been the spotlight of budget 2021. The Yojana, with the objective of developing capacities of primary, secondary, and tertiary care Health Systems, strengthening existing national institutions, creating new institutions, to cater to detection, cure of new and emerging diseases etc., has been framed with an outlay of about Rs. 64,180 crore over 6 years. The areas of preventive, curative, and wellbeing has been given due weightage.

Further, as an industry incitement, **Production Linked Incentive scheme** (PLI) have been announced for 13 sectors, which will help bring scale and size in key sectors, create and nurture global champions and provide more employment opportunities.

A scheme of **Mega Investment Textiles Parks** (MITRA) has also ben proposed, catering to the textile industry of the country to pool larger investment and enrich themselves to be globally competitive.

For corporate professionals, the overture for the consolidation of the provisions of Securities and Exchange Board of India Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007 into a rationalized single Securities Markets Code, stands germane. The introduction of an **investor charter** as a right of all financial investors across all financial products will deliver more advantages in the investor protection front.

The proposal to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards is much welcoming. It is much pertinent that the majority of Directors on the Board and key management persons would be resident Indians, with at least 50% of

Directors being Independent Directors, and specified percentage of profits being retained as general reserve, under the new structure.

Having completed the decriminalizing of the procedural and technical compoundable offences under the Companies Act, 2013, the decriminalization of the Limited Liability Partnership (LLP) Act, 2008 has been taken up.

The move of the Government in promoting the small business has garnered much positive vibe in the economy. MSME sector is the backbone of national economic edifice and has unremittingly acted as the fulcrum for the Indian economy, providing it resilience towards global financial shocks and hard times. Whether in terms of employment generation or providing innovative platforms for the community, the contributions of small business to local economies has a vital role to play in the stimulation of the national growth. Measures to promote MSMEs and OPCs therefore lugs a huge impact. The budget for MSME Sector has been thus, doubled from the last year.

The definition under the Companies Act, 2013 for Small Companies has been proposed to be changed by increasing their thresholds for Paid up capital from "not exceeding Rs. 50 lakh" to "not exceeding Rs. 2 crore" and turnover from "not exceeding Rs. 2 crore" to "not exceeding Rs. 20 crore".

Incentivizing the incorporation of One Person Companies (OPCs) by allowing OPCs to grow without any restrictions on paid up capital and turnover, allowing their conversion into any other type of company at any time, which will pave way to a large number of companies out of complex compliance net. Reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and also allow Non Resident Indians (NRIs) to incorporate OPCs in India etc are notable. This will help more NRIs to invest in India by relaxing the norms of the OPC. The new measures will help the Start-ups and small business to raise more investments towards it from various persons.

With the objective of faster resolution of cases, NCLT framework will be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced.

Launching data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0 during the coming fiscal 2021-22 are much accelerative reforms. The Version 3.0 will have additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.

Inclusive Development for Aspirational India will outline plans for reforms on the core principles of minimum government, maximum governance. The concept of 'Ease of doing business' in the regulatory has been the headline in the corporate realm of the country. The proposal for setting up a Conciliation Mechanism and to mandate its use for quick resolution of contractual disputes serves benefits for those who deal with Government or Central Public Sector Enterprises [CPSEs], and carry out contracts. This mechanism shall be a platform for quick resolution for contract disputes and instil confidence in private investors and contractors.

Also in this context, the Government has proposed to make National Faceless Income Tax Appellate Tribunal Centre. This is indeed a big leap, especially in a scenario where India gears up for a transformation to an advanced digital economy.

The effective booster shots of the budget being a big push for infrastructure sector and thrust for privatisation and with no surprises of higher taxes, the Budget 2021 stands successful in achieving a balanced demand stimulus. The Government had taken sincere effort to push the wheels of the economy making the nation equipped to manage the stress of economic recovery in a post pandemic situation. Overall, it is a budget that ensures the momentum of economic recovery sustained with least disruption.

CS Asish Mohan
Secretary, **ICSI**

Industry Leaders

SUNIL BHARTI MITTAL[1]
Chairman
Bharti Enterprises

"The first Budget of this new decade reimagines India in the form of Aatmanirbhar Bharat like never before. Coming in the backdrop of a global pandemic, it boldly spells the government's growth agenda and march towards building a new and prosperous India. The Budget clearly has the stamp of our Prime Minister with a clarion call for '*Sabka Saath Sabka Vikas'* and *'Vocal for Local'*. The efforts of the FM to restore economic growth while elucidating a clear road map in the health care, infrastructure and insurance sectors is bound to bring confidence to the industry and global investors, providing a much needed reassurance of the government's strong support."

AJAY PIRAMAL[1]
Chairman
Piramal Group

"I would like to commend the Finance Minister for a well-balanced and realistic Budget designed to put India's ongoing business cycle recovery on a solid foundation.

The high focus on public capital expenditure, relaxing fiscal deficit targets and concrete plans to support financial markets through recapitalisation of public sector banks, and an asset reconstruction company for bad loans will provide the necessary impetus to restore economic growth. Furthermore, the introduction of a Development Finance Institution to fund long-term projects will complement the high focus on infrastructure."

DINESH KHARA[1]
Chairman
State Bank of India

"The announcements are historic as it gives a never-before thrust to infrastructure. The pressing issue of infrastructure financing has also been well addressed covering debt component, asset monetisation, foreign participation through InvITs and REITs, besides the proposal to make zero coupon bonds issued by IDFs eligible for tax benefit. The Budget has taken the long pending issue of creating a pan-India development financial institution to address the debt component of infrastructure financing. It has rightly recognised the role of core equity capital in financial sector, by raising FDI limit in insurance companies and allowing foreign ownership and control with safeguards."

AMIT SYNGLE[1]
MD & CEO
Asian Paints

"Beyond the exigencies around the pandemic, it is a positive and growth oriented Budget. Announcements made on promoting manufacturing are positive for job creation. Greater emphasis on infra spending would provide a much-needed fillip. Extension of affordable housing benefits should support the revival of the realty sector. Provisions towards concessional credit and working capital availability for farmers are good for the rural economy. Stability on the taxation structure will help reinforce the confidence of the corporate sector. Overall, the Budget will give an impetus to demand. This should benefit the coatings industry. I rate this budget 7 out of 10."

MOHIT MALHOTRA[1]
CEO
Dabur India Ltd.

"At a time of economic stress where the govt. had little headroom for manoeuvre, the FM has presented a highly growth oriented and forward-looking Budget that focuses on pumping up economic growth. The first Digital Budget takes the investment route to drive long-term economic growth. The first Budget of the new decade tries to strike a balance between supporting growth and it is heartening to see the government take the bold move towards higher borrowings to focus on long-term growth. I would call it a growth-oriented and progressive Budget that lays down the blueprint for creating an enabling framework that would promote an Atmanirbhar Bharat."

ANISH SHAH[1]
Deputy MD & CFO
Mahindra & Mahindra Ltd.

"This is a bold and positive Budget, perfect for an aspirational economy like India. The Budget has rightly focused on infrastructure spending where the fiscal multipliers are high and will create much needed jobs. Importantly, it has focused on health with an emphasis on services delivery while continuing its allocations on agriculture. All this without imposing any additional tax burden. While the privatisation of tw*o* public sector banks is a seminal move, the Budget also tries to tackle the non-performing asset challenge through asset reconstruction companies. Overall, the budget will propel the Indian story further. We continue to be very bullish on growth opportunities in India."

TV NARENDRAN[1]
CEO & MD
Tata Steel

"The FM presented a growth-oriented Budget while retaining the government's focussed approach on infrastructure-led economic revival. Implementation of the proposals will be critical for the benefits to percolate across the economy. Increased capex in the infra sector will have a multiplier effect as it will create demand across product categories.

Announcements like the National Rail Plan, Jal Jeevan Mission, and City Gas Distribution Network will generate new employment and spur demand. The govt. has done a balancing act of infra development between the rural and urban areas. Overall, we can call it a reformist Budget as it recognises the participation of private players in all key areas."

RASHESH SHAH[1]
Chairman
Edelweiss Group

"It was a perfect antidote. The expansionary Budget provides the necessary impetus for an accelerated return to growth. Its capex-friendly nature, keeping aside short-term ramifications in the fiscal deficit, will ensure the onset of a new self-sustaining growth cycle pushing private capex and consumption. At the same time, the government has undertaken enabling reforms across sectors - creation of specialised stressed asset resolution entity, hike in FDI in insurance, PLI schemes, new health care initiatives, etc. Focus on generating revenue through disinvestment rather than a higher tax burden must be applauded since it ensures no impact on the spending of individuals."

ADAR POONAWALLA[1]
CEO
Serum Institute of India

"We have been pushing for investments in health care infrastructure. Increasing the health care outlay by over 100 percent is a great move. The Rs. 35,000 crore allocation for vaccines would at least take care of the vulnerable sections. This is a great investment in the sense of return on investment that the government can get on the taxpayers' money. Part of this allocation would also be spent on research and innovation, and funding clinical trials for new companies that now want to join the scene. This year, one also got to see a comprehensive five-year road map for health care, infrastructure creation, which is great as a healthier India is the only way India is more productive."

RAJEEV TALWAR[1]
CEO
DLF

"The FM has delivered a pro-growth Budget in a pandemic year. The Budget has laid out a blueprint for growth attracting investment for its 'Make in India' programme. The massive outlay in health, education, agri, infra will generate economic activity. A vibrant economy always revives the real estate. The tax holiday being extended for affordable housing and rental projects will boost the sector. We must also welcome the announcement on debt financing of REITs and InvITs. The provision for no TDS on dividends of REITs/InvITs will attract investments in the infra. Divestment of public enterprises, asset recycling are all aimed at balancing government's finances."

N SRINIVASAN[1]
Vice-chairman & MD
India Cements

"With its thrust on capital expenditure, the Budget has combined & addressed the needs of today."

RATUL PURI[1]
Chairman
Hindustan Powerprojects

“Focus on financial health of state power utilities will make sector attractive to foreign investors.”

UDAY KOTAK[1]
President
CII

“A big bet on growth & turning point in the post-pandemic world where India needs to take a different course.”

SANJEEV KRISHAN[1]
Chairman
PwC in India

“It is growth- focused Budget, which could not only help address immediate needs, but also solve legacy issues.”

PAWAN GOENKA[1]
MD & CEO
M&M

“Scrappage policy should have full incentive for scrapping and not just disincentivise for not scrapping.”

GUENTER BUTSCHEK[1]
CEO & MD
Tata Motors

"Welcome announcements like vehicle scrapping policy, augmenting transport system, and enhancing outlays for developing roads."

TARUN CHUGH[1]
MD & CEO
Bajaj Allianz Life

"Tax change for ULIPs (of higher ticket size) may reduce the advantage these products enjoyed over short-term products."

RADHIKA GUPTA[1]
MD & CEO
Edelweiss AMC

"The proposed capital market reforms are heartening. If the govt. can execute them, there are reasons to be optimistic."

SOMASUNDARAM PR[1]
Managing Director
India, World Gold Council

"The rationalisation of import duty on gold is hopefully the first of a series of such cuts."

S V VEERRAMANI[2]
Past National President
IDMA
Chairman and Managing Director
Fourrts India Laboratories

"Union Budget 2021 is positive for Healthcare Industry. The announcement of Rs. 64000 Cr for Atmanirbhar Health scheme is a welcome. As per the Finance Minister, the healthcare infrastructure fund will also be increased from Rs. 94,000 crores to Rs. 2,23,846 crores. Besides this, the already announced PLI scheme by the Government together with the proposed funding for COVID-19 vaccine and Pneumococcal vaccine augurs well for the healthcare industry in general.

Our expectations of increased weighted deduction on R&D upto 200 percent is absent in the announcement."

KIRAN MAZUMDAR SHAW[2]
Executive Chairperson
Biocon

"Overall, a reassuring Budget with no negative surprises that has buoyed overall sentiment. Healthcare and well-being has received top priority in this budget, with more than doubling of the outlay to Rs 223,846 crore, including the allocation of Rs. 35,400 crore towards COVID-19 vaccination and Rs 64,184 Cr for a new scheme to strengthen the country's primary, secondary and tertiary health infrastructure.

Other positives include the higher spending on infrastructure, the push for bank privatisation, increased funding for strengthening the public sector R&D and innovation ecosystem, as well, as increasing the FDI cap in insurance from 49 per cent to 74 per cent. Monetisation of public sector assets including land is an important policy plan which must be implemented expeditiously to support the mega infra projects."

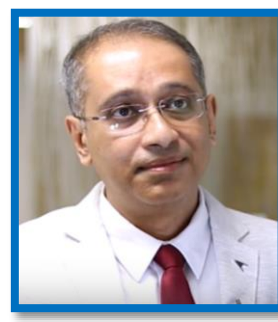
RAM RAHEJA[3]
Director
S Raheja Realty

"Within the constraints of a slowing economy and keeping the fiscal deficit under check, the Finance Minister has delivered a balanced budget. The budget also brought cheer to the NRIs – the bold move to permit one-person companies or OPCs in India sends the right signals to the real estate sector as it will open up avenues for foreign investment as well. When it comes to the choice of global buyers (NRIs and HNIS), they prefer properties from leading brands because of the overall value proposition it offers. Hence this can further fuel investment and help the organized real estate sector to prosper. The positive sentiment the budget has generated has shown its impact on markets and is likely to help continue the upswing in property buying too.”

S. S. MALLIKARJUNA RAO[3]
MD & CEO
Punjab National Bank

“Various measures have been announced on the infrastructure front, which are expected to take the economy into a new trajectory of growth. In addition to over a 34% increase in capital expenditure, new highway projects have also been announced. Setting up of a professionally managed Development Financial Institution will catalyze infrastructure funding.”

ARINDAM GUHA[3]
Partner, Leader – Government and Public Services
Deloitte India



“While a 10% increase in budgetary outlay on infrastructure was always expected, the Government has committed Rs. 5.54 Lakhs towards infrastructure in 2021-22 as against Rs. 4.39 Lakhs in 2020-21 (RE), which translates to an increase of 26%. This clearly shows the continued commitment and focus on infrastructure as a key enabler for GDP growth going forward.”

KRISH RAVESHIA[3]
CEO
Azlo Realty

“Relief on TDS for dividend on REITs and InvITs will boost investment in these instruments. A development finance institution for the infrastructure sector will facilitate funding, the good part is that it will be professionally managed to ensure seamless execution of operations.”

L VISWANATHAN[3]
Partner
Cyril Amarchand Mangaldas

"The budget is focused on growth and comes with several initiatives in the infrastructure sector that can have a multiplier effect. It caters to the need for a special financial institution for funding infrastructure projects which require "long term patient capital". The proposal for enabling debt financing of InVITs and REITs by FPIs is welcome, this will accelerate the movement of assets from Government and Developers to InVITs. This will help in developing sustainable infrastructure that can be serviced over long term and also enhance the governance of these important."

DEEPTO ROY[3]
Partner
Shardul Amarchand Mangaldas & Co.

"A DFI was the need of the hour for the infrastructure sector. The sector needs a long term source of funds and the banks have a significant liquidity issue. Therefore the introduction is a welcome one. However this is a concern around the source of fund. Unless the DFI has access to cheap international source of funds it may meet the fate of previous attempts at securing institutional long term funds in the past."

KENICHI AYUKAWA[4]
President
Society of Indian Automobile Manufacturers (SIAM)

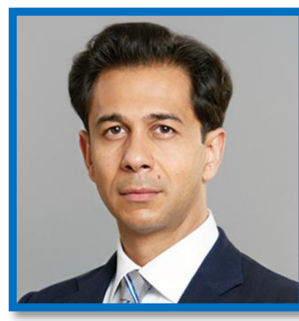
"In a visionary budget, the government has adopted an expansionary stance with a thrust on infrastructure building with measures for efficiency improvement and increasing competitiveness. Good macroeconomic growth will translate to good auto sector demand. Specifically, the vehicle scrappage scheme has a good intent and the auto industry would be keen to work with the Government on suggestions for maximizing benefits to environment and society."

VINKESH GULATI[4]
President
Federation of Automotive Dealers Association (FADA)

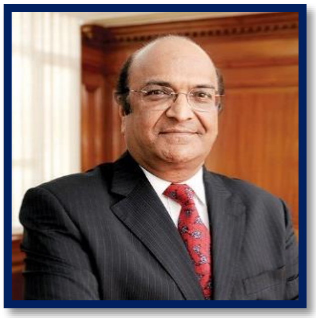
"FADA is happy to note that the Hon'ble Finance Minister has finally announced the much-awaited Scrappage Policy, though voluntary to phase out old vehicles. If we take 1990 as the base year, there are approximately 37L CVs and 52L PVs eligible for voluntary scrappage. As an estimate, 10% of CV and 5% of PV may still be plying on road. We still need to see the fine prints to access the kind of incentives which will be on offer and thus have a +ve effect on retail.

The 6,575 km Highway works proposed in Tamil Nadu, Kerala, West Bengal and Assam and another 19,500 km work for Bharat Mala project will definitely add fillip to a much-needed revival of Commercial Vehicles especially M&HCV segment. Government's reduction of customs duty on steel products to 7.5% will benefit Auto OEMs. We hence expect the benefit to trickle down to end customers thus helping in boosting demand. While we expected disposable income for individuals to increase with enhancement of IT slabs and depreciation benefit on vehicles for individuals, the same has not been taken into consideration."

DEEPAK JAIN[4]
President
Auto Component Manufacturers Association (ACMA)



"The vision of an Aatma-nirbhar Bharat enshrined in the Union Budget, coupled with the 'Sankalp' of 'Nation-First' will be the bedrock to propel us further as we redefine our economy in a post-pandemic world. Significant outlay for vaccination in the country will add to the confidence of a resurgent India. Announcements with regards increased spend on road infrastructure, voluntary scrappage policy, Research & Development and PLI among others, augur well for the automotive sector. Further, continued focus on building rural and agricultural infrastructure and prioritizing agriculture credit growth will have long-term positive impact on rural demand for vehicles. Increase in basic customs duty on select auto components will encourage local manufacturing of such items. It is also heartening that the budget outlay for the MSME sector has been doubled compared to last year. The auto component industry is dominated by MSME and this will provide them the necessary succour as the industry recovers."



DR. RAGHUPATI SINGHANIA[4]
Vice-President, **JK Organisation, and, *Chairman & Managing Director,* JK Tyre & Industries Ltd.**

"The Hon'ble Finance Minister has presented a 'pro-growth' budget in these unprecedented times, which will give a boost to the Indian economy which is on path to recovery. Rightly, there is a huge emphasis on infrastructure, which will help revive economy as well as generate employment. Finally the much awaited scrappage policy has been announced, which is a welcome step. This will increase sale of new vehicles and in turn boost tyre demand. Refocus on healthcare and skill building are very critical for a healthy growth of Aspirant India. The key however is faster implementation of the various important measures announced, which will have a meaningful impact on economy".

TARUN MEHTA[4]
Co-founder & CEO
Ather Energy

"The voluntary vehicle scrappage policy announced to phase out old and unfit vehicles will encourage the sales of new vehicles. It is good to see that the government is looking at addressing the concerns regarding GST inverted duty structure. We look forward to more details on the inverted duty structure and the Production-linked incentive (PLI) scheme announced by the Finance Minister."

RUSHI SHENGHANI[4]
CEO & Founder
Earth Energy EV

"We wholeheartedly welcome the progressive budget by the government this year. The focus on the AtmaNirbhar package will lead to sustained recovery for indigenous brands. We are pleased to know that after keeping Scrappage policy unclear for so long, our Govt. is placing voluntary scrapping policy ahead this year- the industry is going to get a major boost and create demand for energy efficient vehicles. With the continued Govt. support Indian OEMs and manufacturers will grow India self-reliant towards Green mobility."

RAJEEV SINGH[4]
Partner, Automotive Leader
Deloitte India

"We welcome the announcement on voluntary scrappage policy and it's likely to increase demand for new commercial vehicle (CV) and Passenger vehicles (PV). Scrappage policy though voluntary will likely become mandatory as fitness certificate will be made mandatory. It's a soft step towards coming up with mandatory. In dearth of proper infrastructure, just introduction of a fitness certificate may not be enough. The government will also need to build the necessary infrastructure to get this to action on ground. A strong push in Infrastructure building – roads, railways, economic corridors will help boost demand for heavy & medium duty CV's. With government's higher focus on metro and increase in outlay for Urban transport we are likely to see the much-needed demand for buses and smaller vehicles for last mile connectivity".

PRASHANTH DORESWAMY[4]
MD
Continental Automotive India

"We are pleased to hear the government's decision on allocating Rs.1.97 lakh crore for PLI schemes, the industry will benefit from the increased local manufacturing. The voluntary vehicle scrappage policy is a positive sign. We await further details that could give an idea of the actual impact of this policy".

HARI OM RAI[5]
CMD
Lava International Limited

"It is a historic budget making a mark of the beginning of a new India. Government has given a clarion call to the industry with the announcement of creating global champions from India and backing this strategy with a new, "development finance institution". Now the responsibility shifts to the industry to not only dream but dream big and stand together with the government to make the country progress from poverty to wealth over the next three decades."

LEO JOSEPH[5]
Managing Director
Xerox India

"The budget focuses on the D in India, standing for both development and digitization. The progressive budget lays the roadmap for greater digitization in governance. A budget presented and disseminated in a digital format for the first time to a digital census will pave the way for the government to serve citizens through technology and data more seamlessly. The promise of 'minimum government, maximum governance' can only be realized through greater investments in technology and focus on greater R&D and innovation – which the budget does."

KETAN PATEL[5]
Managing Director
HP India Market

"Today's budget announcement confirms the government's focus on developing infrastructure and skills which will have short- and long-term benefits to Indian economy and people. From a technology point of view, the incentives for creating digital infrastructure, education and skilling spells out the government's intent on developing the country's human capital. Steps like international collaboration to develop new skills will help Indian youth prepare for modern job requirements and make them global ready.
The announcement of the National Digital Educational Architecture (NDEAR) is a welcome step, which will help build a Digital First mindset in the entire education system in India and help students and educators adopt new ways of learning and teaching. In addition, we welcome the doubled allocation for the MSME sector which will incentivise digital transformation of our small businesses that are the backbone of our economy."

ALOK DUBEY[5]
Chief Finance Officer
Acer India

"The Union Budget 2021 announcement has covered several important issues faced by the economy and is going to bring growth opportunities despite the COVID-19 pandemic. There are several areas where the honorable Finance Minister has announced allocations of funds. This year the government aims to spend Rs 1.97 lakh crore on various PLI schemes over the next 5 years, starting this fiscal. This is in addition to the Rs. 40,951 crore announced for the PLI for electronic manufacturing schemes which will accelerate growth opportunities for the industry. And, we look forward to a complete policy and leveraging the same to kickstart domestic manufacturing."

CP GURNANI[5]
MD & CEO
Tech Mahindra

"This budget is a step in the direction towards Atmanirbhar Bharat, clearly providing every opportunity that is required for a sustainable economic momentum and growth. The FM has provided for ample opportunity to boost and sustain the gig economy, digital payments and research and development taking place within the country. The focus on innovation and R&D (Research & Development) as an important pillar is a critical step in increasing the export income of Indian IT sector. Along with this, the 'Atmanirbhar Bharat' budget also outlines initiatives for gig economy, digital payments, human capital while also setting up fintech hub and National Natural Language Translation Missions. Therefore, with increased allocation towards infrastructure, financial inclusion and healthcare, Budget 2021 promises to provide the much-needed economic velocity to India's growth cycle."

MANISH SHARMA[5]
President & CEO
Panasonic India & SA

"The Budget presented by the Honorable FM in the background of five mini budgets is a continuum of reformative measures to boost the economy to drive – Job, Demand and Spending. I believe the methodical approach of identifying six focus areas where Health and Infrastructure, with significant increase in allocations, sit on the top is in the right direction to revitalize the economy and invest in the well-being of people.

For manufacturers, Govt. reiterated its commitment to reforms like introduction of Production Linked Incentive (PLI) scheme with a budget outlay of Rs 1.97 lakh crores across 13 sectors which reaffirms their intent to provide impetus to domestic manufacturing, while elevating India's position as a global manufacturing champion. We look forward to implementation details here to participate. The increased spending on infrastructure to improve roads and public transport is also a positive move and will provide easy access to raw material."

VIVEK SHARMA[5]
India MD
Lenovo Data Center Group

"This is a pro-growth, pro-technology budget with a vision to disinvest where required and re-energize infrastructure, healthcare, banking, and agriculture sectors through numerous employment and capital generating reforms. There is a strong focus on Digital India be it through setting a fintech hub at GIFT city, enhancing digital payments and use of AI, ML etc., in governance, or making tax appellates faceless and tech enabled – all provide a solid foundation for a forward-looking data-economy."

AVNEET SINGH MARWAH[5]
Director and CEO
Super Plastronics Pvt. Ltd

"Government intends to boost local manufacturing through its announcements in various PLI scheme in the next five years. As part of consumer electronics, televisions should be considered to be included into the scheme. Also, a dedicated Freight Corridor will be a game changer for the supply chain of manufacturing. By spending on infrastructure, India will be competitive at the global stage. Like metals, the Govt. should consider taking back customs duty on panels as there is an increase of prices by 300% on the raw materials."

RAJEEV SINGH[5]
Managing Director
BenQ India

"A very significant budget as India is coming out fast from effects of COVID 19, government has given strong emphasis on spending on Infrastructure along with big push for Atmanirbhar Bharat. Alongside, there is no change in direct taxes largely which were moderated for companies last time. This will mean more money in the system and will act positively towards faster growth of economy. Government has also given additional push to education and skill development segment in the budget which will result in extensive use of technology which in turn will give a boost to virtual classroom and Blended and Hybrid Learning."

MIKE CHEN[5]
General Manager
TCL India

"We do welcome the recent PLI scheme of the government. However, we need to ease up the duty imposed on raw materials keeping in mind the make in India thought. We should also be getting added incentives so that transformative measures can be taken. The industry contributes 25% of the country's GDP."

ANIL SHARMA
Chartered Accountant
Part-time Member **of National Financial Reporting Authority**
Adjunct Faculty **with the Indian Institute of Corporate Affairs**
Ex-Independent Director **of UCO Bank**

Banking Sector in Union Budget, 2021

In the Union budget, 2021, Finance Minister Smt. Nirmala Sitaraman has made some important proposals to ensure availability of sufficient flow of funds for the economy which is on the recovery path. The important amongst them are recapitalization of public sector banks (PSBs) with 20,000 Crores and setting up an asset reconstruction company and an asset management company which shall take over ever increasing stressed assets burden of the banks.

Capital infusion will improve their capital position and they would be in a better position to give credit to the industry and trade. It would also help the banks to comply regulatory requirements under BASEL norms. On the other hand, taking away bad loans from the banks' balance sheet would also be helpful to them in increasing credit flow in the market as stressed assets increase provisioning requirements. Thrust on Mudra loans and additional credit limits/loans provided to the borrowers during Covid 19 period were being suspected as worrisome development in increasing the stress assets with the banks to their highest in nearly two decades. It was estimated that stressed assets with the banking sector has already touched 14% of its total loans. Idea of floating Asset Reconstruction Company (also being referred as Bad Bank) and asset Management Company are very wise and timely moves. Banking sector shall be able to concentrate on fresh credit growth after transferring the stressed assets from their balance sheets to the proposed asset reconstruction company and they shall not be required to spend most of their time and energy in recoveries from bad loans.

Management and disposal of stressed assets shall be handled by specialised company which may dispose of the assets to alternate investment funds (AIFs). It is interesting to note that the banking industry has been advocating setting up of bad bank since 2016 when the first wave of stressed assets was witnessed by the banks.

Another important announcement in the Budget was setting up a Development Financial Institution (DFI) for the long term fund requirements of the economy. The Finance Minister has allocated Rs. 20,000 crores towards its capital and it is proposed that sufficient remaining resources shall be generated through debt financing to cater to long term fund requirements of Rs 60 -70 Lakh crores in next four –five years. It is worthwhile to mention here that National Infrastructure Pipeline (NIP), as announced by the Government in 2018 has further expanded to include 7400 projects having long term fund requirements of exceeding Rs 100 Lakh crores in next four five years. DFI shall also address the Liquidity mismatch of commercial banks as they were using short term funds to finance long term projects. In the recent past, the banking sector has witnessed generation of very high level of stressed assets due to this factor.

One more announcement relating to the banking sector in the Union Budget, 2021 is the proposed disinvestment of two small public sector banks in addition to IDBI Bank. Though the name of the two banks have not been disclosed but it is expected that small but profitable public sector banks will be offered. The Government is proposing to bring legislative amendments in the parliament to enable it to do so. We have witnessed the merger of 13 public sector banks in recent past which indicates the Government's intention to restrict its ownership to 4-5 large banks. Some of the very large non-banking financial companies, operating in India, may be the potential buyers for these small banks as Reserve Bank of India is working on bringing regulatory provisions for them at par with the banks. In that situation, it would be wiser for them to operate as a bank rather than a NBFC.

ASHISH KUMAR CHAUHAN
MD & CEO
BSE

The Budget will boost and strengthened the markets infrastructure framework for capital formation.

Overall, the budget is big on large picture and vision despite the calamitous period we have witnessed last financial year. I would give it 9.5/10. The markets were buoyant reacting to the budget proposals as no new taxes and levies have been imposed. The rationalization of tax structures for FPIs, NRIs, Invite and REITs will also help attract more funds for capital formation in India. A consolidated securities market act, domestic gold exchange regulator, LIC IPO, other PSU Disinvestment's by showing a clear cut forward path has given tremendous boost and strengthened the markets infrastructure framework for capital formation. Tax efficient zero coupon bonds for infra financing will bring in significant flows and enhance the role of the capital markets in nation building.

C J GEORGE
Managing Director
Geojit Financial Services Ltd

Promising and positive especially considering the V shaped recovery in the Economy

It is dream budget as it has provided more benefits than anticipated. It appears to be promising and positive especially considering the V shaped recovery in the economy. For the BFSI sector, raising the FDI limit in insurance to 74 percent from 49 percent is a step towards embracing privatization and I feel it is the right direction. The proposed Asset Reconstruction and Management Company will help clean up the banks' balance sheets. The proposed unified securities market code will help reduce compliance costs as well as boost the ease of doing business in the financial markets. I believe that India's financial sector is headed for much better times. The positive budget announcements have been well received by the stock markets.

C. VR. RAJENDRAN
Managing Director & CEO
CSB Bank Limited

Big boost to the Economic stability

The budget is able to bring back the positive mood in the market and in the economy by rightly addressing the concerns of different segments. The government has taken bold steps for fiscal management which are good for our economy. Announcements towards privatisation, disinvestment, and capitalisation ...all will give a big boost to the economic stability. The moves for setting up an ARC for cleaning up the Bank Balance Sheets, DFI for project finance, privatisation of banks etc. are key announcements that are aimed at making the systems more efficient. The increase in deposit insurance limit from existing Rs 1 lakh to Rs 5 lakh will infuse more confidence in retail customers. The allocations towards health, public distribution, agriculture, MSME, education, employment creation, skill development, - all shows government's commitment to have a balanced economy with primary focus on health and welfare of the people.

DATTATRAYA JOSHI
Executive Director & Secretary
HiKoki Power Tools India Private Limited
(formerly known as Hitachi Koki India Private Limited)

Push for growth, Infrastructure and Ease of doing business is welcome

In her budget 2021-22, the Union Finance Minister has presented a comprehensive package that will accelerate the all-round economic growth. The special focus on the infrastructure and ease of doing business, is a welcome move. It is indeed a landmark budget, which will boost the confidence level of all stakeholders, just after the pandemic.

The FM has announced many bold and unconventional stimulus, which will accelerate the economy. Though these measures are going to increase the fiscal deficit to 9.5% in FY21, given the circumstance, the FM has done a right job, by taking the risk of increased fiscal deficit. However, this is only a pain in the short term and once all these measures start giving result, this will reverse the trend of high fiscal deficit.

As an outcome of the higher fiscal deficit, most of the funds are being used for capital expenditure. With this, Government has given higher thrust towards infrastructure (like, strengthening roadways, railways, metro rail, port development, micro irrigation etc. This will go a long way in building the nation.

The FM has announced several measures towards, ease of doing business. The announcement like, faceless Income tax Appellate Tribunal centre, Corporate affairs MCA21 portal, reducing the time limit of re-opening Income tax proceedings to three years form six years, enhancement of the threshold limit of the definition of small Companies (which will predominantly encourage all start-ups), will certainly boost the confidence of the investors at a large and encourage them to invest more and build capacity. In turn, this will directly help in creation of employment.

The Government is continuing to focus on affordable housing, by extending the additional deduction of Rs. 1.5 lakhs for loans taken till March 2022, for the purchase of affordable houses. In addition to this, Government's move to allocate higher capital outlay, showcases its intention to build capabilities in India to become stronger, healthier and more resilient society.

The bold announcement by the FM on privatisation of two Public Sector Banks, in addition to a General Insurance Company, IDBI Bank and the IPO of LIC, is commendable. This will help in improving the performance of some of the struggling PSUs. Similarly, the scrappage policy of the Government is a good initiative, which will push the demand for Auto sector.

Overall, it is growth oriented and demand push budget.

DEEPAK PAREKH
Chairman
HDFC Ltd.

Markets reacted favourably, deeming the budget as non-disruptive

Three aspects stand out in this budget. First, there were no surprises in terms of higher taxes or cess. Consequently, markets reacted favourably, deeming the budget as non-disruptive. Second, is the recognition that as India builds, India grows. Increased capex in infrastructure if implemented in a timely manner will have a multiplier impact on various sectors in the economy and will create jobs. Third, is the commitment to pursue long-pending reforms such as privatisation of public financial sector entities. The key monitorable is how quickly legal amendments are done as it is imperative that the government shores up non-tax revenues.

The announcement of an asset reconstruction company and asset management company to consolidate and takeover existing debt is positive move. This will help financial institutions that are struggling to raise capital and impairing their ability to lend. India's low bank credit growth of sub 7% is a function of risk aversion on a part of borrowers and also the NPA woes of banks.

GOPAL KRISHNA AGARWAL
FCA, National Spokesperson of BJP, economic affairs at
Bhartiya Janta Party (BJP)

Government has given path for fiscal consolidation

With 34 % increase in capital expenditure, the Govt has met the expectations of all on increasing spend, this will help economy all round. Health has been a big focus of this budget, increasing health expense by 137 % will take india to have global footprint in pharma sector. Agriculture sector with commitment of 150% of MSP on cost, and setting up of Agri infra and development funds for strengthening APMC mandis and increasing procurement of wheat and paddy etc by about 120 %, points towards our focus of agriculture. MSME has got good support by tweaking import and custom duties on basic raw materials and increasing them on those products that MSME manufacture domestically.

This is very innovative approach that inspite of all resource constraints, Govt has not restricted itself on expenditure and has also given a path for fiscal consolidation.

J. C. SHARMA
Vice Chairman & Managing Director
Sobha Limited

Positive ripple effect on the National Economy

We welcome the announcement of the well thought out Union Budget 2021-22 by the Hon'ble Finance Minister today which will propel growth through public investments, raise demand and create jobs, savings, and consumption. Overall the Budget proposals if seen in the backdrop of the pandemic's devastating impact, resulting in weak revenue inflow and high expenditure towards providing essential relief to the vulnerable sections of the society – it is indeed commendable.

It is heartening to note the Government's focus on "Housing for All" and affordable housing as priority areas. Further the announcement of tax holiday for the affordable housing developers for one more year for developing affordable rental housing projects as part of *Pradhan Mantri Gareeb Awas Yojana*- Urban to ensure affordable housing for the migrant workers is admirable.

"Needless to add, these proposed steps will strengthen the overall real estate sector and boost confidence amongst buyers and builders alike. However, if long standing demands of the sector like granting industry status, rationalizing the GST rates (by allowing the input tax credit), access to funds and ensuring longer repayment cycles, lowering tax on raw materials, and increasing Rs. 2 Lakh tax rebate on housing loan interest rates to at least Rs. 5 Lakh could have been taken - it would have gone a long way to support the real estate developers and generate healthier housing demand. This would have had a lasting positive ripple effect on the national economy."

M. A. YUSUFF ALI
Chairman & Managing Director
Lulu Group International

The Budget will help to propel the Indian Economy

The Union Budget 2021 presented by our Hon'ble Finance Minister is indeed a very good budget which is in line with the great vision of our Hon'ble Prime Minister. The Budget will help to propel the Indian Economy even amidst the global pandemic challenges. The Budget has given a huge thrust to healthcare along with infrastructure, education, development and research. As an NRI businessman I welcome the announcement of One-Person-Companies or OPCs in India by NRIs which will be a game-changer especially for the start-up sector and the new generation businesses.

RAJ VIKASH VERMA
Chairman
AU Small Finance Bank Limited

Game changer for the economy in the post-COVID era

The Union Budget 2021-22 can well be a watershed year for the country's Budget making exercise. It can be described as a bold budget that could be a game changer for the economy in the post-COVID era. It has a slew of measures and policies that could unleash the animal spirit and bring out the best in terms of Private investments across all sectors, real economy and the financial sector. The fear that the Government expenditure, which is largely capex is going to crowd out the private investment is a misnomer. Rather the Government spend will lead and stimulate the private investments, giving right kind of confidence and direction to the Investors and the market in general. In my view, stepping up the Government spend exponentially even at the cost of higher fiscal deficit, is a step in the right direction. While the Government may appear to be excessively relying on the revenue expectations from asset monetization and sale of investments in PSEs/PSBs, besides tax collections and borrowings, it is a well taken call. Surely the Government will take calibrated measures, based on the state of the market. The Budget also takes a medium to long term view and has sought to address the issues of long term stability by signalling important institutional and policy changes, viz. new institutional format for Infrastructure financing, privatization of PSBs, new ARC or bad bank for buying out and managing banks' NPAs etc. Many of these measures are strategic in nature, the impact of which will unfold gradually over 3 to 4 years. With an eye on GDP and employment, the Government's spend on infrastructure, both in terms of quality and quantum, besides renewed push to social sectors such as health and education, are going to script a good growth story. The Budget cannot be faulted for not addressing the big picture, as it has indeed brought into focus a mix of small and big picture comprising short/medium and long term view of the economy, covering the commercial, financial and social sectors through both fiscal and market support.

This is a bold budget in several ways. It makes a major departure from some conventional thinking – we have in the past, been too obsessed with the concept of fiscal deficit remaining within the FRBM limits. I personally feel the demand of the time and the need of the hour is to open up the Purse, keep pushing the limits and discover new boundaries. Time is just right to give a go-by to the FRBM Act and give the right signals to the stake holders and the market, domestic and international, even if it means fiscal deficit exceeding 9%. Similarly, the banking sector could be in for major overhaul both in terms of sentiments and fundamentals through several banking reforms announced in the Budget.

With timely and adequate supply responses (real economy) forthcoming, through a slew of production-linked incentives and adequate flow of credit at lower costs, the inflationary pressure as well as the pressure on interest rates and exchange rates could be well managed by RBI. That will be a real icing on the cake, to my mind.

A big Thumbs Up to the FM.

SANJIV PURI
Chairman & Managing Director
ITC Limited

Visionary and growth-oriented Budget

It is a visionary and growth-oriented budget that provides further impetus to build India's competitiveness as also foster inclusive growth. The enhanced capital expenditure, particularly on infrastructure, will create livelihoods and provide an accelerated thrust to the V-shaped recovery trajectory. The heightened spends on agriculture and rural infrastructure development are aligned to the comprehensive policy interventions aimed at creating competitive agri value chains to raise farm incomes. These augur well for the economy and will spur a virtuous consumption-investment-employment cycle.

SAUGATA GUPTA
Managing Director and CEO
Marico Limited

The budget is well balanced

With the announcement of the Union Budget 2021, the Honourable Finance Minister has taken the monumental task of providing stimulus to consumer demand as well as taken the economic environment head-on, aiming for a fiscal deficit of 6.8% of GDP whilst not making any major change in the taxation structure. Considering the challenges at hand in the face of the pandemic and the slowdown pre-Covid, the budget is well balanced, focusing on key measures including a clear spending focus on health care, vaccination and development of physical infrastructure. It prioritises spending to revive the economy after an unprecedented crisis, despite limited fiscal headroom, which is certainly a big positive step, and will aid the industrial sentiment in India greatly. It has also detailed out inclusive development plans for the agricultural sector and this should help in sustaining the momentum of rural growth.

Overall, this Union Budget ticks most of the right boxes with an encouraging capital infusion in infrastructure and funding the same through prudent borrowing, divestment and restructuring of allocations without impacting consumers negatively. I believe that, going forward, this will bode well for generating demand, driving consumption and sustaining the growth momentum needed to revive the economy.

THOMAS JOHN MUTHOOT
Chairman
Muthoot Pappachan Group
Chairman
CII Kerala State Council on B21

Rejuvenate a pandemic ravaged economy

The budget is truly a transformative one as it pulled out all levers with its ambit to mark yet another successful attempt by the government to rejuvenate a pandemic ravaged economy. The bold measures which encompassed almost all critical sectors of the economy are expected to galvanize the recovery process which has been set into motion. It is encouraging to note that the Finance Minister favoured a major expansion in government spending with a focus on capital expenditure to give a fillip to demand generation and strengthening the recovery momentum. The budget ticked all right boxes of lives, livelihood and growth which would propel the economy to an inclusive growth trajectory.

V.P. NANDAKUMAR
Managing Director and Chief Executive Officer
Manappuram Finance Limited

A progressive and growth-oriented Budget

A progressive and growth-oriented budget presented under difficult circumstances that has also given serious consideration to some of the persistent problems of the banking and financial services sector. We are pleased that the FM has reduced the eligible loan amount for recovery under the SARFAESI Act for NBFCs. It will help in strengthening the NBFC sector by improving credit discipline among borrowers. The one concern we have is about the elevated fiscal deficit and its potential inflationary impact. Going forward, the onus will be on the government to ensure that the deficit levels are progressively brought down in tune with its projections

VELLAYAN SUBBIAH
Chairman
Cholamandalam Investment and Finance Company Ltd.

A perfect fit for the Economic position

"The budget meets India's current needs; a number of pro- growth policies and macro expenditure focused budget; would augur well for industries and the Country in total; A perfect fit for the economic position we are in!"

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Key Highlights of Economic Survey 2020-21

Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman presented the Economic Survey 2020-21 in the Parliament today. The key highlights of Economic Survey 2020-21, which is **dedicated to the COVID Warriors**, are as follows:

Saving Lives and Livelihoods amidst a Once-in-a-Century Crisis

- India focused on saving lives and livelihoods by its willingness to take short-term pain for long-term gain, at the onset of the COVID-19 pandemic
- Response stemmed from the humane principle that:
    - Human lives lost cannot be brought back
    - GDP growth will recover from the temporary shock caused by the pandemic
- An early, intense lockdown provided a win-win strategy to save lives, and preserve livelihoods via economic recovery in the medium to long-term
- Strategy also motivated by the Nobel-Prize winning research by Hansen & Sargent (2001) : a policy focused on minimizing losses in a worst-case scenario when uncertainty is very high
- India's strategy flattened the curve, pushed the peak to September, 2020
- After the September peak, India has been unique in experiencing declining daily cases despite increasing mobility
- V-shaped recovery, as seen in 7.5% decline in GDP in Q2 and recovery across all key economic indicators vis-à-vis the 23.9% GDP contraction in Q1
- COVID pandemic affected both demand and supply:
    - India was the only country to announce structural reforms to expand supply in the medium-long term and avoid long-term damage to productive capacities
    - Calibrated demand side policies to ensure that the accelerator is slowly pushed down only when the brakes on economic activities are being removed
    - A public investment programme centered around the National Infrastructure Pipeline to accelerate the demand push and further the recovery
- Upturn in the economy, avoiding a second wave of infections - a sui generis case in strategic policymaking amidst a once-in-a-century pandemic

State of the Economy in 2020-21 : A Macro View

- COVID-19 pandemic ensued global economic downturn, the most severe one since the Global Financial Crisis
- The lockdowns and social distancing norms brought the already slowing global economy to a standstill
- Global economic output estimated to fall by 3.5% in 2020 (IMF January 2021 estimates)
- Governments and central banks across the globe deployed various policy tools to support their economies such as lowering policy rates, quantitative easing measures, etc.
- India adopted a four-pillar strategy of containment, fiscal, financial, and long-term structural reforms:
  - Calibrated fiscal and monetary support was provided, cushioning the vulnerable during the lockdown and boosting consumption and investment while unlocking
  - A favourable monetary policy ensured abundant liquidity and immediate relief to debtors while unclogging monetary policy transmission
- As per the advance estimates by NSO, India's GDP is estimated to grow by (-) 7.7% in FY21 - a robust sequential growth of 23.9% in H2: FY21 over H1: FY21
- India's real GDP to record a 11.0% growth in FY2021-22 and nominal GDP to grow by 15.4% – the highest since independence:
  - Rebound to be led by low base and continued normalization in economic activities as the rollout of COVID-19 vaccines gathers traction
- Government consumption and net exports cushioned the growth from diving further down, whereas investment and private consumption pulled it down
- The recovery in second half of FY2020-21 is expected to be powered by government consumption, estimated to grow at 17% YoY
- Exports expected to decline by 5.8% and imports by 11.3% in the second half of FY21
- India expected to have a Current Account Surplus of 2% of GDP in FY21, a historic high after 17 years
- On supply side, Gross Value Added (GVA) growth pegged at -7.2% in FY21 as against 3.9% in FY20:
  - Agriculture set to cushion the shock of the COVID-19 pandemic on the Indian economy in FY21 with a growth of 3.4%
  - Industry and services estimated to contract by 9.6% and 8.8% respectively during FY21

- Agriculture remained the silver lining while contact-based services, manufacturing, construction were hit hardest, and recovering steadily
- India remained a preferred investment destination in FY 2020-21 with FDI pouring in amidst global asset shifts towards equities and prospects of quicker recovery in emerging economies:
  - o Net FPI inflows recorded an all-time monthly high of US$ 9.8 billion in November 2020, as investors' risk appetite returned
  - o India was the only country among emerging markets to receive equity FII inflows in 2020
- Buoyant SENSEX and NIFTY resulted in India's market-cap to GDP ratio crossing 100% for the first time since October 2010
- Softening of CPI inflation recently reflects easing of supply side constraints that affected food inflation
- Mild contraction of 0.8% in investment (as measured by Gross Fixed Capital Formation) in 2nd half of FY21, as against 29% drop in 1st half of FY21
- Reignited inter and intra state movement and record-high monthly GST collections have marked the unlocking of industrial and commercial activity
- The external sector provided an effective cushion to growth with India recording a Current Account Surplus of 3.1% of GDP in the first half of FY21:
  - o Strong services exports and weak demand leading to a sharper contraction in imports (merchandise imports contracted by 39.7%) than exports (merchandise exports contracted by 21.2%)
  - o Forex reserves increased to a level so as to cover 18 months worth of imports in December 2020
  - o External debt as a ratio to GDP increased to 21.6% at end-September 2020 from 20.6% at end-March 2020
  - o Ratio of forex reserves to total and short-term debt improved because of the sizable accretion in reserves
- V-shaped recovery is underway, as demonstrated by a sustained resurgence in high frequency indicators such as power demand, e-way bills, GST collection, steel consumption, etc.
- India became the fastest country to roll-out 10 lakh vaccines in 6 days and also emerged as a leading supplier of the vaccine to neighbouring countries and Brazil
- Economy's homecoming to normalcy brought closer by the initiation of a mega vaccination drive:
  - o Hopes of a robust recovery in services sector, consumption, and investment have been rekindled

- Reforms must go on to enable India realize its potential growth and erase the adverse impact of the pandemic

- India's mature policy response to the 'once-in-a-century' crisis provides important lessons for democracies to avoid myopic policy-making and demonstrates benefits of focusing on long-term gains

Does Growth lead to Debt Sustainability? Yes, But Not Vice- Versa!

- Growth leads to debt sustainability in the Indian context but not necessarily vice-versa:
  - Debt sustainability depends on the 'Interest Rate Growth Rate Differential' (IRGD), i.e., the difference between the interest rate and the growth rate
  - In India, interest rate on debt is less than growth rate - by norm, not by exception
- Negative IRGD in India – not due to lower interest rates but much higher growth rates – prompts a debate on fiscal policy, especially during growth slowdowns and economic crises
- Growth causes debt to become sustainable in countries with higher growth rates; such clarity about the causal direction is not witnessed in countries with lower growth rates
- Fiscal multipliers are disproportionately higher during economic crises than during economic booms
- Active fiscal policy can ensure that the full benefit of reforms is reaped by limiting potential damage to productive capacity
- Fiscal policy that provides an impetus to growth will lead to lower debt-to-GDP ratio
- Given India's growth potential, debt sustainability is unlikely to be a problem even in the worst scenarios
- Desirable to use counter-cyclical fiscal policy to enable growth during economic downturns
- Active, counter-cyclical fiscal policy - not a call for fiscal irresponsibility, but to break the intellectual anchoring that has created an asymmetric bias against fiscal policy

Does India's Sovereign Credit Rating Reflect Its Fundamentals? No!

- The fifth largest economy in the world has never been rated as the lowest rung of the investment grade (BBB-/Baa3) in sovereign credit ratings:
  - Reflecting the economic size and thereby the ability to repay debt, the fifth largest economy has been predominantly rated AAA
  - China and India are the only exceptions to this rule – China was rated A-/A2 in 2005 and now India is rated BBB-/Baa3

- India's sovereign credit ratings do not reflect its fundamentals:
    - A clear outlier amongst countries rated between A+/A1 and BBB-/Baa3 for S&P/ Moody's, on several parameters
    - Rated significantly lower than mandated by the effect on the sovereign rating of the parameter
- Credit ratings map the probability of default and therefore reflect the willingness and ability of borrower to meet its obligations:
    - India's willingness to pay is unquestionably demonstrated through its zero sovereign default history
    - India's ability to pay can be gauged by low foreign currency denominated debt and forex reserves
- Sovereign credit rating changes for India have no or weak correlation with macroeconomic indicators
- India's fiscal policy should reflect Gurudev Rabindranath Tagore's sentiment of 'a mind without fear'
- Sovereign credit ratings methodology should be made more transparent, less subjective and better attuned to reflect economies' fundamentals

Inequality and Growth: Conflict or Convergence?

- The relationship between inequality and socio-economic outcomes vis-à-vis economic growth and socio-economic outcomes, is different in India from that in advanced economies.
- Both inequality and per-capita income (growth) have similar relationships with socio-economic indicators in India, unlike in advanced economies
- Economic growth has a greater impact on poverty alleviation than inequality
- India must continue to focus on economic growth to lift the poor out of poverty
- Expanding the overall pie - redistribution in a developing economy is feasible only if the size of the economic pie grows

Healthcare takes centre stage, finally!

- COVID-19 pandemic emphasized the importance of healthcare sector and its inter-linkages with other sectors - showcased how a health crisis transformed into an economic and social crisis
- India's health infrastructure must be agile so as to respond to pandemics - healthcare policy must not become beholden to 'saliency bias'
- National Health Mission (NHM) played a critical role in mitigating inequity as the access of the poorest to pre-natal/post-natal care and institutional deliveries increased significantly
- Emphasis on NHM in conjunction with Ayushman Bharat should continue

- An increase in public healthcare spending from 1% to 2.5-3% of GDP can decrease the out-of-pocket expenditure from 65% to 35% of overall healthcare spending
- A regulator for the healthcare sector must be considered given the market failures stemming from information asymmetry
    - Mitigation of information asymmetry will help lower insurance premiums, enable the offering of better products and increase insurance penetration
    - Information utilities that help mitigate the information asymmetry in healthcare sector will be useful in enhancing overall welfare
- Telemedicine needs to be harnessed to the fullest by investing in internet connectivity and health infrastructure

Process Reforms

- India over-regulates the economy resulting in regulations being ineffective even with relatively good compliance with process
- The root cause of the problem of over regulation is an approach that attempts to account for every possible outcome
- Increase in complexity of regulations, intended to reduce discretion, results in even more non-transparent discretion
- The solution is to simplify regulations and invest in greater supervision which, by definition, implies greater discretion
- Discretion, however, needs to be balanced with transparency, systems of ex-ante accountability and ex-post resolution mechanisms
- The above intellectual framework has already informed reforms ranging from labour codes to removal of onerous regulations on the BPO sector

Regulatory Forbearance an emergency medicine, not staple diet!

- During the Global Financial Crisis, regulatory forbearance helped borrowers tide over temporary hardship
- Forbearance continued long after the economic recovery, resulting in unintended consequences for the economy
- Banks exploited the forbearance window for window-dressing their books and misallocated credit, thereby damaging the quality of investment in the economy
- Forbearance represents emergency medicine that should be discontinued at the first opportunity when the economy exhibits recovery, not a staple diet that gets continued for years
- To promote judgement amidst uncertainty, ex-post inquests must recognize the role of hindsight bias and not equate unfavourable outcomes to bad judgement or malafide intent

- An Asset Quality Review exercise must be conducted immediately after the forbearance is withdrawn
- The legal infrastructure for the recovery of loans needs to be strengthened de facto

Innovation: Trending Up but Needs Thrust, Especially from the Private Sector

- India entered the top-50 innovating countries for the first time in 2020 since the inception of the Global Innovation Index in 2007, ranking first in Central and South Asia, and third amongst lower middle-income group economies
- India's gross domestic expenditure on R&D (GERD) is lowest amongst top ten economies
- India's aspiration must be to compete on innovation with the top ten economies
- The government sector contributes a disproportionately large share in total GERD at three times the average of top ten economies
- The business sector's contribution to GERD, total R&D personnel and researchers is amongst the lowest when compared to top ten economies
- This situation has prevailed despite higher tax incentives for innovation and access to equity capital
- India's business sector needs to significantly ramp up investments in R&D
- Indian resident's share in total patents filed in the country must rise from the current 36% which is much below the average of 62% in top ten economies
- For achieving higher improvement in innovation output, India must focus on improving its performance on institutions and business sophistication innovation inputs

JAY Ho! PM'JAY' Adoption and Health outcomes

- Pradhan Mantri Jan Arogya Yojana (PM-JAY) – the ambitious program launched by Government of India in 2018 to provide healthcare access to the most vulnerable sections demonstrates strong positive effects on healthcare outcomes in a short time
- PM-JAY is being used significantly for high frequency, low cost care such as dialysis and continued during the Covid pandemic and the lockdown.
- Causal impact of PM-JAY on health outcomes by undertaking a Difference-in-Difference analysis based on National Family Health Survey (NFHS)-4 (2015-16) and NFHS-5 (2019-20) is following:
    - Enhanced health insurance coverage: The proportion of households that had health insurance increased in Bihar, Assam and Sikkim from 2015-16 to 2019-20 by 89% while it decreased by 12% over the same period in West Bengal
    - Decline in Infant Mortality rate: from 2015-16 to 2019-20, infant mortality rates declined by 20% for West Bengal and by 28% for the three neighbouring states
    - Decline in under-5 mortality rate: Bengal saw a fall of 20% while, the neighbours witnessed a 27% reduction

- Modern methods of contraception, female sterilization and pill usage went up by 36%, 22% and 28% respectively in the three neighbouring states while the respective changes for West Bengal were negligible
- While West Bengal did not witness any significant decline in unmet need for spacing between consecutive kids, the neighbouring three states recorded a 37% fall
- Various metrics for mother and child care improved more in the three neighbouring states than in West Bengal.

- Each of these health effects manifested similarly when we compare all states that implemented PM-JAY versus the states that did not
- Overall, the comparison reflects significant improvements in several health outcomes in states that implemented PM-JAY versus those that did not

Bare Necessities

- Access to the 'bare necessities' has improved across all States in the country in 2018 as compared to 2012
    - It is highest in States such as Kerala, Punjab, Haryana and Gujarat while lowest in Odisha, Jharkhand, West Bengal and Tripura
    - Improvement in each of the five dimensions viz., access to water, housing, sanitation, micro-environment and other facilities
    - Inter-State disparities declined across rural and urban areas as the laggard states have gained relatively more between 2012 and 2018
    - Improved disproportionately more for the poorest households when compared to the richest households across rural and urban areas
- Improved access to the 'bare necessities' has led to improvements in health indicators such as infant mortality and under-5 mortality rate and also correlates with future improvements in education indicators
- Thrust should be given to reduce variation in the access to bare necessities across states, between rural and urban and between income groups
- The schemes such as Jal Jeevan Mission, SBM-G, PMAY-G, etc. may design appropriate strategy to reduce these gaps
- A Bare Necessities Index (BNI) based on the large annual household survey data can be constructed using suitable indicators and methodology at district level for all/targeted districts to assess the progress on access to bare necessities.

Fiscal Developments

- India adopted a calibrated approach best suited for a resilient recovery of its economy from COVID-19 pandemic impact, in contrast with a front-loaded large stimulus package adopted by many countries

- Expenditure policy in 2020-21 initially aimed at supporting the vulnerable sections but was re-oriented to boost overall demand and capital spending, once the lockdown was unwound
- Monthly GST collections have crossed the Rs. 1 lakh crore mark consecutively for the last 3 months, reaching its highest levels in December 2020 ever since the introduction of GST
- Reforms in tax administration have begun a process of transparency and accountability and have incentivized tax compliance by enhancing honest tax-payers' experience
- Central Government has also taken consistent steps to impart support to the States in the challenging times of the pandemic

External Sector

- COVID-19 pandemic led to a sharp decline in global trade, lower commodity prices and tighter external financing conditions with implications for current account balances and currencies of different countries
- India's forex reserves at an all-time high of US$ 586.1 billion as on January 08, 2021, covering about 18 months worth of imports
- India experiencing a Current Account Surplus along with robust capital inflows leading to a BoP surplus since Q4 of FY2019-20
- Balance on the capital account is buttressed by robust FDI and FPI inflows:
    - Net FDI inflows of US$ 27.5 billion during April-October, 2020: 14.8% higher as compared to first seven months of FY2019-20
    - Net FPI inflows of US$ 28.5 billion during April-December, 2020 as against US$ 12.3 billion in corresponding period of last year
- In H1: FY21, steep contraction in merchandise imports and lower outgo for travel services led to:
    - Sharper fall in current payments (by 30.8%) than current receipts (15.1%)
    - Current Account Surplus of US$ 34.7 billion (3.1% of GDP)
- India to end with an Annual Current Account Surplus after a period of 17 years
- India's merchandise trade deficit was lower at US$ 57.5 billion in April-December, 2020 as compared to US$ 125.9 billion in the corresponding period last year
- In April-December, 2020, merchandise exports contracted by 15.7% to US$ 200.8 billion from US$ 238.3 billion in April-December, 2019:
    - Petroleum, Oil and Lubricants (POL) exports have contributed negatively to export performance during the period under review
    - Non-POL exports turned positive and helped in improving export performance in Q3 of 2020-21

- o Within Non-POL exports, agriculture & allied products, drugs & pharmaceutical and ores & minerals recorded expansion

- Total merchandise imports declined by (-) 29.1% to US$ 258.3 billion during April-December, 2020 from US$ 364.2 billion during the same period last year:
  - o Sharp decline in POL imports pulled down the overall import growth
  - o Imports contracted sharply in Q1 of 2020-21; the pace of contraction eased in subsequent quarters, due to the accelerated positive growth in Gold and Silver imports and narrowing contraction in non-POL, non-Gold & non-Silver imports
  - o Fertilizers, vegetable oil, drugs & pharmaceuticals and computer hardware & peripherals have contributed positively to the growth of non-POL, non-Gold & non-Silver imports
- Trade balance with China and the US improved as imports slowed
- Net services receipts amounting to US$ 41.7 billion remained stable in April-September 2020 as compared with US$ 40.5 billion in corresponding period a year ago.
- Resilience of the services sector was primarily driven by software services, which accounted for 49% of total services exports
- Net private transfer receipts, mainly representing remittances by Indians employed overseas, totaling US$ 35.8 billion in H1: FY21 declined by 6.7% over the corresponding period of previous year
- At end-September 2020, India's external debt placed at US$ 556.2 billion - a decrease of US$ 2.0 billion (0.4%) as compared to end-March 2020.
- Improvement in debt vulnerability indicators:
  - o Ratio of forex reserves to total and short-term debt (original and residual)
  - o Ratio of short-term debt (original maturity) to the total stock of external debt.
  - o Debt service ratio (principal repayment plus interest payment) increased to 9.7% as at end-September 2020, compared to 6.5% as at end-March 2020
- Rupee appreciation/depreciation:
  - o In terms of 6-currency nominal effective exchange rate (NEER) (trade-based weights), Rupee depreciated by 4.1% in December 2020 over March 2020; appreciated by 2.9% in terms of real effective exchange rate (REER)
  - o In terms of 36-currency NEER (trade-based weights), Rupee depreciated by 2.9% in December 2020 over March 2020; appreciated by 2.2% in terms of REER
- RBI's interventions in forex markets ensured financial stability and orderly conditions, controlling the volatility and one-sided appreciation of the Rupee

- Initiatives undertaken to promote exports:
  - o Production Linked Incentive (PLI) Scheme
  - o Remission of Duties and Taxes on Exported Products (RoDTEP)
  - o Improvement in logistics infrastructure and digital initiatives

Money Management and Financial Intermediation

- Accommodative monetary policy during 2020: repo rate cut by 115 bps since March 2020
- Systemic liquidity in FY2020-21 has remained in surplus so far. RBI undertook various conventional and unconventional measures like:
  - o Open Market Operations
  - o Long Term Repo Operations
  - o Targeted Long Term Repo Operations
- Gross Non-Performing Assets ratio of Scheduled Commercial Banks decreased from 8.21% at end-March, 2020 to 7.49% at end-September, 2020
- The monetary transmission of lower policy rates to deposit and lending rates improved during FY2020-21
- NIFTY-50 and BSE SENSEX reached record high closing of 14,644.7 and 49,792.12 respectively on January 20, 2021
- The recovery rate for the Scheduled Commercial Banks through IBC (since its inception) has been over 45%

Prices and Inflation

- Headline CPI inflation:
  - o Averaged 6.6% during April-December, 2020 and stood at 4.6% in December, 2020, mainly driven by rise in food inflation (from 6.7% in 2019-20 to 9.1% during April-December, 2020, owing to build up in vegetable prices)
  - o CPI headline and its sub groups witnessed inflation during April-October 2020, driven by substantial increase in price momentum - due to the initial disruptions caused by COVID-19 lockdown
  - o Moderated price momentum by November 2020 for most sub groups, coupled with positive base effect helped ease inflation
- Rural-urban difference in CPI inflation saw a decline in 2020:
  - ○ Since November 2019, CPI-Urban inflation has closed the gap with CPI-Rural inflation
  - ○ Food inflation has almost converged now
  - ○ Divergence in rural-urban inflation observed in other components of CPI like fuel and light, clothing and footwear, miscellaneous etc.

- During April-December, 2019 as well as April-December, 2020-21, the major driver of CPI-C inflation was the food and beverages group:
    - Contribution increased to 59% during April-December, 2020, compared to 53.7% during April-December, 2019
- Thali cost increased between June 2020 and November 2020, however a sharp fall in the month of December reflecting the fall in the prices of many essential food commodities
- State-wise trend:
    - CPI-C inflation increased in most of the states in the current year
    - Regional variation persists
    - Inflation ranged from 3.2% to 11% across States/UTs during June-December 2020 compared to (-) 0.3% to 7.6% during the same period last year.
- Food inflation driving overall CPI-C inflation due to the relatively more weight of food items in the index.
- Steps taken to stabilize prices of food items:
    - Banning of export of onions
    - Imposition of stock limit on onions
    - Easing of restriction on imports of pulses
- Gold prices:
    - Sharp spike as investors turned to gold as a safe haven investment amid COVID-19 induced economic uncertainties
    - Compared to other assets, gold had considerably higher returns during FY2020-21
- Consistency in import policy warrants attention:
    - Increased dependence on imports of edible oils poses risk of fluctuations in import prices
    - Imports impacting production and prices of domestic edible oil market, coupled with frequent changes in import policy of pulses and edible oils, add to confusion among farmers/producers and delay imports

Sustainable Development and Climate Change

- India has taken several proactive steps to mainstream the SDGs into the policies, schemes and programmes
- Voluntary National Review (VNR) presented to the United Nations High-Level Political Forum (HLPF) on Sustainable Development
- Localisation of SDGs is crucial to any strategy aimed at achieving the goals under the 2030 Agenda

- Several States/UTs have created institutional structures for implementation of SDGs and also nodal mechanisms within every department and at the district levels for better coordination and convergence

- Sustainable development remains core to the development strategy despite the unprecedented COVID-19 pandemic crisis
- Eight National Missions under National Action Plan on Climate Change (NAPCC) focussed on the objectives of adaptation, mitigation and preparedness on climate risks
- India's Nationally Determined Contributions (NDC) states that finance is a critical enabler of climate change action
- The financing considerations will therefore remain critical especially as the country steps up the targets substantially
- The goal of jointly mobilizing US$ 100 billion a year by 2020 for climate financing by the developed countries has remained elusive
- The postponement of COP26 to 2021 also gives less time for negotiations and other evidence-based work to inform the post-2025 goal
- Despite overall growth in the global bond markets, green bond issuance in the first half of 2020 slowed down from 2019, possibly as a result of the on-going COVID-19 pandemic
- International Solar Alliance (ISA) launched two new initiatives – 'World Solar Bank' and 'One Sun One World One Grid Initiative' - poised to bring about solar energy revolution globally

Agriculture and Food Management

- India's Agricultural (and Allied Activities) sector has shown its resilience amid the adversities of COVID-19 induced lockdowns with a growth of 3.4% at constant prices during 2020-21 (first advance estimate)
- The share of Agriculture and Allied Sectors in Gross Value Added (GVA) of the country at current prices is 17.8% for the year 2019-20 (CSO-Provisional Estimates of National Income, 29th May, 2020)
- Gross Capital Formation (GCF) relative to GVA showing a fluctuating trend from 17.7 % in 2013-14 to 16.4 % in 2018-19, with a dip to 14.7 % in 2015-16
- Total food grain production in the country in the agriculture year 2019-20 (as per Fourth Advance Estimates), is 11.44 million tonnes more than than during 2018-19
- The actual agricultural credit flow was ₹13,92,469.81 crores against the target of ₹13,50,000 crores in 2019-20. The target for 2020-21 was ₹15,00,000 crores and a sum of ₹9,73,517.80 crores was disbursed till 30th November, 2020:
    - 1.5 crore dairy farmers of milk cooperatives and milk producer companies' were targeted to provide Kisan Credit Cards (KCC) as part of Prime Minister's

AatmaNirbhar Bharat Package after the budget announcement of February 2020

- As of mid January 2021, a total of 44,673 Kisan Credit Cards (KCCs) have been issued to fishers and fish farmers and an additional 4.04 lakh applications from fishers and fish farmers are with the banks at various stages of issuance

- The Pradhan Mantri Fasal Bima Yojana covers over 5.5 crore farmer applications year on year
  - Claims worth Rs. 90,000 crore paid, as on 12th January, 2021
  - Speedy claim settlement directly into the farmer accounts through Aadhar linkage
  - 70 lakh farmers benefitted and claims worth Rs. 8741.30 crores were transferred during COVID-19 lock down period

- An amount of Rs. 18000 crore have been deposited directly in the bank accounts of 9 crore farmer families of the country in December, 2020 in the 7th installment of financial benefit under the PM-KISAN scheme

- Fish production reached an all-time high of 14.16 million metric tons during 2019-20:
  - GVA by the Fisheries sector to the national economy stood at ₹2,12,915 crores constituting 1.24% of the total national GVA and 7.28 % of the agricultural GVA

- Food Processing Industries (FPI) sector growing at an Average Annual Growth Rate (AAGR) of around 9.99 % as compared to around 3.12 % in Agriculture and 8.25 % in Manufacturing at 2011-12 prices during the last 5 years ending 2018-19

- Pradhan Mantri Garib Kalyan Anna Yojana:
  - 80.96 crore beneficiaries were provided foodgrains above NFSA mandated requirement free of cost till November, 2020.
  - Over 200 LMT of foodgrains were provided amounting to a fiscal outgo of over Rs. 75000 Crores

- AatmaNirbhar Bharat Package: 5 kg per person per month for four months (May to August) to approximately 8 crores migrants (excluded under NFSA or state ration card) entailing subsidy of Rs. 3109 crores approximately

Industry and Infrastructure

- A strong V-shaped recovery of economic activity further confirmed by IIP data

- The IIP & eight-core index further inched up to pre-COVID levels

- The broad-based recovery in the IIP resulted in a growth of (-) 1.9 % in Nov-2020 as compared to a growth of 2.1 % in Nov-2019 and a nadir of (-) 57.3 % in Apr-2020

- Further improvement and firming up in industrial activities are foreseen with the Government enhancing capital expenditure, the vaccination drive and the resolute push forward on long pending reform measures

- AatmaNirbhar Bharat Abhiyan with a stimulus package worth 15 % of India's GDP announced
- India's rank in the Ease of Doing Business (EoDB) Index for 2019 has moved upwards to the 63rd position in 2020 from 77th in 2018 as per the Doing Business Report (DBR):
    - India has improved its position in 7 out of 10 indicators
    - Acknowledges India as one of the top 10 improvers, the third time in a row, with an improvement of 67 ranks in three years
    - It is also the highest jump by any large country since 2011
- FDI equity inflows were US$49.98 billion in FY20 as compared to US$44.37 billion during FY19:
    - It is US$30.0 billion for FY21 (up to September-2020)
    - The bulk of FDI equity flow is in the non-manufacturing sector
    - Within the manufacturing sector, industries like automobile, telecommunication, metallurgical, non-conventional energy, chemical (other than fertilizers), food processing, petroleum & natural gas got the bulk of FDI
- Government has announced a Production-Linked Incentive (PLI) Scheme in the 10 key sectors under the aegis of AatmaNirbhar Bharat for enhancing India's manufacturing capabilities and exports:
    - To be implemented by the concerned ministries with an overall expenditure estimated at Rs.1.46 lakh crores and with sector specific financial limits

Services Sector

- India's services sector contracted by nearly 16% during H1: FY2020-21, during the COVID-19 pandemic mandated lockdown, owing to its contact-intensive nature
- Key indicators such as Services Purchasing Managers' Index, rail freight traffic, and port traffic, are all displaying a V-shaped recovery after a sharp decline during the lockdown
- Despite the disruptions being witnessed globally, FDI inflows into India's services sector grew robustly by 34% Y-o-Y during April-September 2020 to reach US$ 23.6 billion
- The services sector accounts for over 54% of India's GVA and nearly four-fifths of total FDI inflow into India
- The sector's share in GVA exceeds 50% in 15 out of 33 States and UTs, and is particularly more pronounced (greater than 85%) in Delhi and Chandigarh
- Services sector accounts for 48% of total exports, outperforming goods exports in the recent years
- The shipping turnaround time at ports has almost halved from 4.67 days in 2010-11 to 2.62 days in 2019-20

- The Indian start-up ecosystem has been progressing well amidst the COVID-19 pandemic, being home to 38 unicorns - adding a record number of 12 start-ups to the unicorn list last year

- India's space sector has grown exponentially in the past six decades:
  - Spent about US$ 1.8 billion on space programmes in 2019-20
  - Space ecosystem is undergoing several policy reforms to engage private players and attract innovation and investment

Social Infrastructure, Employment and Human Development

- The combined (Centre and States) social sector expenditure as % of GDP has increased in 2020-21 compared to last year.

- India's rank in HDI 2019 was recorded at 131, out of a total 189 countries:
  - India's GNI per capita (2017 PPP $) has increased from US$ 6,427 in 2018 to US$ 6,681 in 2019

Life expectancy at birth improved from 69.4 years in 2018 to 69.7 years in 2019

- The access to data network, electronic devices such as computer, laptop, smart phone etc. gained importance due to online learning and remote working during the pandemic

- Major proportion of workforce engaged as regular wage/salaried in the urban sector during the period of January 2019-March 2020 (quarterly survey of PLFS)

- Government's incentive to boost employment through AatmaNirbhar Bharat Rozgar Yojana and rationalization and simplification of existing labour codes into 4 codes

- Low level of female LFPR in India:
  - Females spending disproportionately more time on unpaid domestic and care giving services to household members as compared to their male counterparts (Time Use Survey, 2019)
  - Need to promote non-discriminatory practices at the workplace like pay and career progression, improve work incentives, including other medical and social security benefits for female workers

- Under PMGKP announced in March, 2020, cash transfers of upto Rs.1000 to existing old aged, widowed and disabled beneficiaries under the National Social Assistance Programme (NSAP)

- An amount of Rs. 500 each was transferred for three months digitally into bank accounts of the women beneficiaries under PM Jan Dhan Yojana, totalling about Rs. 20.64 crores

- Free distribution of gas cylinders to about 8 crore families for three months

- Limit of collateral free lending increased from Rs. 10 lakhs to Rs. 20 lakhs for 63 lakh women SHGs which would support 6.85 crore households

- Wages under Mahatma Gandhi NREGA increased by Rs.20 from Rs.182 to Rs.202 w.e.f. 1st April, 2020
    - India's fight against COVID-19:
    - Initial measures of lockdown, social distancing, travel advisories, practicing hand wash, wearing masks reduced the spread of the disease
    - Country also acquired self-reliance in essential medicines, hand sanitizers, protective equipment including masks, PPE Kits, ventilators, COVID-19 testing and treatment facilities
    - World's largest COVID-19 vaccination drive commenced on 16th January, 2021 using two indigenously manufactured vaccines

Source : https://pib.gov.in/PressReleasePage.aspx?PRID=1693231.

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Budget at a Glance

Budget at a Glance

Table : Budget at a Glance 2021-22 (Rs crore)

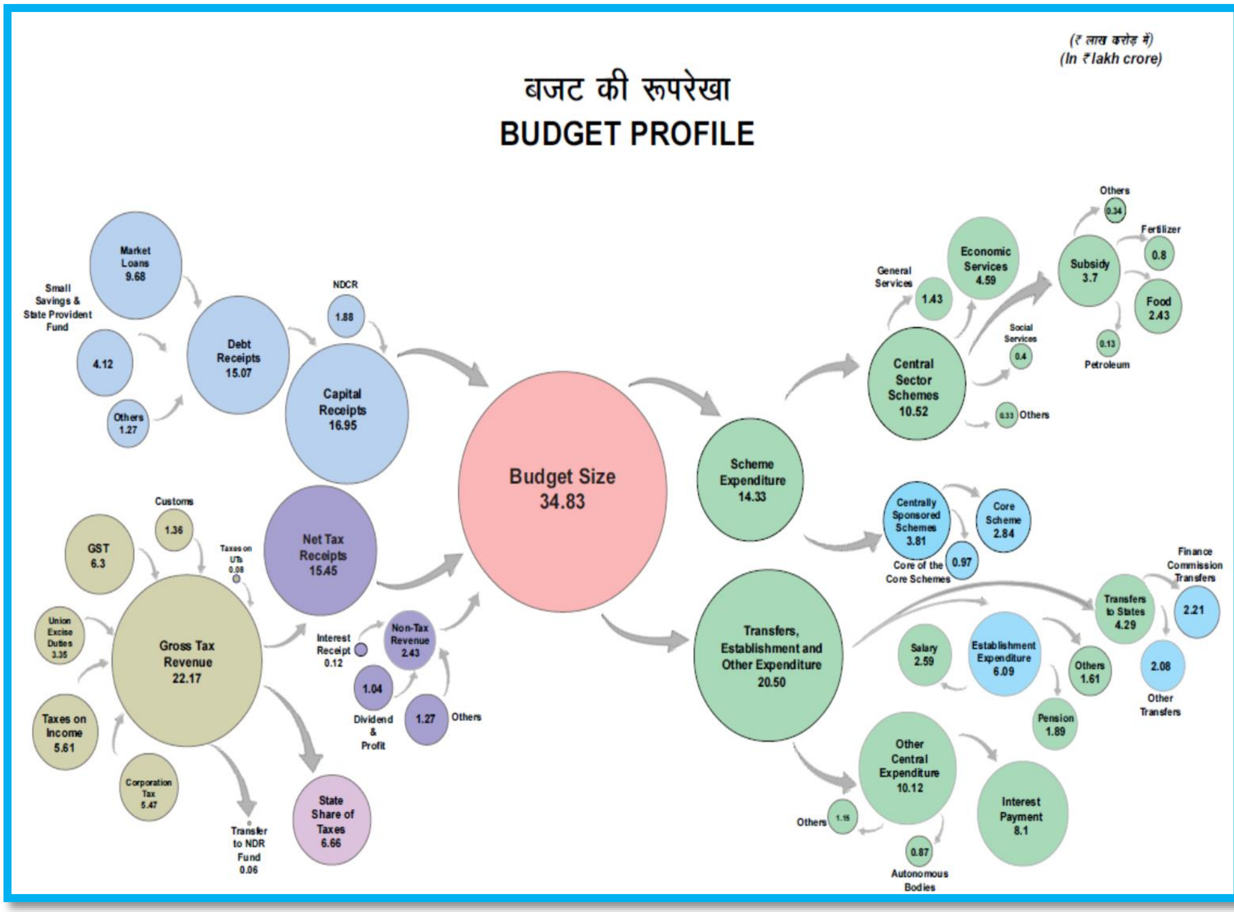
	Actuals 2019-20	*Budgeted 2020-21*	*Revised 2020-21*	*Budgeted 2021-22*	*Change (Annualised) (Actuals 2019-20 to BE 2021-22)*
Revenue Expenditure	23,50,604	26,30,145	30,11,142	29,29,000	12%
Capital Expenditure	3,35,726	4,12,085	4,39,163	5,54,236	29%
of which:					
Capital outlay	3,11,312	3,80,322	3,32,247	5,13,862	29%
Loans	24,414	31,763	1,06,916	40,374	29%
Total Expenditure	26,86,330	30,42,230	34,50,305	34,83,236	14%
Revenue Receipts	16,84,059	20,20,926	15,55,153	17,88,424	3%
Capital Receipts	68,620	2,24,967	46,497	1,88,000	66%
of which:					
Recoveries of Loans	18,316	14,967	14,497	13,000	-16%
Other receipts (including disinvestments)	50,304	2,10,000	32,000	1,75,000	87%
Total Receipts (without borrowings)	17,52,679	22,45,893	16,01,650	19,76,424	6%

Revenue Deficit	6,66,545	6,09,219	14,55,989	11,40,576	31%
% of GDP	3.3%	2.7%	7.5%	5.1%	
Fiscal Deficit	9,33,651	7,96,337	18,48,655	15,06,812	27%
% of GDP	4.6%	3.5%	9.5%	6.8%	
Primary Deficit	3,21,581	88,134	11,55,755	6,97,111	47%
% of GDP	1.6%	0.4%	5.9%	3.1%	

Notes : Budgeted estimates (BE) are budget allocations announced at the beginning of each financial year. Revised Estimates (RE) are estimates of projected amounts of receipts and expenditure until the end of the financial year. Actual amounts are audited accounts of expenditure and receipts in a year. Change from Actuals 2019-20 to BE 2021-22 represents the compounded annual growth rate (CAGR) for the period.

Sources: Budget at a Glance, Union Budget Documents 2021-22; PRS.

- **Total Expenditure:** The government is estimated to spend Rs 34,83,236 crore during 2021-22 which is an annual increase of 14% over 2019-20. Out of the total expenditure, revenue expenditure is estimated to be Rs 29,29,000 crore (12% annual increase over 2019-20) and capital expenditure is estimated to be Rs 5,54,236 crore (29% annual increase over 2019-20).
- **Total Receipts:** The government receipts (excluding borrowings) are estimated to be Rs 19,76,424 crore, annual increase of 6% over 2019-20. Borrowings are estimated at Rs 15,06,812 crore (27% annual increase over 2019-20).
- **Transfer to states:** The central government will transfer Rs 13,88,502 crore to states and union territories in 2021-22 (annual increase of 10% over 2019-20). This includes devolution of (i) Rs 6,65,563 crore to states, out of the centre's share of taxes (increase of 1%), and (ii) Rs 7,22,939 crore in the form of grants and loans (increase of 21%). In 2020-21, while devolution to states fell by 30% at the revised stage (compared to budget estimates), grants were higher by 26%.
- **Deficits:** Revenue deficit is targeted at 5.1% of GDP, and fiscal deficit is targeted at 6.8% of GDP in 2021-22. The target for primary deficit (which is fiscal deficit excluding interest payments) is 3.1% of GDP. In 2020-21, as per the revised estimate, revenue deficit is 7.5% of GDP, and fiscal deficit is 9.5% of GDP.
- **GDP growth estimate:** The nominal GDP is estimated to grow at a rate of 14.4% in 2021-22. In Budget 2020-21, GDP was estimated to grow at 10%, which was revised to -13%.



Source :
https://www.prsindia.org/sites/default/files/budget_files/Union%20Budget%20Analysis%20-%202020-21.pdf

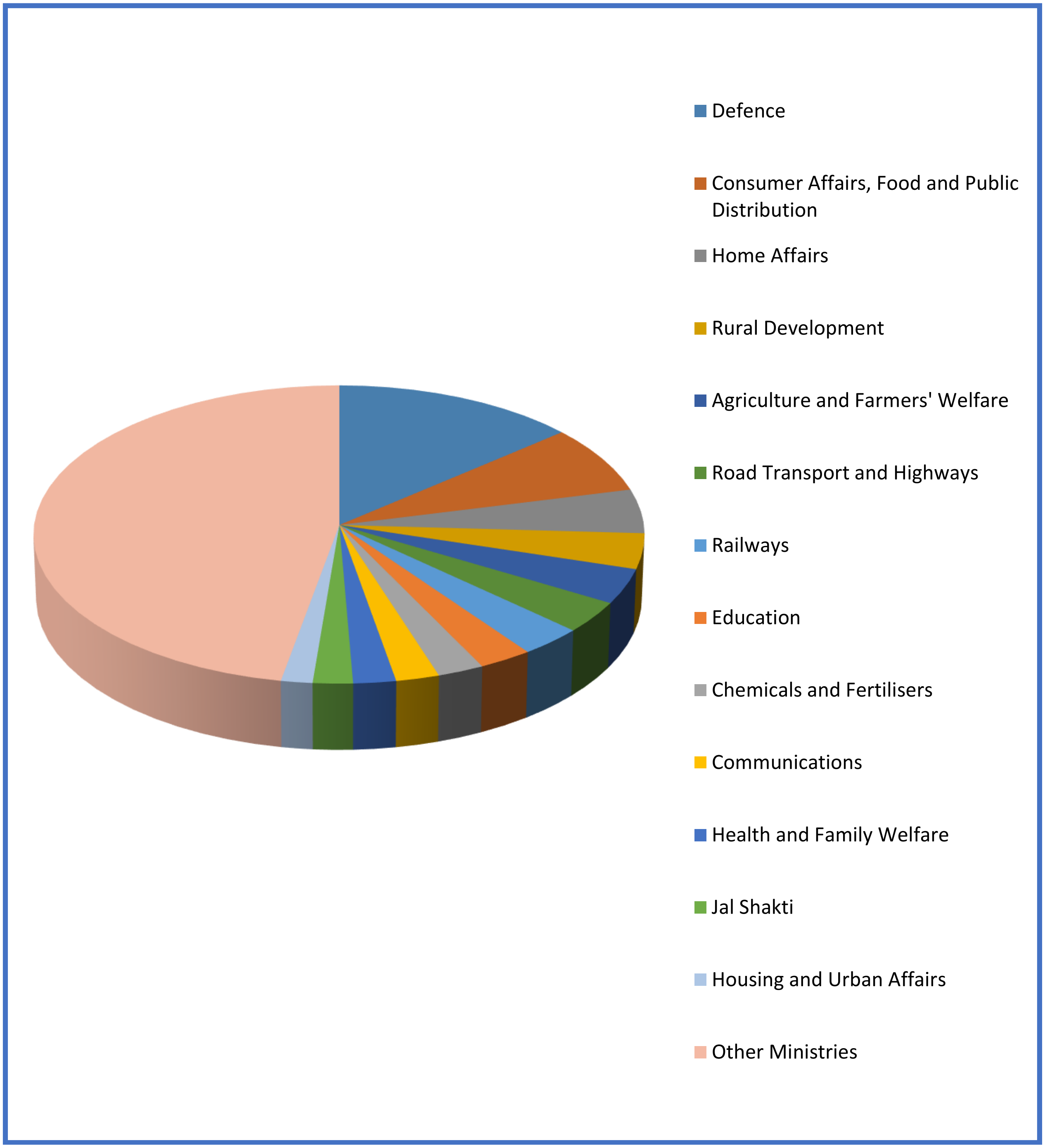
Ministry wise Allocation

Table : Ministry-wise expenditure in 2021-22 (Rs crore)

	Actuals 2019-20	*Budgeted 2020-21*	*Revised 2020-21*	*Budgeted 2021-22*	*Change (Annualised) (Actuals 2019-20 to BE 2021-22)*
Defence	4,52,996	4,71,378	4,84,736	4,78,196	3%
Consumer Affairs, Food and Public Distribution	1,17,096	1,24,535	4,50,687	2,56,948	48%
Home Affairs	1,34,978	1,67,250	1,49,388	1,66,547	11%
Rural Development	1,23,622	1,22,398	1,98,629	1,33,690	4%
Agriculture and Farmers' Welfare	1,01,775	1,42,762	1,24,520	1,31,531	14%
Road Transport and Highways	78,249	91,823	1,01,823	1,18,101	23%
Railways	69,972	72,216	1,11,234	1,10,055	25%
Education	89,437	99,312	85,089	93,224	2%
Chemicals and Fertilisers	82,063	71,897	1,35,559	80,715	-1%
Communications	43,939	81,957	61,060	75,265	31%
Health and Family Welfare	64,258	67,112	82,928	73,932	7%
Jal Shakti	25,683	30,478	24,286	69,053	64%
Housing and Urban Affairs	42,054	50,040	46,791	54,581	14%
Other Ministries	12,60,209	14,49,071	13,93,577	16,41,398	14%
Total Expenditure	**26,86,330**	**30,42,230**	**34,50,305**	**34,83,236**	**14%**

Note : Expenditure is net of recoveries such as fines, and ticket sales.

Sources: Expenditure Budget, Union Budget 2021-22; PRS.



Expenditure by Ministries : The ministries with the 13 highest allocations account for 53% of the total budgeted expenditure in 2021-22. Of these, the Ministry of Defence has the highest allocation in 2021-22 at Rs 4,78,196 crore (14% of the total budgeted expenditure of the government). Other Ministries with high allocation include: (i) Consumer Affairs, Food and Public Distribution, (ii) Home Affairs, (iii) Rural Development, and (iv) Agriculture and Farmers' Welfare. Table shows the expenditure on Ministries with the 13 highest allocations for 2021-22 and the annual growth estimated over 2019-20.

Among the top 13 ministries with the highest allocations, the highest annual increase over 2019-20 is observed in the Ministry of Jal Shakti (64%), followed by the Ministry of Consumer Affairs, Food and Public Distribution (48%) and the Ministry of Communications (31%).

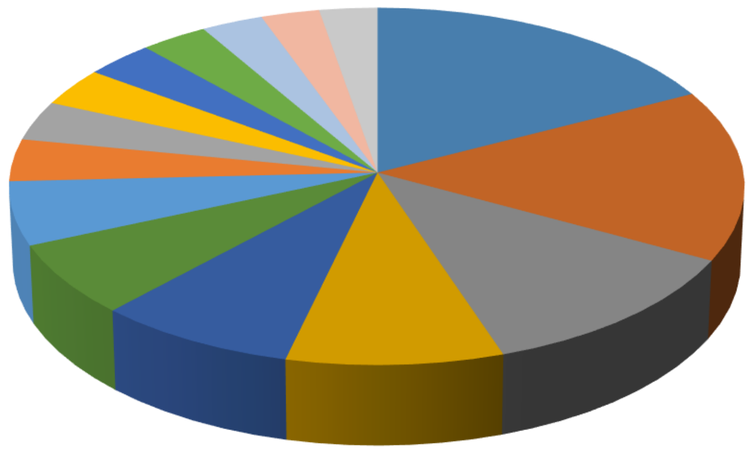
- **Ministry of Consumer Affairs, Food and Public Distribution:** Allocation to the Ministry in 2021-22 saw an annual increase of 48% over 2019-20 due to a higher allocation for food subsidy. Due to the same reason, the Ministry's revised allocation for 2020-21 has also been increased, by Rs 3,26,151 crore (262%) from the budgeted allocation for the year.
- **Ministry of Railways:** Allocation to the Ministry of Railways in 2021-22 is Rs 1,10,055 crore, an annual increase of 25% over 2019-20. This includes Rs 79,398 crore allocated through a special loan to: (i) bridge the resource gap of Indian Railways caused due to COVID-19 in 2020-21, and (ii) clear its pension dues for the year 2019-20.
- **Ministry of Health and Family Welfare:** Allocation to the Ministry of Health and Family Welfare in 2021-22 is Rs 73,932 crore, an annual increase of 7% over 2019-20. In 2020-21, the Ministry was allocated Rs 67,112 crore at the budgeted stage, which has been increased by 24% to Rs 82,928 crore at the revised stage. This increase is primarily due to an allocation of Rs 11,757 crore for the COVID-19 Emergency Response and Health System Preparedness Package.
- **Ministry of Jal Shakti:** Allocation to the Ministry increased to Rs 69,053 crore in 2021-22, which is 184% higher than the revised estimate of 2020-21. This increase is primarily due to a higher allocation for the Jal Jeevan Mission (earlier known as the National Rural Drinking Water Mission), which accounts for 72% of the allocation to the Ministry.

Expenditure on Major Schemes

	Actuals 2019-20	*Budgeted 2020-21*	*Revised 2020-21*	*Budgeted 2021-22*	*Change (Annualised) (Actuals 2019-20 to BE 2021-22*
MGNREGS	71,687	61,500	1,11,500	73,000	1%
PM-KISAN	48,714	75,000	65,000	65,000	16%
Jal Jeevan Mission*	10,030	11,500	11,000	50,011	123%
National Health Mission	35,155	34,115	35,554	37,130	3%
National Education Mission	33,654	39,161	28,244	34,300	1%
Pradhan Mantri Awas Yojana	24,964	27,500	40,500	27,500	5%
Integrated Child Development Services	22,032	28,557	20,038	24,114#	5%
Pradhan Mantri Fasal Bima Yojana	12,639	15,695	15,307	16,000	13%
Pradhan Mantri Gram Sadak Yojana	14,017	19,500	13,706	15,000	3%
National Livelihood Mission	9,755	10,005	10,005	14,473	22%
AMRUT and Smart Cities Mission	9,599	13,750	9,850	13,750	20%
Green Revolution	9,895	13,320	10,474	13,408	16%
Swachh Bharat Mission	9,469	12,294	7,000	12,294	14%
Pradhan Mantri Krishi Sinchai Yojana	8,200	11,127	7,954	11,588	19%
Mid-Day Meal Programme	9,699	11,000	12,900	11,500	9%

*Note : *Earlier known as the National Rural Drinking Water Mission. #Umbrella ICDS scheme till 2020-21 and sum of its individual schemes in 2021-22.*

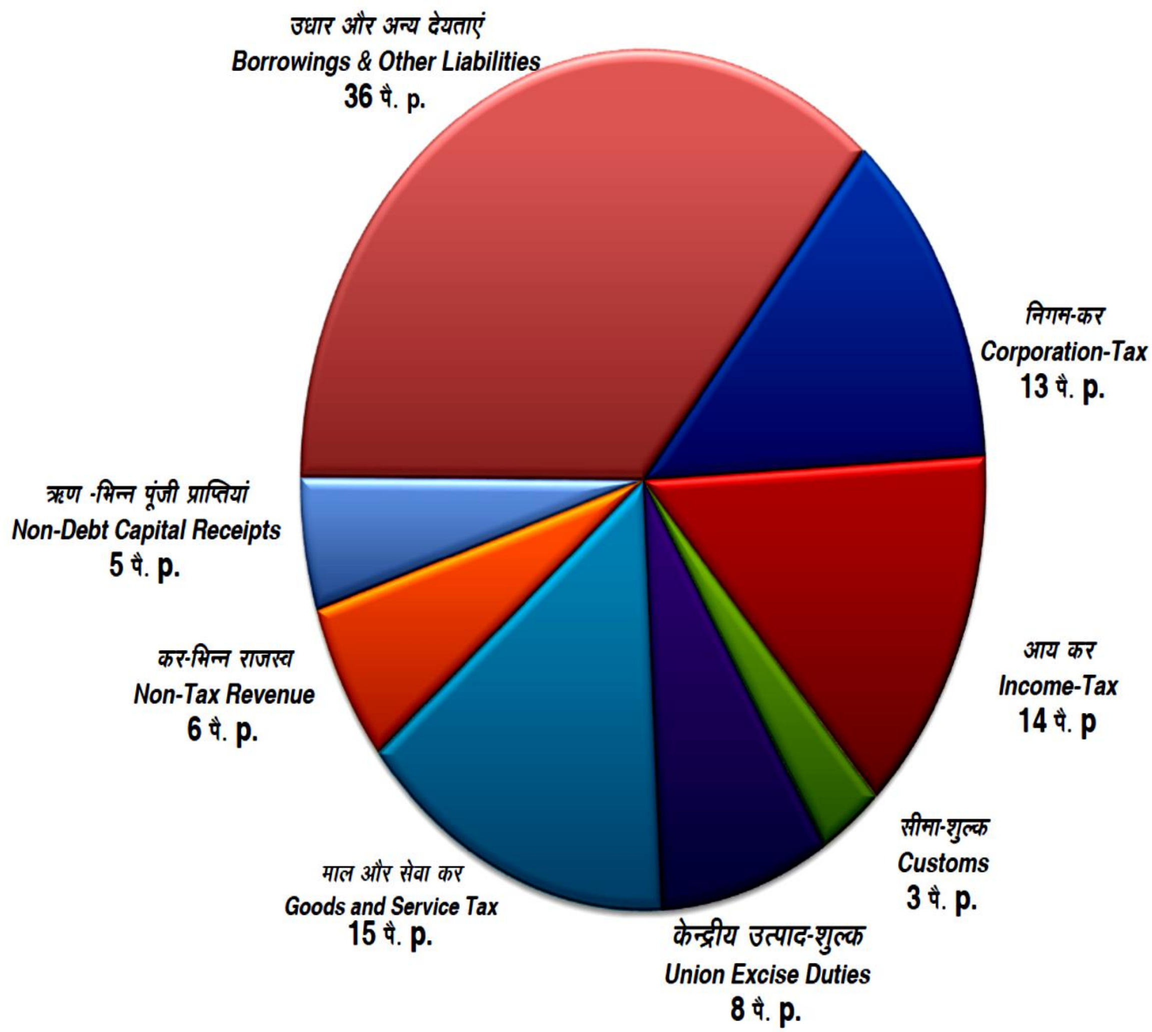
Sources: Expenditure Profile, Union Budget 2021-22; PRS.



- Among schemes, the MGNREGS has the highest allocation in 2021-22 at Rs 73,000 crore. Allocation to the scheme has seen an annual increase of 1% over 2019-20. However, in 2020-21, allocation to the scheme has been increased by Rs 50,000 crore (81%) from the budgeted stage to the revised stage, following the announcement made under the Aatmanirbhar Bharat Economic Package in May 2020.
- The PM-KISAN scheme (income support to farmers) has the second highest allocation in 2021-22 at Rs 65,000 crore, an annual increase of 16% over 2019-20. In 2020-21, allocation to the scheme has decreased by 13% from Rs 75,000 crore at the budgeted stage to Rs 65,000 crore at the revised stage.
- Allocation to the Jal Jeevan Mission (earlier known as the National Rural Drinking Water Mission) has increased by 355% over the revised estimate of 2020-21 to Rs 50,011 crore

Revenue vs. Spending

Rupees Comes from Budget 2021-22



टिप्पणियां:-1. कुल प्राप्तियों में करों और शुल्कों में राज्यों का हिस्सा शामिल है, जिन्हें पृष्ठ 1 पर सारणी में घटा दिया गया है

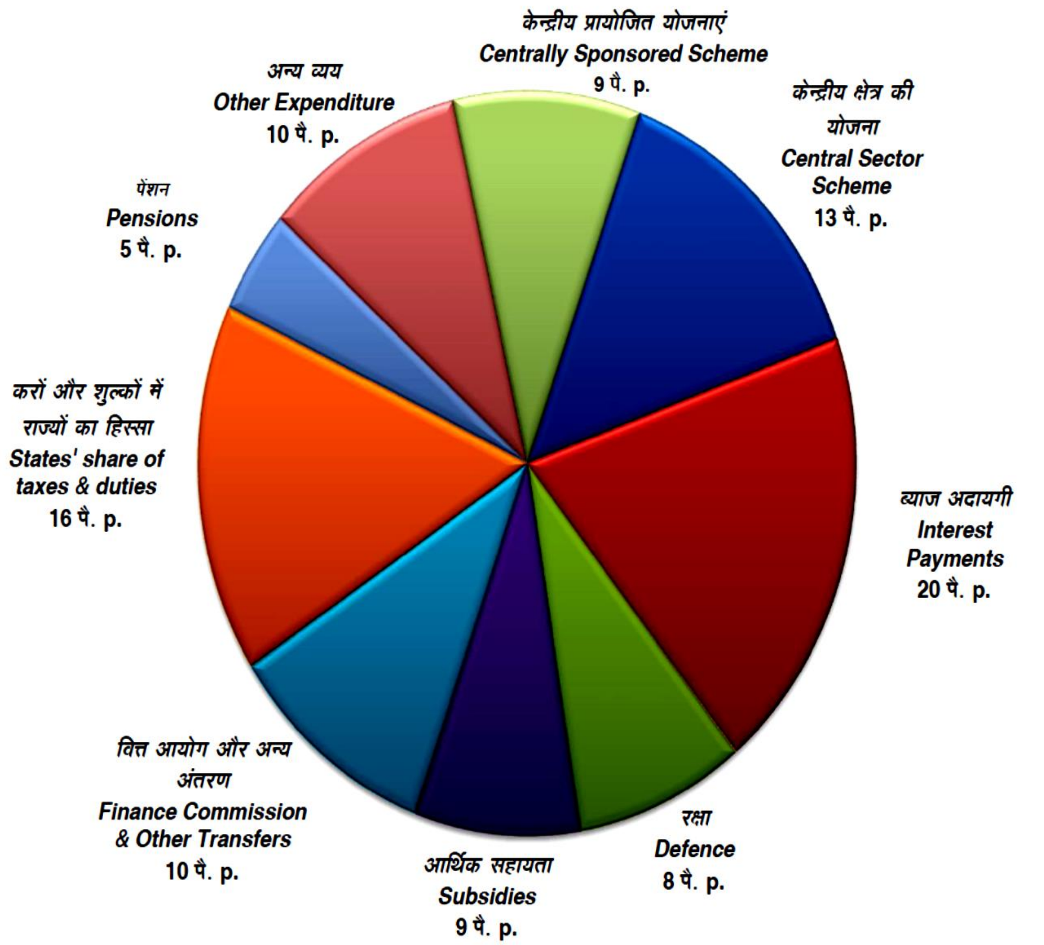
2. आंकड़ों को पूर्णांकित किया गया है।

Notes:-1. *Total receipts are inclusive of States' share of taxes and duties which have been netted in the table on page1.*

2. *Figures have been rounded.*

Source : https://www.indiabudget.gov.in/doc/Budget_at_Glance/bag4.pdf

Rupees Goes to Budget 2021-22



टिप्पणी :-कुल व्यय में करों और शुल्कों में राज्यों का हिस्सा शामिल है, जिन्हें पृष्ठ 1 पर सारणी में प्राप्तियों में से घटा दिया गया है।

Note:- Total expenditure is inclusive of the States' share of taxes and duties which have been netted against receipts in the table on page 1.

Source : https://www.indiabudget.gov.in/doc/Budget_at_Glance/bag1.pdf

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Highlights of the Union Budget 2021-22

'Aatmanirbharta', implying self-reliance made a spirited ingress in the public lexicon and enjoys its prominence in the pathways of the nation in its bid to navigate the perils of pandemic.

Resting on six pillars, namely, health and well-being, physical, financial capital and infrastructure inclusive development for aspirational India, reinvigorating human capital, innovation and R&D and minimum government and maximum governance, the budget pageants a laser-like-focus on a tailored growth plan to revive the economy in the post COVID-19 milieu.

The first budget after the outbreak of Covid-19 has witnessed much emphasis on health and infrastructure. A holistic approach, strengthening areas of preventive, curative and wellbeing is seen adopted, amplifying pathways of the economic growth of the nation. Thumps up to the proposed greater spending on health and infrastructure, which has a hailing effect on the ailing Indian economy.

The budget has been framed in such a fashion to revive the lost ground fully and restore the economic momentum into a flattering economy. With an echo to further liberalize avenues to global players, the budget heralded bold reforms to sectors including insurance, for underpinning the economy.

The budget carries with it, a slew of micro announcements, to provide better stability and offer more avenues for the industries. The move for removing the threshold for investments in Limited Liability Partnerships [LLP] and leniency in setting up of One Person Companies [OPC], doubling the budget for Micro Small and Medium Enterprises [MSME]etc add weightage to the small business sectors.

Roaring out a promising roadmap of growth and opportunities for the aspirational India, measures of financial inclusion shall equally contribute to revitalise the economy. The key signal of the budget, 'Minimum Government, Maximum Governance' has been a hallmark providing its sustenance with the concept of ease of doing business. The proposals for Securities Market Code, Corporate Bond Market, Regulated Gold Exchange is well embedded with the 'more ease' of doing business thought.

Proposals for speedy assessment, constitution of a Dispute Resolution Committee and a Board for Advance Ruling embellishes the Tax regime and the overture for the National Faceless Income Tax Appellate Tribunal Centre stands apposite, simplifying the resolution process, especially in this juncture where the corporate professionals have rolled up their sleeves for the advanced digital transformation, stands much pertinent. Strengthening of National Company Law Tribunal [NCLT]framework, e-Courts system for faster resolution process, alternate methods of debt resolution and special framework for MSMEs, all in its entirety is a boost in this e-era.

Having completed the decriminalizing of the procedural and technical compoundable offences under the Companies Act, 2013, the decriminalization of the Limited Liability Partnership (LLP) Act, 2008 has been taken up.

Amidst the thorny economic conditions, the budget exhibits a delicate balanced bestow to the current business environment of the nation. With measures putting more onus on creation of a much vigilant ecosystem, the budget leverages long term growth with minimum compliance burden on tax payers, rationalizing provisions and promoting investments.

PART A

1. Health & Well-being – Pillar 1

- The investment on Health Infrastructure in this Budget has increased substantially. It has been stated that "Progressively, as institutions absorb more, we shall commit more".
- Taking a holistic approach to Health, the focus in this budget is on strengthening three areas: Preventive, Curative, and Wellbeing.
- The Budget outlay for Health and Wellbeing is ₹2,23,846 crores in BE 2021-22 as against this year's BE of ₹94,452 crores an increase of 137 percentage.
- A new centrally sponsored scheme, **PM Atma Nirbhar Swasth Bharat Yojana**, will be launched with an outlay of about ₹64,180 crores over 6 years. This will be in addition to the National Health Mission.
- To strengthen nutritional content, delivery, outreach, and outcome, the Supplementary Nutrition Programme and the Poshan Abhiyan will be merged and the Mission Poshan 2.0 will be launched.
- Keeping in view the WHO's stress upon importance of clean water, sanitation and clean environment, **Jal Jeevan Mission (Urban)** will be launched to supply water in all 4,378 Urban Local Bodies with ₹2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities. It will be implemented over 5 years, with an outlay of ₹2,87,000 crores.
- The **Urban Swachh Bharat Mission 2.0** will be implemented with a total financial allocation of ₹1,41,678 crores over a period of 5 years from 2021-2026.
- An amount of ₹2,217 crores for 42 urban centres with a million-plus population has been provided in this budget to tackle the burgeoning problem of air pollution.
- A **voluntary vehicle scrapping policy** has been announced to phase out old and unfit vehicles for encouraging fuel-efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill. Under the policy vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles and after 15 years in case of commercial vehicles.

- The Pneumococcal Vaccine, a Made in India product, which is presently limited to only 5 states will be rolled out across the country.
- ₹35,000 crores provided for Covid-19 vaccine in BE 2021-22 and commitment to provide further funds was made, if required.

2. Physical, Financial Capital and Infrastructure – Pillar 2

- Production Linked Incentive (PLI) schemes to create manufacturing global champions for an AtmaNirbhar Bharat have been announced for 13 sectors. An amount of ₹1.97 lakh crores, over 5 years, starting this FY is earmarked to nurture global manufacturing champions and increase jobs for the youth. In addition, a **Mega-Investment Textiles Parks (MITRA)** to be launched to create global champions in exports. 7 Textile Parks will be established over 3 years.
- It is proposed to introduce a **Bill to set up a Development Financial Institution (DFI)** with the ambition to have a lending portfolio of at least ₹5 lakh crores for this DFI in three years time.
- To further ease access of finance, Debt Financing of InVITs and REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations.
- A ***"National Monetization Pipeline"*** of potential brownfield infrastructure assets will be launched.
- An **Asset Monetization dashboard** will also be created for tracking the progress and to provide visibility to investors.
- The capital expenditure for the year 2021-22 will be ₹5.54 lakh crore which is 34.5% more than the BE of 2020-21. Further, more than ₹2 lakh crores will be allocated for capital expenditure in the states and other autonomous bodies.
- To augment road infrastructure, following economic corridors are planned:
  - Tamil Nadu: 3500 km with an investment of ₹1.03 lakh crores
  - Kerala: 1100 km with an investment of ₹65,000 crores
  - West Bengal: 675 km with an investment of ₹25,000 crores
- Also, National highway project of around ₹19,000 crores is in progress in Assam. Overall, the FM proposes a total of ₹1,18,101 lakh crore for Ministry of Road Transport and Highways.
- An **Infra-National Rail plan** to prepare a future rail system in India by 2030, bring down logistics cost.
- The next few phases of metro projects will be taken up in Metro cities. Two new technologies, i.e., ***'MetroLite'*** and ***'MetroNeo'*** will be deployed to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.
- A revamped reforms-based result-linked power distribution Sector Scheme will be launched with an outlay of ₹3,05,984 Crores for assistance to Discoms for Infrastructure creation.

- A scheme to promote flagging of merchant ships in India will be launched by providing subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs. An amount of ₹1624 crores will be provided over 5 years. Capacity for recycling of ships will be developed by 2024 which will create 1.5 Lakh Jobs for youth.
- Ujjwala Scheme which has benefited 8 crores households will be extended to cover 1 crores more beneficiaries. Also, 100 more districts will be added in next 3 years to the City Gas Distribution network.
- **The provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007 will be consolidated into a rationalized single Securities Markets Code.**
- To instil confidence amongst the participants in the Corporate Bond Market during times of stress and to generally enhance secondary market liquidity, a **permanent institutional framework** for corporate bond market will be created.
- To establish a system of regulated gold exchanges in the country, **SEBI will be notified as the Regulator** for gold exchanges and Warehousing Development and Regulatory Authority will be strengthened to set up a commodity market eco system arrangement including vaulting, assaying, logistics etc. in addition to warehousing.
- It is proposed to introduce an **investor charter** as a right of all financial investors across all financial products.
- ₹1,000 crores grant to the Solar Energy Corporation of India for the growth of the Solar Energy Sector.
- **It is proposed to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards.**
- A New Asset Reconstruction Company is to be set up to provide resolution to stressed assets in PSUs.
- It is proposed to amend the DICGC Act, 1961 to streamline its provisions where the depositors of the bank can get easy and time bound access to deposits through insurance in the case of a stressed bank.
- The de-criminalization of the Companies Act, 2013 is complete and now the **decriminalization of LLP Act, 2008** will be taken up.
- To amend the definition of Small Companies: by increasing their thresholds for Paid up capital from "not exceeding ₹50 Lakh" to "not exceeding ₹2 Crore" and turnover from "not exceeding ₹2 Crore" to "not exceeding ₹20 Crore" to reduce compliance burden.
- For Start-ups and Innovators, it is announced that the OPC can be incorporated without a limit for turnover or paid-up capital. This also allows NRIs to incorporate OPC in India. NCLT framework will be strengthened to ensure faster resolution of cases. A special framework for MSME shall also be introduced.

- **MCA 21 Version 3.0 to be introduced with additional modules for e-scrutiny, e-adjudication, e-consultation and compliance management.**
- IPO of the LIC will be carried out in FY 2021-22. For the disinvestment strategy, two public sector banks and 1 general insurance company will be taken up with requisite legislative amendments.
- On the recommendation of the Fifteenth Finance Commission, to rationalize and reduce centrally sponsored schemes to enable consolidation of outlays for better impact.
- To set up a separate Administrative Structure to further streamline the 'Ease of Doing Business' for Cooperatives, this will give a boost to development of Multi- State Cooperatives.

3. Inclusive Development for Aspirational India – Pillar 3

- Inclusive Development for Aspirational India covers following broad points-
    - Agriculture and Allied sectors,
    - farmers' welfare and rural India,
    - migrant workers and labour, and
    - financial inclusion.
- In the Agriculture sector, the MSP regime has undergone a change to provide 1.5 times the product cost across all commodities.
- SWAMITVA Scheme (providing record of rights to property owners in villages) is to be extended to all states/UTs during FY22.
- To enhance the allocation to the Rural Infrastructure Development Fund from ₹30,000 crores to ₹40,000 crores.
- The Micro Irrigation Fund, with a corpus of ₹5,000 crores has been created under NABARD which is to be doubled by augmenting it by another ₹5000 crores.
- To enhance the scope of the *'Operation Green Scheme'* to include 22 perishable products that is presently applicable to tomatoes, onions, and potatoes.
- ₹1.68 crore farmers have registered and ₹1.14 lakh crores of trade value has been carried out through e-NAMs. 1,000 more mandis will be integrated with e-NAM.
- The Government will take up the development of fishing harbours and fish landing centres along the banks of rivers and waterways.
- To promote seaweed cultivation, a **Multipurpose Seaweed Park** to be established in Tamil Nadu.
- The "*1 Nation-1 Ration Card*" Scheme has been implemented by 32 States and UTs through which beneficiaries can claim their rations anywhere in the country.
- **To launch a portal that will collect relevant information on gig, building, and construction-workers among others.**

- To further facilitate credit flow under the scheme of Stand Up India for SCs, STs, and women, it is proposed to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture.
- FM have provided ₹5,700 crores to MSME sector, more than double of this year's BE.

4. Reinvigorating Human Capital – Pillar 4

School Education

- More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy.
- 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.

Higher Education

- The Government will bring legislation to implement the **setting-up of the Higher Education Commission** of India.
- For accessible higher education in Ladakh, Central University in Leh is proposed to be set-up.

Scheduled Castes and Scheduled Tribes Welfare

- Target of establishing 750 Eklavya model residential schools in tribal areas.
- It is proposed to increase the allocation for the unit cost of each Eklavya school from ₹20 crores to ₹38 crores, and for hilly and difficult areas, it has been increased to ₹48 crores.
- ₹35,219 crore has been allotted for 6 years till 2025-2026 as the government is set to revamp Post-Matric scholarships scheme to help 4 crore Scheduled Caste students.

Skilling

- It is proposed to **amend the Apprenticeship Act** with a view to further improve apprenticeship opportunities for the youth. The National Apprenticeship Training Scheme will be realigned for providing post-education apprenticeship, training of graduates and diploma holders in Engineering. Over ₹3,000 crores will be provided for this purpose.
- To benchmark skill qualifications, assessment, and certification, accompanied by the deployment of certified workforce, various initiatives like partnership with UAE, collaborating Training Inter Training Programme (TITP) with Japan are underway and such type of initiatives are also contemplated with many more countries.

5. Innovation and R&D – Pillar 5

- As part of the Gaganyaan mission activities, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia. The first unmanned launch is slated for December 2021.
- Deep **Ocean Mission** with a budget outlay of more than ₹4,000 crores will cover deep ocean survey exploration and projects for the conservation of deep sea bio-diversity.

- The New Space India Limited (NSIL), a PSU under the Department of Space will execute the PSLV-CS51 launch, carrying the Amazonia Satellite from Brazil, along with a few smaller Indian satellites.
- A new initiative – **National Language Translation Mission (NTLM)** will enable the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.
- To give a further boost to digital transactions, ₹1,500 crores earmarked for a proposed scheme that will provide financial incentive to promote digital modes of payment.

6. Minimum Government and Maximum Governance – Pillar 6

- Initiation of numerous measures to bring reforms in Tribunals for speedy delivery of justice. Continuing with the reform process, further measures will be initiated in order to rationalize the functioning of Tribunals.
- Introduction of **National Commission for Allied Healthcare Professionals Bill** in Parliament, with a view to ensure transparent and efficient regulation of the 56 allied healthcare professionals.
- To bring transparency, efficiency and governance reforms in the nursing profession, the National Nursing and Midwifery Commission Bill will be introduced by the government.
- To foster ease of doing business, a system for swift resolution of contractual disputes has been proposed, especially for those business organisations who deal with government or central Public Sector Enterprises (PSEs).
- India to witness first **'Digital Census',** as the forthcoming census will be digital. An amount of ₹3,578 crores have been allocated in the year 2021-2022
- To grant ₹300 crores to Goa for commemorating 50 years of liberation from Portuguese rule.
- To grant ₹1,000 crores for the welfare of tea workers particularly women and their children in Assam and West Bengal.

PART B

Direct Tax

- Relief given to the senior citizens, having only pension and interest income from filing Income Tax Return. However the paying banks will still require to deduct TDS (if applicable).
- Income Tax Reassessment Limit has been decreased from 6 years to 3 years. But in the case of Serious tax evasion, where evidence is available for concealment of income of ₹50 lakh or more, then reopening can be done within 10 years with approval of Principal Chief Commissioner.
- The budget 2021 proposes to constitute a **faceless Dispute Resolution Committee** for small tax payers to ensure efficiency, transparency and accountability. Small Taxpayers with a taxable income upto ₹50 lacs and disputed income upto ₹10 Lacs shall be eligible to approach the committee.

- **Faceless ITAT center** will be set up. In this case, personal hearings if required will be conducted through VC.
- Tax Audits limit has been enhanced from ₹5 Cr to ₹10 Cr in case of digital transactions (up to 95% Digital Transactions).
- The Advance tax liability in case of dividend income will arise only after the declaration/payment of dividend.
- Affordable housing deduction of ₹1.5 Lacs (interest on housing loan) will now be available for a loan taken till 31.3.2022.
- The deduction u/s 80IBA of the Income Tax Act, 1961 extended till 31.3.2022.
- In order to ease compliance for the tax payer, details of salary income, tax payments, TDS etc. already come prefilled in Income Tax Returns. To further ease filing of Income Tax Returns, details of Capital Gain from listed securities, dividend income, and interest from banks, post office will also be prefilled.
- Under Section 10(23C) of the Income Tax Act, 1961, Exemption Limit for Charitable Trusts, educational institutes and hospitals has been increased from ₹1 Cr to ₹5 crores.
- Late deposit of employee contribution of PF will now be not allowed as deduction.
- In order to incentivize Startups in the country, the eligibility for claiming tax holiday for startups is proposed to be extended by 1 more year, i.e., till 31st March, 2022. Further the Capital Gain exemptions for investment in start-up has also been extended till 31st March, 2022.

Indirect Tax

- *GST*

  Goods and Services Tax is now four years old. GST has made record collections in the last few months. The measures taken in GST which further simplified it include:

  i. Nil return through SMS,

  ii. Quarterly Return and Monthly Payment (QRMP) for small taxpayers,

  iii. Electronic invoice system,

  iv. Validated input tax statement,

  v. Pre-filled editable GST return,

  vi. Staggering of returns filing, and

  vii. Deep analytics and Artificial Intelligence (AI) deployed to identify tax evaders and fake billers.

- *Custom Duty Rationalisation* : Rationalisation of customs duty structure by eliminating 80 outdated exemptions.

- *Electronic and Mobile Phone Industry* : Few Exemptions withdrawn on parts of chargers and sub-parts of mobiles. Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.
- *Iron and Steel* : Reduction in Customs duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels. To provide relief to metal re-cyclers the duty on steel scrap is exempted up to March 31, 2022. ADD and CVD revoked on certain steel products to support MSMEs. Duty on copper scrap is reduced from 5% to 2.5%.
- *Textile* : Nylon chain brought on par with polyester and other man-made fibers. Reduction in BCD rates on caprolactam, nylon chips and nylon fiber and yarn to 5%.
- *Chemicals* : Custom duty on Naptha reduced to 2.5% to correct inversion.
- *Gold and Silver* : Custom Duty on Gold and Silver is rationalised. The present basic customs duty on Gold and Silver is 12.5%.
- *Renewable Energy* : Duty on solar invertors increased from 5% to 20% and on solar lanterns from 5% to 15%. This will promoted domestic manufacturing of solar cells and solar panels.
- *Capital Equipment and Auto Parts* : There is immense potential in manufacturing heavy capital equipment domestically. The exemptions on tunnel boring machine have been withdrawn. It will attract a customs duty of 7.5%; and its parts a duty of 2.5% while raising customs duty on certain auto parts to 15%.
- *MSME Products* : Duty on Steel screws and plastic builder wares increased from 10% to 15%. Exemption on imports of certain kind of leathers is withdrawn. Customs duty on finished synthetic gem stones is increased.
- *Agriculture Products* : To benefit farmers, the Finance Minister announced raising custom duty on cotton to 10% and on raw silk and silk yarn to 15%. She also announced withdrawing end-used based concessions on denatured ethyl alcohol.
- Agriculture Infrastructure and Development Cess (AIDC) is proposed on a small number of items.
- *Rationalisation of Procedures and Easing of Compliance* : Regarding rationalization of procedures and easing of compliance, the Finance Minister proposed certain changes in the provisions relating to ADD and CVD levies. To complete customs investigation, definite time-lines are being prescribed. The Turant Custom Initiative rolled out in 2020 has helped in putting a check on misuse of FTAs.

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New Institutions

1	**Development Financial Institution** to act as a provider, enabler and catalyst for infrastructure financing.
2	**Asset Monetization dashboard** to track the progress and to provide visibility to investors.
3	**Permanent Institutional Framework** to purchase investment grade debt securities both in stressed and normal times and help in the development of the Bond market.
4	**Asset Reconstruction Company Limited and Asset Management Company** to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization.
5	**Separate Administrative Structure** to further streamline the 'Ease of Doing Business' for Cooperatives
6	**Multipurpose Seaweed Park** to promote seaweed cultivation
7	**Portal for collecting information on gig, building, and construction-workers** to further extend efforts towards the unorganised labour force migrant workers.
8	**Higher Education Commission of India** to be an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding.

New Policies

1	**Voluntary vehicle scrapping policy** to phase out old and unfit vehicles.
2	**Policy of strategic disinvestment of public sector enterprises to** provide a clear roadmap for disinvestment in all non-strategic and strategic sectors.

Legislative Amendments

1	**Development Financial Institution (DFI) Bill** to have a lending portfolio of at least Rs. 5 lakh crores in three years time.
2	**Securities Markets Code** to consolidate the provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007
3	**Apprenticeship Act** to further enhance apprenticeship opportunities for youth.
4	**Amendment on Debt Financing of InVITs and REITs by Foreign Portfolio Investors** to further ease access of finance to InVITS and REITs thus augmenting funds for infrastructure and real estate sectors.
5	**Investor charter** towards investor protection, as a right of all financial investors across all financial products.
6	**Amendment to Insurance Act, 1938** to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards.
7	**Amendments to the DICGC Act, 1961**to streamline the provisions, so that if a bank is temporarily unable to fulfil its obligations, the depositors of such a bank can get easy and time-bound access to their deposits to the extent of the deposit insurance cover.
8	**Amendment to Limited Liability Partnership (LLP) Act, 2008**to decriminalize the Limited Liability Partnership (LLP) Act, 2008.
9	**National Commission for Allied Healthcare Professionals Bill** to ensure transparent and efficient regulation of the 56 allied healthcare professions.
10	**National Nursing and Midwifery Commission Bill** to bring about transparency, efficiency and governance reforms in the nursing profession
11	**Discrminalisation – LLP Act**

12	LIC Act, 1956 amended to create a board of directors, issue shares, reduce government shareholding upto 51% of equity (minimum 75% in the first five years), cap voting rights at 5% to shareholders other than central government.
13	**Securities Contracts (Regulations) Act, 1956** amended to allow pooled investment fund which collects money from investors. They may borrow money or issue debt securities. Consequential amendments made in the SARFAESI Act, 2002 and in the Recovery of Debts due to Banks and Financial Institutions Act, 1993.
14	SEBI Act, 1992 amended to require registration by Alternative Investment Trusts and Business Trusts.
15	The Insurance Act, 1938 will be amended to increase the permissible FDI limits in insurance companies from 49% to 74%, and allow foreign ownership and control with safeguards.
16	The Deposit Insurance and Credit Guarantee Corporation Act, 1961 will be amended to ensure that depositors get time-bound and easy access to their deposits to the extent of their insurance cover.

New Schemes/Missions

1	**PM AtmaNirbhar Swasth Bharat Yojana** **(in addition to the National Health Mission)** to develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases.
2	**Jal Jeevan Mission (Urban)** to provide universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities.
3	**Mission Poshan 2.0** to strengthen nutritional content, delivery, outreach, and outcome.
4	**Urban Swachh Bharat Mission 2.0** to focus on complete faecal sludge management and waste water treatment, source segregation of garbage, reduction in single-use plastic, reduction in air pollution by effectively managing waste from construction-and-demolition activities and bio-remediation of all legacy dump sites.
5	**Mega Investment Textiles Parks (MITRA)** to create world class infrastructure with plug and play facilities to enable create global champions in exports.
6	**National Monetization Pipeline** to monetizing operating public infrastructure assets.
7	**National Rail Plan for India – 2030** to create a 'future ready' Railway system by 2030.
8	**'MetroLite' and 'MetroNeo'** to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.
9	**Flagging of merchant ships** to enable greater training and employment opportunities for Indian seafarers besides enhancing Indian companies share in global shipping.
10	**MCA21 Version 3.0** to provide additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.
11	**Deep Ocean Mission** to cover deep ocean survey exploration and projects for the conservation of deep sea bio-diversity.
12	**National Language Translation Mission (NTLM)** to enable the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.

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Union Budget 2021 driving Economic Revival Post-COVID-19

- The budget reimagines India's self-reliance and will drive revival of the economy from the impact of the pandemic with enhanced spending.
- The budget focuses on growth over fiscal consolidation, healthcare spending and has provisions to further help the startup ecosystem.
- With focus on healthcare spending and immunization especially for COVID-19 and the pneumococcal vaccines, the budget will help India recover rapidly from this pandemic.
- This will also encourage more innovation and expansion in the sector.
- The announcements to develop primary, secondary and tertiary healthcare systems will provide access to medical care for all in India, fuel job creation and boost economic momentum.
- With focus on infra, commercial laws, ease of business with big shots of monetising PSU assets, new divestments, insurance FDI, India shall rise above in new world order.
- The increased capital expenditure on healthcare, physical infrastructure without putting much pressure on the taxpayers would help in building a New India.
- The steps to improve ease of doing business and efforts towards aiding startups, MSME and R&D will drive greater local innovation and value addition, and will eventually push up consumer demand and further the country's transformation towards a globally competitive economy.
- Designed in the backdrop of pandemic, the budget embodies sincere attempt to pull up the economy with concrete measures to revive the economic growth engine
- With Comprehensive plans to put Nation back on the recovery oath, managing aspirations of the population, right impetus to healthcare sector with a holistic approach to health with focus on Preventive, curative and wellbeing as key areas
- 82% increase in health sector outlay over budget estimates 2020-21 with the earmarked funds for health and family welfare increasing from Rs. 65,011.8 Crore to Rs. 71,268.77 Crore on 2021-22 and for health research increasing from Rs. 2,100 Crore to Rs. 2,663 Crore.

- Augmentation of health infrastructure given adequate focus by launch of the Centrally sponsored scheme “Pradhan Mantri Aatmanirbhar Swasth Bharat Yojana” with an outlay of Rs. 64,180 Crore over 06 years

- Dedicated allocation of 35,000 Crore for Covid 19 vaccinations

- Four regional NIVs proposed to be established

- Digital way of life and increased thrust on health and wellness

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Ease of Doing Business

Doing business ranking for countries by Word Bank is evaluated by parameters such as starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency etc.

Budget 20-21 has brought out several measures from the perspective which include incentivisation of digital payments, increased thresholds of small company resulting in reduced compliance burden, relaxation to one person company permitting non-residents to form OPC, development of Fintech club encouraging tech start-ups, tax holiday for start-ups, introduction of investor charter, measures for faster resolution process such as strengthening of NCLTs, E-courts, revamping of MCA website, other legislative measures such as decriminalisation of LLP, combined securities code etc. A brief analysis of Budget 21-22 from the perspective of ease of doing business is given below:

❖ **Key Announcement - Small Company**

- The definition of Small companies has been revised under the Companies Act, 2013 by increasing their thresholds for paid up share capital from "not exceeding Rs. 50 Lakhs" to "not exceeding Rs. 2 Crore" and turnover from "not exceeding Rs. 2 Crore" to "not exceeding Rs. 20 Crore" respectively.

Analysis

- The move is likely to get more companies under the 'small' category and benefit them in terms of lesser compliance requirements.
- Raising the threshold for the qualification of small companies will enable more companies to take benefit of lesser compliance such as fewer number of mandatory board meetings, relaxed provisions on annual return and financial statements, lesser penalties, etc. thereby facilitating ease of doing business in India.
- This will benefit more than 2 lakh companies in easing their compliance requirements.

Therefore, this proposal can surely be seen as an important move for **"Ease of doing business".**

❖ **Key Announcement - OPC**

- Incorporation of one person companies (OPCs) has been incentivised by allowing OPCs to grow without any restrictions on paid up capital and turnover.
- Its conversion into other types of companies at any time has been enabled.

- The residency limit has been reduced for an Indian citizen to set up an OPC from 182 days to 120 days.
- Non-Resident Indians (NRIs) are allowed to incorporate OPCs in India.

Analysis

- Earlier, only Indian resident citizens were allowed to form one person companies in India. Now, Non-resident individuals with entrepreneurial potential are enabled to set up One Person Companies (OPC).
- This move would be attractive to the Indian Diaspora, allowing NRIs to invest through this route can encourage startup's and small business set up without the concerns of a larger compliance framework or minimum capital commitment.
- Incentivisation to One Person Company by removing capital limits, free conversions and reducing the residency limits will boost the start-up ecosystem in India.

❖ **Key Announcement - Decriminalization of the Limited Liability Partnership (LLP) Act, 2008**

- The government proposes to decriminalise various procedural and technical compoundable offences under the Limited Liability Partnership (LLP) Act, 2008.

Analysis

- These measures are in lines with the government's initiative of "ease of doing business", it will not only mitigate the risk for the management of LLPs for minor non-compliances but also reduce the burden on the judicial system of India.

❖ **Key Announcement - Faster resolution of cases**

- Strengthening the NCLT framework
- Implementation of e-Courts system
- Introduction of alternate methods of debt resolution and special framework for MSMEs
- Faceless ITAT
- Faceless Dispute Resolution Committee for small tax payers
- Enhancement of threshold for tax Audit
- The mandatory requirement of annual Audit of GST Accounts and Reconciliation Statement by specified professional is replaced with self-certification basis

Analysis

The NCLT, which is assigned with cases of company and corporate matters, with insolvency matters piling up, has been facing challenges in terms of infrastructure. At present, hearings of all NCLT benches across India and NCLAT are conducted virtually following the pandemic and the guidelines issued by the government.

Hence, in the light of the new normal and increased emphasis on Digital India the proposal to implement e-Courts system has been made.

Further, with a similar intent and to further provide an alternate mode of debt resolution, a separate framework is also proposed for the cases involving the MSMEs.

❖ **Key Announcement Revamping of MCA portal**

- The Government has proposed to revamp the MCA portal by launching MCA21 Version 3.0 in the upcoming fiscal year 2021-22.
- This Version 3.0 will have additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.

Analysis

The MCA-21 3.0 is expected to have features related to ease of doing business, e-adjudication, online compliance monitoring, among others. All this is aimed at making the authenticity and comprehensiveness of corporate even better.

Besides, extension of tax holiday for start-ups, capital gain exemptions for investment in Start-ups, Incentivisation of digital payments will enhance the ease of doing business.

MCA21 Version 3.0

During the fiscal 2021-22, the Ministry of Corporate Affairs (MCA) will launch data analytics driven MCA21 Version 3.0. This Version will have additional modules for e-Adjudication, e-Consultation and Compliance Management. MCA21 system is the first Mission Mode e-Governance project of Government of India.

MCA21 V3 Project is a technology-driven forward looking project, envisioned to strengthen enforcement, promote Ease of Doing Business, enhance user experience, facilitate seamless integration and data exchange among Regulators. The project will have Micro-services architecture with high scalability and capabilities for advanced analytics.

Aligned with global best practices and aided by emerging technologies such as AI and ML, MCA21 V3 is envisioned to transform the corporate regulatory environment in India. The key components of MCA21 to be launched during Fiscal Year 2021-22 are:

- **e-Scrutiny:** MCA is in process of setting up a Central Scrutiny Cell which will scrutinise certain Straight Through Process (STP) Forms filed by the corporates on the MCA21 registry and flag the companies for more in depth scrutiny.
- **e-adjudication:** E-adjudication module, has been conceptualised to manage the increased volume of adjudication proceedings by Registrar of Companies (RoC) and Regional Directors (RD) and will facilitate end to end digitisation of the process of adjudication, for the ease of users. It will provide a platform for conducting online hearings with stakeholders and end to end adjudication electronically.
- **e-Consultation:** To automate and enhance the current process of public consultation on proposed amendments and draft rules etc., e-consultation module of MCA21 v3 will provide an online platform wherein, proposed amendments/draft legislations will be

posted on MCA's website for external users/ comments and suggestions pertaining to the same in a structured digital format. Further, the system will also facilitate AI driven sentiment analysis, consolidation and categorization of stakeholders' inputs and creation of reports on the basis thereof, for reference of MCA.

- **Compliance Management System (CMS):** CMS will assist MCA in identifying non-compliant companies/LLPs, issuing e-notices to the said defaulting companies/LLPs, generating alerts for internal users of MCA. CMS will serve as a technology platform/solution for conducting rule based compliance checks and undertaking enforcement drives of MCA wherein e-notices will be issued by MCA for effective administration of corporates.
- **MCA Lab:** As part of MCA21 V3, a MCA LAB is being set up, which will consist of corporate law experts. The primary function of MCA Lab will be to evaluate the effectiveness of Compliance Management System, e-consultation module, enforcement module, etc. and suggest enhancements to the same on an on-going basis. The Lab will help MCA in ensuring the correctness of results produced by these key modules in view of the dynamic corporate ecosystem.

Additionally, MCA21 V3 will have a cognitive chat bot enabled helpdesk, mobile apps, interactive user dashboards, enhanced user experience using UI/UX technologies, and seamless data dissemination through APIs.

https://www.pib.gov.in/PressReleseDetail.aspx?PRID=1695473

Ease of availing credit

Improving access to credit through setting up of a new asset reconstruction company and asset management company to take over stressed assets and also introduction of bill for setting up of a Development Finance Institution to finance infrastructure projects and equity infusion of INR 200 billion for public sector banks.

Economic revival

Employment opportunities through increased allocation to infrastructure, textile parks, fishing hubs and a financial services hub at gift city ; increased FDI limit in insurance sector; boosts to MSME, Start-ups etc.

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Sector Specific Analysis

Start-Ups

Budget 2021-22 opens up opportunities for startups across various sectors. The provisions such as the extension of tax holiday, exemption from capital gains tax for investment in startups, fin tech hub in GIFT city etc. will help to boost the investment in the startups. Lowering the compliance burden, reducing residency requirements, and setting up of seed fund corpus are a welcome move to encourage new startups.

Key Announcement

In order to incentivise start-ups in the country, the following key announcements have been made in the Union Budget 2021-22.

- The eligibility for claiming tax holiday for start-ups has been extended by one more year, i.e., till 31st March, 2022. Further, in order to incentivise funding of the start-ups, the capital gains exemption for investment in start-ups has been extended by one more year, i.e., till 31st March, 2022.
- Registration of one-person company with no limit to paid up capital and Turnover. Further, the time limit for residency of a person setting up OPC is reduced to 120 days.
- Reduction in the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and allowing Non-Resident Indians (NRIs) to incorporate OPCs in India.
- Revision of the definition for Small Companies under the Companies Act, 2013 by increasing their thresholds for paid up capital from Rs. 50 lakh tp Rs. 2 crore and turnover from Rs. 2 crore to Rs. 20 crore.
- Allocation of Rs. 15,700 core to be provided to MSME Sector. Extension of eligibility for claiming tax holiday for start-ups and capital tax exemption for investments in start-ups till 31 March, 2022.
- Mega Investment Textiles Parks Scheme (MITRA) to boost exports by establishing 7 textile parks over a period of 3 years.
- Basic Customs Duty on Naptha has been reduced from 4% to 2.5%.
- Ujjwala Scheme will be extended to cover 1 crore more beneficiaries.

Analysis

The existing provisions of Section 80-IAC of the Income tax Act, 1961, provide for a deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible startup for three consecutive assessment years out of 10 years at the option of the assessee subject to the condition that the total turnover of its business does not exceed Rs. 100 crore for an eligible startup incorporated on or after the 1st April, 2016 but before 1st April, 2021. Accordingly, the period of incorporation of such eligible start-ups has been extended till 1st April 2022.

Lowering the compliance burden, reducing residency requirements, and setting up of seed fund corpus are a welcome move to encourage new startups.

The steps are an addition to previous startup-focused measures announced by the government, including broadening their startups, simplifying regulations, providing income tax exemptions.

Besides, amendment to the definition of Small Company under the Companies Act by increasing the paid up capital threshold to Rs. 2 crore and turnover thresholds to Rs. 20 crore, will encourage the Start-ups (incorporated as Small companies) with reduced compliance burden.

The Government reaffirms the Make in India initiative by extending the Production-linked incentive (PLI) scheme to 13 industries in two tranches with combined outlay of almost Rs. 2 lakh crore. PLI of Rs. 10,683 crore for technical textiles and manmade fibre segment is also proposed.

Duties on raw material inputs and several items have been increased to help encourage domestic processing. Exemption on import of duty-free items being provided as an incentive to exporters of garments, leather and handicraft items.

Basic Customs Duty on Solar lanterns or solar lams has been raised from 5% to 15% and on Solar inverters from 5% to 20% with a view to promote domestic manufacturing and job creation in MSME Sector.

IT Industry

The budget 2021 a progressive progressive budget lays the roadmap for greater digitization. The announcement of the National Digital Educational Architecture (NDEAR) is a welcome step, and would help students and educators to adopt new ways of learning and teaching. Setting a fintech hub at GIFT city, enhancing digital payments, allocation for faceless ITAT will etc. will not only boost IT Infra structure, but also would bring opportunities for IT Sector through ease of doing business.

Key Announcement

- Rs. 8000 crore proposed to be allocated for a National Mission on Quantum Computing and Technology.
- Internet Connectivity to 100000+ Gram Panchayats.
- To provide impetus to the digital economy, Rs. 1500 crores has been allocated to incentivise digital payments. This will accelerate the growth of cashless transactions in our country.
- For enabling the digital delivery of governance and citizen services, the following initiatives have been proposed:
    - a) Governance and policy-related knowledge on the internet available in major Indian languages through the National Language Translation Mission (NTLM).
    - b) Forthcoming census a "digital census" (Rs. 3786 crore earmarked).
    - c) Data Analytics, Artificial Intelligence (AI), Machine Learning driven modules for e-scrutiny, e-adjudication, e-consultation and compliance management in MCA21 version 3.0.
    - d) GST digitisation with deep analytics and AI.
    - e) Establishment of Asset monetisation dashboard for tracking infrastructure investment.
    - f) Development of fintech hub at GIFT city.
- Threshold limit for applicability of tax audit for entities with at least 95% of transactions in digital mode enhanced from Rs. 5 crore to Rs. 10 crore.

Analysis

This will have positive impact on IT industry and also support the Atmanirbhar Bharat initiatives, i.e., Minimum Government, Maximum Governance.

Announcements related to Digital payments, digital census and investment in AI/ML will spearhead the Digital India movement and help in the growth of Start-Ups and Fintech companies.

Consumer Products

Consumer products, are products that are bought by individuals or households for personal use. As the Budget for FY21-22 is announced, many commodities are set to become more expensive and some items of daily use will cost less. These commodities are discussed in detail over here:

❖ **Consumer Electronics and Mobile Phones**

Key Announcement

Few exemptions have been withdrawn on parts of chargers and sub-parts of mobiles. Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.

Duties on printed circuit board assembly (PCBA), camera modules, and connectors have been raised to 2.5% from nil. PCBA and moulded plastic for manufacturing chargers and adapters will incur duties of 15%, up from 10% earlier. Input parts for mobile chargers (other than PCBA) will have 10% duty, up from zero earlier, while parts for Li-ion cells will incur duties of 2.5%.

Government has increased the duty on compressors required for refrigerators from 12.5% to 15%.

Analysis

Prices of consumer electronics such as smart speakers, laptops and tablets will rise following an increase in import duties announced in the budget. Mobile phones are also likely to see a modest rise in prices though other smart devices are expected to feel the impact more. Certain models of refrigerators may cost more than the usual price.

❖ **Textile**

Key Announcement

Finance Minister announced in the Union Budget a levy of 10% customs duty on cotton and an increase in the customs duty on raw silk and silk yarn from 10% to 15% to benefit farmers.

Also, in a move to rationalise duties on raw material inputs for man-made textiles, the Budget proposes to bring nylon chain on a par with polyester and other man-made fibres by reducing the basic customs duty on caprolactam, nylon chips, nylon fibre and yarn to 5%.

To enable the textile industry to become globally competitive, attract large investments and boost employment generation, a scheme of Mega Investment Textiles Parks (MITRA) will be launched in addition to the Production Linked Incentive (PLI) scheme. This will create world class infrastructure with plug and play facilities to enable create global champions in exports. 7 Textile Parks will be established over 3 years.

Analysis

Textile Industry is happy with the decision. A levy on overseas purchases will potentially support local prices amid higher domestic production and prevent distress sales by the growers.

- **Gold and Silver**

Key Announcement

The government will rationalise customs duty on gold and silver. Currently, gold attracts 12.5% import duty. The government announced cut in customs duty on gold and silver to 7.5% from 12.5%. India imports bulk of its gold and silver requirements.

Since the duty was raised from 10% in July 2019, prices of precious metals have risen sharply and to bring it closer to previous levels, the Government is rationalizing custom duty on gold and silver.

Analysis

Reduction in import duty on precious metals to 7.5% from 12.5%, would be favorable for the growth of Indian bullion industry. However, both will attract 2.5% of agriculture infrastructure and development cess. Being the world's second largest gold consumer, India imports bulk of its gold and silver requirements. Since the prices of precious metals have surged sharply in 2020, physical demand plummeted and imports have tumbled to multi-year lows.

The jewellery industry has welcomed the government's move to cut import duty. Reducing import duty on gold to 7.5% is a step in the right direction and in line with the long-standing demand of the gems and jewellery industry. Higher import duty was not only indirectly promoting illegal gold transactions but also eroding government’s revenue. The import duty reduction will make trade compliant. Moreover, the government should also focus on strengthening the e-governance system to beef up the tracking mechanism of illegal transactions of gold.

- **Leather Products**

Key Announcement

It is proposed to impose a basic customs duty of 10 per cent on “wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides” from nil duty.

Analysis

The hike would make it difficult for the manufacturers of footwear and other leather products to remain competitive in exports due to higher input costs. The increase in duty is likely to increase the cost of finished products made by leather.

- **LED lights and LED light fixtures**

  Key Announcement

  The import duty on LED lights and LED light fixtures have been increased from 5% to 10%.

  Analysis

  All imported LED bulbs, lights and fixtures may cost more after April 1, 2021. This would encourage manufacturing of LED lights in the country and reduce our dependence on cheap imports from China in line with Atma Nirbhar Bharat.

- **Solar inverters and Solar lighting devices**

  Key Announcement

  In order to boost local manufacturing, the duty on imported solar inverters has been increased from 5% to 20%. Government has increased the duty on solar lamps from 5% to 15%.

  Analysis

  Branded Solar inverters would be costlier than before. Solar lighting devices would also be expensive than before. But it will promote Make in India as more focus is on domestic production.

  Here is the full list of what gets dearer and what gets cheaper after budget:

  Dearer

  1) Compressors for refrigerators and air conditioners
  2) LED lamps
  3) Raw silk and cotton
  4) Solar inverters and lanterns
  5) Automobile parts such as safety and toughened glass, windscreen wipers
  6) Mobile phone parts like printed circuit board assembly (PCBA), camera module, connectors, back cover
  7) Mobile phone charger
  8) Leather products
  9) Nylon fibre and yarn

  Cheaper

  1) Gold
  2) Silver
  3) Other precious metals like platinum and palladium
  4) Medical devices imported by international organisation and diplomatic missions

Automobile Sector

The Indian automobile sector currently manufactures 26 mn vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycles in April-March 2020, of which 4.7 mn are exported. India holds a strong position in the international heavy vehicles arena as it is the largest tractor manufacturer, second-largest bus manufacturer and third largest heavy trucks manufacturer in the world. This sector is witnessing a conducive scenario and in view of the following crucial elements the sector is all set for acceleration in its growth.

Key Announcement

In order to incentivize Automobile Sector in the country, the following key announcements have been made in the Union Budget 2021-22.

- Raising the share of public transport in urban areas through expansion of metro rail network and augmentation of city bus service. For this, a new scheme will be launched at a cost of Rs. 18,000 crores to support augmentation of public bus transport services.
- The government will soon come out with the Voluntary Vehicle Scrappage Policy to phase out old and unfit vehicles along with mandatory vehicles fitness tests after 20 years in case of private vehicles and 15 years in case of commercial vehicles.
- Hike in the customs duty rate on some parts of vehicles (such as wheel rims and spokes, brakes, frames and forks, pedals and crank gears, hubs, etc.) from 10% to 15%.

Analysis

- The allocation of ₹18,000 crores for the public bus transport services has come as a sigh of relief for the bus makers. The proposed PPP models will enable private sector players to finance, acquire, operate and maintain over 20,000 buses. The scheme will boost the automobile sector, provide fillip to economic growth, create employment opportunities for our youth and enhance ease of mobility for urban residents.
- The vehicle scrappage scheme which will be an added advantage for the auto sector. This will aid personal and commercial vehicles demand.
- The increase in the customs duty will also affect the electric vehicle segment which is dependent on the international market for components like batteries, electricals, and more.
- The Voluntary Vehicle Scrapping Policy for phasing out old and unfit vehicles will assist in encouraging fuel efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill.

- Significant allocation for construction of highways and roads will increase the opportunities in Automobile sector.

Views of Doyens of Automobile Sector related Organizations

- ***Society of Indian Automobile Manufacturers (SIAM)***

  Kenichi Ayukawa, President, SIAM has stated that in a visionary budget, the government has espoused an expansionary stance with a thrust on infrastructure building with measures for efficiency improvement and increasing competitiveness. Good macroeconomic growth will translate to good auto sector demand. Specifically, the vehicle scrappage scheme has a good intent and the auto industry would be keen to work with the Government on suggestions for maximizing benefits to environment and society.

- ***Federation of Automotive Dealers Association (FADA)***

  According to Vinkesh Gulati, President, FADA, the Finance Minister has finally announced the much awaited 'Scrappage Policy, through voluntary to phase out old vehicles, as he opined that if 1990 is considered as the base year, there are nearly 37 Lakh commercial vehicles and 52 Lakh passenger vehicles for voluntary scrappage, thereby going by an estimate, 10% of commercial vehicles and 5% of passenger vehicles may still be plying on road.

  He extolled the proposal of highway works of 6,575 Km proposed in Tamil Nadu, Kerela, West Bengal and Assam and another 19,500 Km highway work for Bharat Mala project, as it will play a pivotal role in providing stimulus to a much needed revival of commercial vehicles especially M&HCV segment.

  He also commended the proposal of slashing customs duty on steel products to 7.5%, as it will benefit Auto OEMs (Original Equipment Manufacturers). This proposed reduction in customs duty on steel products is expected to trickle down to end customers, thereby strengthening demand.

- ***Auto Component Manufacturers Association (ACMA)***

  According to Deepak Jain, President, ACMA, announcements with regard to increased spend on road infrastructure, voluntary scrappage policy, Research & Development and PLI among others, augur well for the automotive sector. Further, continued focus on building rural and agricultural infrastructure and prioritizing agriculture credit growth will have long-term positive impact on rural demand for vehicles.

- ***Society of Manufacturers of Electric Vehicles (SMEV)***

  Sohinder Gill, Director General, SMEV, has extolled the proposal of setting aside ₹2,217 crores for 42 urban centres with a million plus population. The fund could be utilised to make people conversant regarding the merits of using e-vehicles to the environment and its contribution to make the air clean.

He also praised government's plan for strengthening the public transport sector under PPP models with an outlay of ₹18,000 crores for operating 20,000 buses is encouraging for the EV industry.

Dr Raghupati Singhania, Vice-President JK Organisation, and, Chairman & Managing Director of JK Tyre & Industries Ltd. stated that the much awaited scrappage policy covered in the Union Budget 2021-2022 will enhance sale of new vehicles and in turn boost tyre demand.

Voluntary scrapping of old and unfit vehicles based on automated fitness tests will boost the demand for electric vehicles.

Agriculture and Allied Sectors

Agriculture and Allied sectors is covered under 3rd Pillar of Union Budget 2021-2022. The Government is committed to the welfare of farmers. The budget laid emphasis on boosting value addition in agriculture and allied products and their exports. Substantial investments are proposed in the development of modern fishing harbours and fish landing centres. The Agriculture Infrastructure Fund would be made available to APMCs for augmenting their infrastructure facilities. The key announcements *inter-alia* include the following:

- **Key Announcement**

  SWAMITVA Scheme is proposed to be extended during FY 21-22 to all states and Union Territories.

  Analysis

  SVAMITVA Scheme is a Central Sector scheme launched by Hon'ble Prime Minister of India on National Panchayat Day, i.e., 24th April, 2020. The scheme aims to provide an integrated property validation solution for rural India. The extension of the scheme would benefit rural India by providing the 'record of rights' to village household owners possessing houses in inhabited rural areas in villages which, in turn, would enable them to use their property as a financial asset for taking loans and other financial benefits from Bank.

- **Key Announcement**

  1,000 more mandis will be integrated with e-NAM.

  Analysis

  National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. Integration of 1000 more APMCs through a common online market platform will facilitate pan-India trade in agriculture commodities, providing better price discovery through transparent auction process based on quality of produce along with timely online payment.

- **Key Announcement**

  Increase of customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%.

  Analysis

  Increase in Custom duties makes the imported product more expensive. It will increase the Demand of locally produced raw silk and silk yarn. Accordingly, the farmer's income may be increased.

- **Key Announcement**

  Agriculture Infrastructure and Development Cess (AIDC) on a small number of items including urea, apples, crude soyabean and sunflower oil, crude palm oil, kabuli chana and peas.

  Analysis

  There is an immediate need to improve agricultural infrastructure for producing more and conserving and processing agricultural output efficiently. Agriculture infrastructure fund to be made available for APMCs for augmenting their infrastructure. This will ensure enhanced remuneration for the farmers.

- **Key Announcement**

  Agricultural credit target enhanced to Rs. 16.5 lakh crore in FY22 - animal husbandry, dairy, and fisheries to be the focus areas.

  Analysis

  Increased target will benefit the farmers to get adequate credit.

- **Key Announcement**

  Setting up of Kisan Rail through the PPP model

  Analysis

  Setting up of Kisan Rail through the PPP model will help farmer's to transport perishable goods quickly.

- **Key Announcement**

  PM KUSUM scheme

  Analysis

  The government also plans to expand the PM KUSUM scheme for solar pumps to cover 2 million farmers. Farmers will be incentivized for going solar.

- **Key Announcement**

  Investments in the development of modern fishing harbours and fish landing centres.

  Analysis

  5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity. Inland fishing harbours and fish-landing centres along the banks of rivers and waterways will also be developed. The investment will provide employment opportunities to the people living in coastal areas.

- **Key Announcement**

  Multipurpose Seaweed Park to be established in Tamil Nadu.

Analysis

Seaweed farming is an emerging sector with potential to transform the lives of coastal. It will provide large scale employment and additional incomes.

- **Key Announcement**

  Micro Irrigation Fund

  Analysis

  The Micro Irrigation Fund, with a corpus of Rs. 5,000 crores has been created under NABARD, It is proposed to double it by augmenting it by another Rs. 5,000 crores.

- **Key Announcement**

  Strengthening of Warehousing Development and Regulatory Authority (WDRA)

  Analysis

  Warehousing Development and Regulatory Authority will be strengthened to set up a commodity market eco system arrangement including vaulting, assaying, logistics etc. in addition to warehousing.

- **Key Announcement**

  Credit flow under the scheme of Stand Up India for SCs, STs

  Analysis

  To facilitate credit flow under the scheme of Stand Up India for SCs, STs, and women, It is proposed to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture.

- **Key Announcement**

  Operation Green Scheme

  Analysis

  To boost value addition in agriculture and allied products and their exports, the scope of 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.

Financial Services

Announcements made in Union Budget 2021-22 for Financial markets and Financial Services sectors *inter-alia* cover the introduction of unified securities market code, establishment Fin Tech Hub, Regulation of Gold Exchanges, a permanent institutional framework for investment in corporate bonds, enhancement in FDI limit in Insurance and other financial inclusion initiatives like investor charter, Reduction of margin money requirement from 25% to 15% under Stand Up India Scheme etc. These initiatives will help in boosting investors' confidence and help in bringing more capital in Indian Financial Market.

Requirement of getting reconciliation statement audited by Cost Accountant / Chartered Accountant withdrawn under GST. Reconciliation can be filed as part of annual return on self-certification basis.

Removal of withholding tax of 10% on dividends to be paid by the SPVs to REITs and InVITs.

Sovereign Wealth Funds and Pension Funds will be permitted to invest in Category I and II AIFs which in turn are permitted to invest in InvITs.

Two more public sector banks would be privatised to bring greater focus on low performing PSBs, autonomy and capital optimization.

PSBs would be recapitalised to the tune of Rs 20,000 crore.

Key Announcements in Financial Markets and Financial Services

- **Announcement :** A unified securities market code to be created to include the SEBI Act, SCR Act, 1956 Government Securities Act and Depositories Act .

  Analysis : The budgetary proposal to introduce a unified securities market code will help in eliminating duplication and simplify the law. It would also modernise the law, some of it are much older. A consolidated code would also help avoid multiple interpretations of different Acts. It can provide ease of operations for businesses and enhance confidence of investors. An investor charter as a right of all financial investors across all financial products will be introduced.

- **Announcement :** FinTech hub to be established in Gujarat International Finance Tec-City (GIFT city) under the IFSC.

  Analysis : The development of a world-class fintech hub at GIFT will go a long way in promoting and developing fintech startups. The fintech hub will facilitate research, innovation and development of new age skills in fintech which will help in creating new job opportunities and attract quality talent to GIFT City.

- **Announcement :** SEBI to regulate gold exchanges. Warehousing Development and Regulatory Authority will be strengthened to set up a commodity market eco system arrangement.

Analysis : SEBI, as gold exchange regulator, will infuse transparency in gold transactions and also enable to emerge as price setter of the commodity in near future. It will benefit investors as it will lead to transparency and standardisation.

- **Announcement :** A permanent institutional framework to be established to invest in corporate bonds during stressed times.

  Analysis : It will infuse more liquidity in the fledgling corporate bond market and will instill confidence among the participants in the corporate bond market during times of stress and to generally enhance secondary market liquidity. In times of stress, if there is a permanent institutional framework to buy bonds and infuse liquidity in the market, it may take away a lot of uncertainty and stress from the markets.

- **Announcement :** Strategic Disinvestment Policy introduced. It is proposed to privatise two public sector banks and one Insurance company. It would result in several legislative amendments.

  The Budget is bold in its approach towards the financial services sector in terms of privatisation of PSBs and insurance companies and allowing greater FDI in insurance. As one of India's largest companies, moving LIC towards IPO is a bold step by the Government.

- **Announcement :** FDI in insurance to be increased to 74% with protection through a majority of board and management of Indian origin, 50% of board members being independent and retention of a percentage of profits. This will need a separate Parliament nod to amend the Insurance Act, 2015, which fixed it at 49% with no foreign control.

  Analysis : An increase of FDI in insurance should bring in more capital from existing players and attract several new insurers who were unwilling to come in without control.

- **Announcement :** Asset Management Company to take over existing stressed debt

  Analysis : Setting up of Asset Management Company to take over stressed debt will enhance the effectiveness of Insolvency and Bankruptcy code.

- **Announcement** : The value of loans that can be introduced for debt recovery under the SARFAESI Act has been brought down to Rs. 20 lakh from Rs. 50 lakh for NBFCs having a minimum asset size of Rs. 100 crore.

  Analysis : This move will bring in credit discipline and also protect the interest of small borrowers.

- **Announcement** – Margin money under the Stand-Up India[1] scheme reduced to 15% from 25% and allows for allied agricultural lending and Rs.15,700 crore have been provided for MSMEs.

[1] Stand Up India facilitated Bank Loans between 10 lakh to 1 crore to at least one SC/ST by each branch for setting up greenfield project

Analysis : Reduction of margin money requirement from 25% to 15% will further facilitate credit flow and stimulus of Rs.15,700 crore will definitely support the MSME sector and lead to overall development of the economy.

- **Announcement** : Recapitalisation of Public Sector Banks (PSBs) to the extent of INR 20,000 crores

  Analysis : This move will help to meet the regulatory norms, further consolidate the financial capacity and boost credit for a strong impetus to the economy.

- **Announcement :** Easy and time-bound access to the extent of deposit insurance of INR 5 lakh during bank failure.

  Analysis : This move enables the Deposit holders to have easy and time-bound access to their deposits to the extent of insurance cover, just in case a bank fails to fulfil its obligations. This will help depositors in meeting immediate financial needs.

Infrastructure

Various initiatives announced in the Infrastructure and Real Estate sector will help in smooth construction of roads and execution of other infrastructural projects. Investment in Infrastructure and real estate sector is a proven tool for spurring economic activity, spending on highways has a multiplier effect on various other sectors. Increased outlay to infrastructure will further boost interest in roads and construction stocks. The announcements related to investments in the Union Budget have provided enough reasons for investors to increase their exposure in this sector. Various Projects announced will help to boost the growth of this sector, provide fillip to economic growth, create employment opportunities for our youth and enhance ease of mobility for residents.

The basic customs duty on components or parts, including engines, for manufacturing of aircraft or parts of such aircraft, by Public Sector Units under Ministry of Defence has been brought down to 0% from 2.5%

The Key core infrastructure assets that will be rolled out under the Asset Monetization Programme are:

- National Highways Authority of India operational toll roads
- Transmission assets of Power Grid Corporation of India Ltd.
- Oil and Gas pipelines of GAIL, IOCL and HPCL
- Airport Authority of India airports in Tier II and III Cities
- Railway infrastructure assets
- Warehousing assets of CPSEs such as CWC and NAFED
- Sports Stadiums

Increase in the safe harbour limit from 10% to 20% would boost demand in the real-estate sector and would enable the real-estate developers to liquidate their unsold inventory at a rate substantially lower than the circle rate and benefitting the home buyers.

Extensions in additional tax benefit of Rs. 1.5 lakh for loans to acquire affordable homes would benefit salaried class as well as sustain the demand for affordable housing thereby reviving the residential real estate industry.

Tax sops given to real estate firms for developing affordable housing until 31st March, 2022 will encourage developers to invest more in affordable housing considering the underlying demand occupying bulk of the sales within top metropolitan cities.

100 more districts will be added to the City Gas Distribution Network

A gas pipeline project will be undertaken in the UT of Jammu & Kashmir.

An independent Gas System Transport Operator will be set up for facilitation and coordination of booking of common carrier capacity in all the natural gas pipelines on a non-discriminatory open access basis.

The Broad-Gauge routes of railways will be 100% electrified by December 2023.

- **Announcement**

  Dwelling on the infrastructure sector, Smt. Nirmala Sitharaman, Minister of Finance in her Budget Speech said that infrastructure needs long term debt financing. A professionally managed Development Financial Institution is necessary to act as a provider, enabler and catalyst for infrastructure financing. Accordingly, a Bill to set up a DFI will be introduced.

  Debt Financing of InVITs and REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations. This will further ease access of finance to InVITS and REITs thus augmenting funds for infrastructure and real estate sectors.

  Analysis

  - New bill to set up a Development Financial Institution (DFI) for the purpose of funding infrastructure projects across their lifespan.
  - Rs. 20,000 crore allocated to set up and capitalise a Development Financial Institution (DFI) – to act as a provider, enabler and catalyst for infrastructure financing.
  - Rs. 5 lakh crore lending portfolio to be created under the proposed DFI in 3 years.
  - Debt Financing by Foreign Portfolio Investors to be enabled by amending InvITs and REITs legislations.
  - A Development Finance Institution is an agency that finances infrastructure projects that are of national importance but may or may not conform to commercial return standards. In most cases, these agencies are government owned and their borrowings enjoy the comfort of government guarantees, which help bring down the cost of funding.
  - In India, the first DFI was operationalized in 1948 with the setting up of the Industrial Finance Corporation (IFCI). Subsequently, the Industrial Credit and Investment Corporation of India (ICICI) was set up with the backing of the World Bank in 1955. The Industrial Development Bank of India (IDBI) came into existence in 1964 to promote long-term financing for infrastructure projects and industry.
  - Banks are currently not suited for lending for long term projects which do not generate any cash for years.

- To provide funding, to enhance credit rating of projects, a DFI is needed, and DFI will be a catalyst, and would fund projects where others are not willing to enter because of the risks involved.
- There are clear advantages if the DFI is fully held by the government, the most important being fund-raising. The securities from the DFI could be made SLR (Statutory Liquidity Ratio) eligible.
- A DFI with a private sector character will require the government to believe and trust the private sector, and still extend such benefits to the institution as it would normally to a state-owned DFI.
- When compared with banks, a DFI provides long-term finance for social and economic infrastructure where risks may be higher than what the ordinary financial system may be willing to bear. Raising funds for a state-owned DFI will be easy but the top management may be risk-averse fearing government agencies. A private DFI with minority government stake will increase its appetite for risks.
- Infrastructure projects require long-term funds, and given the scale of investment required, a large DFI is a good idea.
- In order to provide relief to taxpayers, advance-tax liability on dividend income shall arise only after the declaration/payment of dividend. The dividend paid to Real Estate Infrastructure Trusts or Infrastructure Investment Trusts (REIT/InvIT) shall be exempt from TDS.
- In order to incentivize home buyers and real estate developers, it is proposed to increase safe harbour limit from 10% to 20% for the specified primary sale of residential units.

Key Announcements in Infrastructure and Real Estate Sector

❖ **Asset monetisation**

Announcement

- National Monetisation Pipeline for brownfield infrastructure assets to be launched
- DFC assets to be monetised by Railways for operations and maintenance
- Airports to be monetized for operations and management
- Several core infrastructure assets to be monetized including toll roads, transmission assets, pipeline assets, sports stadium, etc., which are owned by the Government/ PSUs

Analysis

Monetisation of transmission assets through the InvIT model is a promising move that will add transmission capacity to match the rapid pace of electricity generation to meet the increase in electricity demand. The intention to speed up monetisation of brownfield infrastructure assets by creating a National Monetisation Pipeline will send the right signals to private investors, enabling them to make long-term commitment to Indian opportunities either by way of investment in capital assets, technology or sourcing funds.

❖ **Roads and highways**

Announcements

- 8,500 kms of road projects to be awarded by March 2022.
- Economic corridors being planned in Tamil Nadu, Kerala, Assam and West Bengal.

Analysis : Road development has always been a proven strong shot in the arm for boosting the economy. The increased allocation for roads and highways will help in expanding road network in the country. A proven tool for spurring economic activity, spending on highways has a multiplier effect on several sectors, including construction equipment, steel and cement, among others; besides creating employment opportunities.

❖ **Railways**

Announcements

- Western and Eastern DFC to be commissioned by June 2022, resulting in reduced logistics cost.

Analysis

Implementation of National Rail Plan for India 2030 will create a future-ready railways system and bring down the logistic cost for industry to enable Make in India. Further, High Density network & highly utilised network routes of Railways will be provided with train protection system to eliminate train collision incidents due to human error.

❖ **Urban infrastructure**

Announcements

- Deployment of PPP model in public bus transport services.
- Expansion of metro rail network through 'MetroLite' and 'MetroNeo' for Tier-2 and peripheral areas of Tier-1 cities.

Analysis

A new scheme will be launched at a cost of Rs. 18,000 crores to support augmentation of public bus transport services. The scheme will facilitate deployment of innovative PPP models to enable private sector players to finance, acquire, operate, and maintain over 20,000 buses. The scheme will boost the automobile sector, provide fillip to economic growth, create employment opportunities for our youth and enhance ease of mobility for urban residents. Two new technologies i.e., 'MetroLite' and 'MetroNeo' will be deployed to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.

- **Power**

  Announcements

  - Framework to give consumers the choice of more than one DISCOM to improve performance.
  - Result-linked power distribution scheme to be launched to provide assistance to DISCOMS for infrastructure creation.

  Analysis

  This move aimed to assist distribution infrastructure development, feeder separation, and smart meter installation. Also, the stimulus would help DISCOMS that faced disruptions due to the novel coronavirus (COVID-19) pandemic.

- **Ports**

  Announcements

  - Seven projects worth Rs. 20 bn to be offered by major ports on PPP model in FY 2021-22.
  - Ship recycling capacity to be increased and Efforts will be made to bring more ships to India from Europe and Japan.
  - Development of five nodal fishing harbours at major port locations and along rivers and waterways.

  Analysis

  Corporatisation of at least one of the 12 major ports and subsequently list it on the exchanges is a positive step towards government disinvestment in the ports sector. Continuous support for the development of other inland waterways is a positive move and it will improve the operational efficiencies of ports through mechanisation, digitisation and process simplification.

Health Care

The Budget proposals for the financial year 2021-22 rest on six pillars, with the topmost pillar being health and wellbeing. The outlay for the health sector has been increased to Rs. 2,23,846 crores for 2021-22, which marks a 137 per cent increase over this year's budget estimates.

Healthcare strengthening three areas :

- **Preventive**
- **Curative**
- **Well being**

Key Announcements

- The New PM Atmanirbhar Swasth Bharat Yojana is to be launched with an outlay of Rs. 64,180 crore over 6 years. This is to build capacities in primary, secondary and tertiary care. This is in addition to the amount budgeted for the National Health Mission.
- The Pneumococcal Vaccine, a Made in India product, is presently limited to only 5 states will be rolled out across the country. This will avert more than 50,000 child deaths annually.
- An additional Rs. 35,000 crore has been allocated for COVID-19 vaccines.
- The Jal Jeevan Mission (Urban) is to be launched which aims at universal water supply in all 4,378 Urban Local Bodies with 2.86 crore household tap connections, as well as liquid waste management in 500 AMRUT cities. It will be implemented over 5 years, with an outlay of Rs. 2,87,000 crore.
- The Urban Swachh Bharat Mission 2.0 is to be implemented with a total financial allocation of Rs. 1,41,678 crore over a period of 5 years from 2021-2026.
- An amount of Rs. 2,217 crore for 42 urban centres with a million-plus population is to be provided to tackle the burgeoning problem of air pollution.
- The Government proposes to introduce the National Nursing and Midwifery Bill as well as the National Commission for Allied and Healthcare Professionals Bill.

Analysis

- The increased total budget outlay for healthcare is a big step for strengthening the delivery system and building better capability and capacity to address the current challenges as well as combat any future pandemics.
- The New PM Atmanirbhar Swasth Bharat Yojana will develop capacities of the primary, secondary, and tertiary care health systems, strengthen existing national institutions, and create new institutions, to detect and cure new diseases in the wake of the pandemic.

- The allocation of Rs. 35,000 crore for COVID19 vaccines & commitment to provide further support as needed will help end this pandemic and expedite economic recovery as well.
- PM Aatmanirbhar Swasth Yojana with an outlay of Rs. 64,180 crores over 6 years. This is encouraging and will strengthen the existing detection and curing centres and set up new centres in addition to the National Health Mission.
- The budget provides a much-needed boost to health, nutrition sanitation and pollution control, all of which will contribute to improved health and wellbeing.
- This Budget is a step in the right direction to meet the goal of 2.5% of GDP spend on healthcare by the Government.
- Production Linked Incentive scheme push will make India integral part of the global supply chain and create job opportunities. It will also attract global players in the Indian pharma and medical devices manufacturing.
- India is rolling out the world's second largest vaccination programme and has made budgetary provisions for the same, with commitment to spending more if required. Helping other countries with their vaccine requirements has strengthened India's position as a major player in the healthcare sector and will earn goodwill for the Government.
- Besides curative care, the focus on preventive care and well-being will usher in a more holistic approach for reducing morbidity and mortality.

Oil and Gas

The Government had kept fuel supplies running uninterrupted across the country during the COVID19 lockdown period. Taking note of the crucial nature of fuel requirement in the lives of people, the FM Smt. Nirmala Sitharaman, announced key initiatives in the Petroleum & Natural Gas Sector.

Key Announcements

- Ujjwala Scheme, which has already benefitted 8 crore households, will be extended to cover 1 crore more beneficiaries.
- 100 more districts will be added to the City Gas Distribution Network in the next three years.
- A Gas pipeline project will be taken up in the Union Territory of Jammu and Kashmir.
- An Independent Gas Transport System Operator will be set up for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis.
- It is proposed to launch a Hydrogen Energy Mission in FY 2021–22 for generating hydrogen from green power sources.
- Asset monetisation of pipeline infrastructure – GAIL, IOCL, HPCL.

Analysis

- Health concerns among rural women have been addressed by the Ujwala LPG scheme. The coverage of remaining households is an impactful social initiative.
- In a major boost for the union territory of Jammu and Kashmir and the sector, the government has also announced that a gas pipeline project will be taken up.
- Gas transportation capacity will get unlocked with an independent Transmission System Operator (TSO), and more so with digitalisation of booking.
- More licensing in City Gas Distribution (CGD) will make way for gas to be the bridge to a greener economy.
- The oil and gas sector is moving towards significant privatisation. Consumers will benefit in the end, in addition to Government funds getting unlocked.
- Green hydrogen is the energy carrier of the future. The new Energy Mission sets out a critical agenda to bring about the transformation. Capital infusion in Solar Energy Corporation and IREDA will also help in generating renewable power for the hydrogen agenda.
- Additionally, the government will add 100 more districts to the City Gas Distribution Network in the next three years.
- An independent Gas System Transport Operator will ensure fair, non-discriminatory and easy access to the common carrier capacity on the national gas grid system.

Education*

Blanket tax exemptions for educational institutions expanded to include educational institutions with total receipts upto Rs. 5 crore from Rs. 1 crore.

More than 15,000 schools will be quantitatively strengthened to include all components of the National Education Policy.

100 new Sainik Schools will be setup in partnership with NGOs / private schools / states.

Higher Education Commission, and umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation and funding to be setup.

Formal umbrella structures will be created in 9 cities where there are various research institutions, universities, and colleges supported by the Government of India so that these institutions can have better synergy, while also retaining their internal autonomy. A Glue Grant will be set aside for this purpose.

Announcements related to implementation of National Education Policy

- Standards will be developed for all school teachers in the form of National Professional Standards for Teachers
- A unique indigenous toy-based learning-pedagogy for all levels of school education will be developed
- A National Digital Educational Architecture will be set to support teaching, learning activities, educational planning, governance and administrative activities of the Centre and the States/ Union Territories.
- Enable he training of 56 lakh school teachers through the National Initiative for School Heads and Teachers for Holistic Advancement

750 Eklavya Model residential schools will be set up in tribal areas.

The Apprenticeship Act would be amended to realign the existing scheme of National Apprenticeship Training Scheme for providing post-education apprenticeship, training of graduates and diploma holders in Engineering.

National Research Foundation would be setup with an outlay of Rs. 50,000 core over 5 years.

A portal will be setup for collecting relevant information on gig, building and construction workers. This will help formulate health, housing, skill, insurance, credit and food schemes for migrant workers. Social security benefits will be extended to gig and platform workers.

Increased tax exemption limit will provide relief to smaller educational institutions with turnover of less than Rs. 5 crore without need for specific approvals from the tax authorities.

**Source : https://assets.kpmg/content/dam/kpmg/in/pdf/2021/02/education-and-skill-development-budget-2021-22.pdf*

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Individual Taxation

Union Finance Minister did not announce any change in income tax slabs or rates for individuals in the Union Budget 2021. The only change announced in regards to individuals' income tax was are as follows:

1. Senior citizens aged more than 75 years, earning only pension and interest income, will now be exempted from filing Income Tax Returns, where tax has been deducted at source. Such taxes to be withheld by specified banks considering the final tax liability on total income (after deductions and rebate).
2. Accrued interest on employee's contributions to Provident Fund exceeding INR 2,50,000 per annum will be taxable w.e.f. April 1st 2021.
3. The Advance tax liability in case of dividend income will arise after the declaration/payment of dividend.
4. Affordable housing loan interest deduction of Rs 1.5 Lacs will now be available for a loan taken till 31.3.2022.
5. In order to ease compliance for the tax payer, details of salary income, tax payments, TDS etc. already come prefilled in Income Tax Returns. To further ease filing of Income Tax Returns, details of Capital Gain from listed securities, dividend income, and interest from banks, post office will also be prefilled.
6. In order to incentivize Startups in the country, the eligibility for claiming tax holiday for startups is proposed to extend by 1 more year i.e. till March 31st, 2022. Further the Capital Gain exemptions for investment in start-up has also been extended till March 31st 2022.

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Speech of Smt. Nirmala Sitharaman

Minister of Finance

February 1, 2021

Hon'ble Speaker,

I present the Budget for the year 2021-2022.

Introduction

1. Honourable Speaker, the preparation of this Budget was undertaken in circumstances like never before. We knew of calamities that have affected a country or a region within a country, but what we have endured with COVID-19 through 2020 is sui generis.

2. When I presented the Budget 2020-21, we could not have imagined that the global economy, already in throes of a slowdown, would be pushed into an unprecedented contraction.

3. We could not have also imagined then that our people as those in other countries would have to endure the loss of near and dear ones and suffer hardships brought about due to a health crisis.

4. The risk of not having a lockdown was far too high. Within 48 hours of declaring a three-week-long complete lockdown, the Prime Minister announced the Pradhan Mantri Garib Kalyan Yojana, valued at ₹2.76 lakh crores– this provided, free food grain to 800 million people, free cooking gas for 80 million families for months, and cash directly to over 400 million farmers, women, elderly, the poor and the needy.

5. Even as a large section of citizens stayed home, milk, vegetable, and fruit-suppliers, health and sanitary workers, truck drivers, railways and public transport workers, bank employees, electricity workers, our *annadata*s, police, firemen, and the armed forces, all had to go about their work as normal, but with the additional anxiety of the virus hanging over them. We recognise this, and I think I speak on behalf of everybody in this august House, when I express my heartfelt gratitude to these men and women, for how they were able to carry out their work and duty, to provide for the nation's basics, over those crucial months.

6. Speaker Sir, for public good, Honourable Members of Parliament and Members of Legislative Assemblies too offered their salaries.

7. In May 2020, the government announced the AtmaNirbhar Bharat package (ANB 1.0).To sustain the recovery, further into the year, we also rolled out two more AtmaNirbhar Bharat packages (ANB 2.0 and ANB 3.0). Total financial impact of all AtmaNirbhar Bharat packages including measures taken by RBI was estimated to about ₹27.1 lakh crores which amounts to more than 13% of GDP.

8. As a government, we kept a watch on the situation and were proactive in our responses. The government, led by the Prime Minister, stretched its resources to deliver for most vulnerable sections of our society – the poorest of the poor, the Dalits, Tribals, the elderly, the migrant workers, and our children. The PMGKY, the three ANB packages, and announcements made later were like five mini-budgets in themselves.

9. The AtmaNirbhar Packages accelerated our pace of structural reforms. Redefinition of MSMEs, Commercialisation of the Mineral Sector, Agriculture and Labour Reforms, Privatisation of Public Sector Undertakings, One Nation One Ration Card, and Production Linked Incentive Schemes are some of the notable reforms carried out during this period. Faceless Income Tax Assessment, DBT and Financial Inclusion are the others.

10. Today, India has two vaccines available, and has begun medically safeguarding not only her own citizens against COVID-19, but also those of 100 or more countries. It is added comfort to know that two or more vaccines are also expected soon.

11. Honourable Prime Minister launched the vaccination drive by crediting and thanking our scientists. We are ever grateful for the strength and rigour of their efforts.

12. Having said that, we are all reminded time and again that our fight against COVID-19 continues into 2021.

13. Now, just as it had happened after the two World Wars, there are signs that the political, economic, and strategic relations in the post COVID world are changing. This moment in history is the dawn of a new era – one in which India is well-poised to truly be the land of promise and hope.

"Faith is the bird that feels the light and sings when the dawn is still dark".

-Rabindranath Tagore
(Fireflies – A Collection of Aphorisms)

14. In this spirit, I can't help but recall the joy that we, as a cricket-loving nation, felt after Team India's recent spectacular success in Australia. It has reminded us of all the qualities that we as a people, particularly our youth, epitomise of having abundant promise and the unsuppressed thirst to perform and succeed.

15. Today, data shows that India now has one of the lowest death rate of 112per million population and one of the lowest active cases of about 130 per million. This has laid the foundation to the revival we are seeing now in the economy.

16. This Budget will be the first of this new decade. This Budget will also be a digital Budget and that has happened with all your support.

17. So far, only three times has a Budget followed a contraction in the economy. All such contractions were as a result of situations typical to India. This time, the contraction in our economy is due to a global pandemic, just like in several other countries.

18. Having said that, I want to confidently state that our Government is fully prepared to support and facilitate the economy's reset. This Budget provides every opportunity for our economy to raise and capture the pace that it needs for sustainable growth.

19. 2021 is the year of many important milestones for our history. I mention a few of these: It is the 75th year of Independence; 60 years of Goa's accession to India; 50 years of the 1971 India-Pakistan War; it will be the year of the 8th Census of Independent India; it will also be India's turn at the BRICS Presidency; the year for our Chandrayaan-3 Mission; and the Haridwar MahaKumbh.

20. Honourable Speaker, before I commence Part A of the Budget, I want to take a moment to acknowledge how isolating and distancing seemed like insurmountable challenges for a country like ours that has people coming together in times of crises. It hurt us in many ways. I bow my head in respect to every citizen, for the endurance shown in facing what was an undeniably a tough year for all our physical and mental well-being.

PART A

21. In Part A, I wish to lay a vision for AtmaNirbhar Bharat.

22. AtmaNirbharta is not a new idea. Ancient India was largely self-reliant, and equally, a business epicentre of the world.

23. AtmaNirbhar Bharat is an expression of 130 crores Indians who have full confidence in their capabilities and skills.

24. We are already part of International groupings such as the G20 and BRICS. The Coalition for Disaster Resilient Infrastructure and the International Solar alliance are realities today due to India's efforts.

25. The proposals in Part A will further strengthen the sankalp of Nation First, Doubling Farmer's Income, Strong Infrastructure, Healthy India, Good Governance, Opportunities for Youth, Education for All, Women Empowerment, and Inclusive Development, among others.

26. Additionally, also on the path to fast-implementation are the 13 promises we had made in the Budget of 2015-16 which were to materialise during the AmrutMahotsav of 2022, on the 75th year of our Independence. They too resonate with this vision of AtmaNirbharta.

27. The Budget proposals for 2021-2022 rest on 6 pillars.

i. Health and Wellbeing

ii. Physical & Financial Capital, and Infrastructure

iii. Inclusive Development for Aspirational India

iv. Reinvigorating Human Capital

v. Innovation and R&D

vi. Minimum Government and Maximum Governance

1. Health and Wellbeing

28. Even at the outset, I would like to say that the investment on Health Infrastructure in this Budget has increased substantially. Progressively, as institutions absorb more, we shall commit more.

29. Taking a holistic approach to Health, we focus on strengthening three areas: Preventive, Curative, and Wellbeing.

Health Systems

30. A new centrally sponsored scheme, **PM AtmaNirbhar Swasth Bharat Yojana**, will be launched with an outlay of about ₹64,180 crores over 6 years. This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases. This will be in addition to the National Health Mission. The main interventions under the scheme are:

a. Support for 17,788 rural and 11,024 urban Health and Wellness Centers

b. Setting up integrated public health labs in all districts and 3382 block public health units in 11 states;

c. Establishing critical care hospital blocks in 602 districts and 12 central institutions;

d. Strengthening of the National Centre for Disease Control (NCDC), its 5 regional branches and 20 metropolitan health surveillance units;

e. Expansion of the Integrated Health Information Portal to all States/UTs to connect all public health labs;

f. Operationalisation of 17 new Public Health Units and strengthening of 33 existing Public Health Units at Points of Entry, that is at 32 Airports, 11 Seaports and 7 land crossings;

g. Setting up of 15 Health Emergency Operation Centers and 2 mobile hospitals; and

h. Setting up of a national institution for One Health, a Regional Research Platform for WHO South East Asia Region, 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology.

Nutrition

31. To strengthen nutritional content, delivery, outreach, and outcome, we will merge the Supplementary Nutrition Programme and the Poshan Abhiyan and launch the Mission Poshan 2.0. We shall adopt an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts.

Universal Coverage of Water Supply

32. The World Health Organisation has repeatedly stressed the importance of clean water, sanitation, and clean environment, as a pre requisite to achieving universal health.

33. The JalJeevan Mission (Urban), will be launched. It aims at universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities. It will be implemented over 5 years, with an outlay of ₹2,87,000 crores.

34. ***Swachch Bharat, Swasth Bharat***

35. For further *swachhta* of urban India, we intend to focus on complete faecal sludge management and waste water treatment, source segregation of garbage, reduction in single-use plastic, reduction in air pollution by effectively managing waste from construction-and-demolition activities and bio-remediation of all legacy dump sites. The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of ₹1,41,678 crores over a period of 5 years from 2021-2026.

Clean Air

36. To tackle the burgeoning problem of air pollution, I propose to provide an amount of ₹2,217 crores for 42 urban centres with a million-plus population in this budget.

Scrapping Policy

37. We are separately announcing a voluntary vehicle scrapping policy, to phase out old and unfit vehicles. This will help in encouraging fuel-efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill. Vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles. Details of the scheme will be separately shared by the Ministry.

Vaccines

38. The Pneumococcal Vaccine, a Made in India product, is presently limited to only 5 states will be rolled out across the country. This will avert more than 50,000 child deaths annually.

39. I have provided ₹35,000 crores for Covid-19 vaccine in BE 2021-22. I am committed to provide further funds if required.

40. The Budget outlay for *Health and Wellbeing* is ₹2,23,846 crores in BE 2021-22 as against this year's BE of ₹94,452crores an increase of 137 percentage. The details of the same are at Annexure I of the Speech.

2. Physical and Financial Capital and Infrastructure

AtmaNirbhar Bharat – Production Linked Incentive scheme (PLI)

41. For a USD 5 trillion economy, our manufacturing sector has to grow in double digits on a sustained basis. Our manufacturing companies need to become an integral part of global supply chains, possess core competence and cutting-edge technology. To achieve all of the above, PLI schemes to create manufacturing global champions for an AtmaNirbhar Bharat have been announced for 13 sectors. For this, the government has committed nearly ₹1.97 lakh crores, over 5 years starting FY 2021-22. This initiative will help bring scale and size in key sectors, create and nurture global champions and provide jobs to our youth.

Textiles

42. To enable the textile industry to become globally competitive, attract large investments and boost employment generation, a scheme of *Mega Investment Textiles Parks (MITRA)* will be launched in addition to the PLI scheme. This will create world class infrastructure with plug and play facilities to enable create global champions in exports. 7 Textile Parks will be established over 3 years.

Infrastructure

43. The National Infrastructure Pipeline (NIP) which I announced in December 2019 is the first-of-its-kind, whole-of-government exercise ever undertaken by Government of India. The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects. Around 217 projects worth ₹1.10 lakh crores under some key infrastructure Ministries have been completed.

44. The NIP is a specific target which this government is committed to achieving over the coming years. It will require a major increase in funding both from the government and the financial sector. In this Budget, I propose to take concrete steps to do this, in three ways:

45. Firstly, by creating the institutional structures; secondly, by a big thrust on monetizing assets, and thirdly by enhancing the share of capital expenditure in central and state budgets.

Infrastructure financing - Development Financial Institution (DFI)

46. Infrastructure needs long term debt financing. A professionally managed Development Financial Institution is necessary to act as a provider, enabler and catalyst for infrastructure financing. Accordingly, I shall introduce a Bill to set up a DFI. I have provided a sum of ₹20,000 crores to capitalise this institution. The ambition is to have a lending portfolio of at least ₹5 lakh crores for this DFI in three years time.

47. Debt Financing of InVITs and REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations. This will further ease access of finance to InVITS and REITs thus augmenting funds for infrastructure and real estate sectors.

Asset Monetisation

48. Monetizing operating public infrastructure assets is a very important financing option for new infrastructure construction. A "National Monetization Pipeline" of potential brownfield infrastructure assets will be launched. An Asset Monetization dashboard will also be created for tracking the progress and to provide visibility to investors. Some important measures in the direction of monetisation are:

a. National Highways Authority of India and PGCIL each have sponsored one InvIT that will attract international and domestic institutional investors. Five operational roads with an estimated enterprise value of ₹5,000 crores are being transferred to the NHAI InvIT. Similarily, transmission assets of a value of ₹7,000 crores will be transferred to the PGCIL InvIT.

b. Railways will monetise Dedicated Freight Corridor assets for operations and maintenance, after commissioning.

c. The next lot of Airports will be monetised for operations and management concession.

d. Other core infrastructure assets that will be rolled out under the Asset Monetization Programme are: (i) NHAI Operational Toll Roads (ii) Transmission Assets of PGCIL (iii) Oil and Gas Pipelines of GAIL, IOCL and HPCL (iv) AAI Airports in Tier II and III cities, (v) Other Railway Infrastructure Assets (vi) Warehousing Assets of CPSEs such as Central Warehousing Corporation and NAFED among others and (vii) Sports Stadiums.

Sharp Increase in Capital Budget

49. In the BE 2020-21, we had provided ₹4.12 lakh crores for Capital Expenditure. It was our effort that in spite of resource crunch we should spend more on capital and we are likely to end the year at around ₹4.39lakh crores which I have provided in the RE 2020-21. For 2021-22, I propose a sharp increase in capital expenditure and thus have provided ₹5.54 lakh crores which is 34.5% more than the BE of 2020-21. Of this, I have kept a sum of more than ₹44,000 crores in the Budget head of the Department of Economic Affairs to be provided for projects/programmes/departments that show good progress on Capital Expenditure and are in need of further funds. Over and above this expenditure, we would also be providing more than ₹2 lakh crores to States and Autonomous Bodies for their Capital Expenditure.

50. We will also work out specific mechanisms to nudge States to spend more of their budget on creation of infrastructure.

Roads and Highways Infrastructure

51. More than 13,000 km length of roads, at a cost of ₹3.3 lakh crores, has already been awarded under the ₹5.35 lakh crores Bharatmala Pariyojana project of which 3,800 kms have been constructed. By March 2022, we would be awarding another 8,500 kms and complete an additional 11,000 kms of national highway corridors.

52. To further augment road infrastructure, more economic corridors are also being planned. Some are:

a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of ₹1.03 lakh crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.

b. 1,100 km of National Highway works in the State of Kerala at an investment of ₹65,000 crores including 600 km section of Mumbai-Kanyakumari corridor in Kerala.

c. 675 km of highway works in the state of West Bengal at a cost of ₹25,000 crores including upgradation of existing road-Kolkata – Siliguri.

d. National Highway works of around ₹19,000 crores are currently in progress in the State of Assam. Further works of more than `34,000 crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

53. Some of the flagship corridors and other important projects that would see considerable activity in 2021-22 are in Annexure-II.

54. I am also providing an enhanced outlay of ₹1,18,101 crores for Ministry of Road Transport and Highways, of which ₹1,08,230 crores is for capital, the highest ever.

Railway Infrastructure

55. Indian Railways have prepared a National Rail Plan for India – 2030. The Plan is to create a 'future ready' Railway system by 2030.

56. Bringing down the logistic costs for our industry is at the core of our strategy to enable 'Make in India'. It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022. The following additional initiatives are proposed:

a. The Sonnagar – Gomoh Section (263.7 km) of Eastern DFC will be taken up in PPP mode in 2021-22. Gomoh-Dankuni section of 274.3 km will also be taken up in short succession.

b. We will undertake future dedicated freight corridor projects namely East Coast corridor from Kharagpur to Vijayawada, East-West Corridor from Bhusaval to Kharagpur to Dankuni and North-South corridor from Itarsi to Vijayawada. Detailed Project Reports will be undertaken in the first phase.

c. Broad Gauge Route Kilometers (RKM) electrified is expected to reach 46,000 RKM i.e., 72% by end of 2021 from 41,548 RKM on 1st Oct 2020. 100% electrification of Broad-Gauge routes will be completed by December, 2023.

57. For Passenger convenience and safety the following measures are proposed:

a. We will introduce the aesthetically designed Vista Dome LHB coach on tourist routes to give a better travel experience to passengers.

b. The safety measures undertaken in the past few years have borne results. To further strengthen this effort, high density network and highly utilized network routes of Indian railways will be provided with an indigenously developed automatic train protection system that eliminates train collision due to human error.

c. I am providing a record sum of ₹1,10,055 crores, for Railways of which ₹1,07,100 croresis for capital expenditure.

Urban Infrastructure

58. We will work towards raising the share of public transport in urban areas through expansion of metro rail network and augmentation of city bus service. A new scheme will be launched at a cost of `18,000 crores to support augmentation of public bus transport services. The scheme will facilitate deployment of innovative PPP models to enable private sector players to finance, acquire, operate and maintain over 20,000 buses. The scheme will boost the automobile sector, provide fillip to economic growth, create employment opportunities for our youth and enhance ease of mobility for urban residents.

59. A total of 702 km of conventional metro is operational and another 1,016 km of metro and RRTS is under construction in 27 cities. Two new technologies i.e., 'MetroLite' and 'MetroNeo' will be deployed to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.

60. Central counterpart funding will be provided to:

a. Kochi Metro Railway Phase-II of 11.5 km at a cost of ₹1957.05 crores.

b. Chennai Metro Railway Phase-II of 118.9 km at a cost of ₹63,246 crores.

c. Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of ₹14,788 crores.

d. Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of ₹5,976 crores and ₹2,092 crores respectively.

Power Infrastructure

61. The past 6 years have seen a number of reforms and achievements in the power sector. We have added 139 Giga Watts of installed capacity, connected an additional 2.8 crores households and added 1.41 lakh circuit km of transmission lines.

62. The distribution companies across the country are monopolies, either government or private. There is a need to provide choice to consumers by promoting competition. A framework will be put in place to give consumers alternatives to choose from among more than one Distribution Company.

63. The viability of Distribution Companies is a serious concern. A revamped reforms-based result-linked power distribution sector scheme will be launched with an outlay of ₹3,05,984 crores over 5 years. The scheme will provide assistance to DISCOMS for Infrastructure creation including pre-paid smart metering and feeder separation, upgradation of systems, etc., tied to financial improvements.

64. Prime Minister, while speaking at the 3rd Re-inVest Conference in November 2020, had announced plans to launch a comprehensive National Hydrogen Energy Mission. It is now proposed to launch a Hydrogen Energy Mission in2021-22 for generating hydrogen from green power sources.

Ports, Shipping, Waterways

65. Major Ports will be moving from managing their operational services on their own to a model where a private partner will manage it for them. For the purpose, 7 projects worth more than ₹2,000 crores will be offered by the Major Ports on Public Private Partnership mode in FY21-22.

66. A scheme to promote flagging of merchant ships in India will be launched by providing subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs. An amount of ₹1624 crores will be provided over 5 years. This initiative will enable greater training and employment opportunities for Indian seafarers besides enhancing Indian companies share in global shipping.

67. India has enacted Recycling of Ships Act, 2019 and acceded to the Hong Kong International Convention. Around 90 ship recycling yards at Alang in Gujarat have already achieved HKC-compliant certificates. Efforts will be made to bring more ships to India from Europe and Japan. Recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) will be doubled by 2024. This is expected to generate an additional 1.5 lakh jobs for our youth.

Petroleum & Natural Gas

68. Our government has kept fuel supplies running across the country without interruption during the COVID-19 lockdown period. Taking note of the crucial nature of this sector in people's lives, the following key initiatives are being announced:

a. Ujjwala Scheme which has benefited 8 crores households will be extended to cover 1 crores more beneficiaries.

b. We will add 100 more districts in next 3 years to the City Gas Distribution network.

c. A gas pipeline project will be taken up in Union Territory of Jammu & Kashmir.

d. An independent Gas Transport System Operator will be set up for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis.

Financial Capital

69. I propose to consolidate the provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007 into a rationalized single Securities Markets Code.

70. The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC.

71. To instill confidence amongst the participants in the Corporate Bond Market during times of stress and to generally enhance secondary market liquidity, it is proposed to create a permanent institutional framework. The proposed body would purchase investment grade debt securities both in stressed and normal times and help in the development of the Bond market.

72. In the budget of 2018-19, Government had announced its intent to establish a system of regulated gold exchanges in the country. For the purpose, SEBI will be notified as the regulator and Warehousing Development and Regulatory Authority will be strengthened to set up a commodity market eco system arrangement including vaulting, assaying, logistics etc. in addition to warehousing.

73. Towards investor protection, I propose to introduce an investor charter as a right of all financial investors across all financial products.

74. To give a further boost to the non-conventional energy sector, I propose to provide additional capital infusion of `1,000 crores to Solar Energy Corporation of India and ₹1,500 crores to Indian Renewable Energy Development Agency.

Increasing FDI in Insurance Sector

75. I propose to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards. Under the new structure, the majority of Directors on the Board and key management persons would be resident Indians, with at least 50% of Directors being Independent Directors, and specified percentage of profits being retained as general reserve.

76. ***Stressed Asset Resolution by setting up a New Structure***

77. The high level of provisioning by public sector banks of their stressed assets calls for measures to clean up the bank books. An Asset Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization.

Recapitalization of PSBs

78. To further consolidate the financial capacity of PSBs, further recapitalization of ₹20,000 crores is proposed in 2021-22.

Deposit Insurance

79. Last year, Government had approved an increase in the Deposit Insurance cover from ₹1 lakh to ₹5 lakhs for bank customers. I shall be moving amendments to the DICGC Act, 1961 in this Session itself to streamline the provisions, so that if a bank is temporarily unable to fulfil its obligations, the depositors of such a bank can get easy and time-bound access to their deposits to the extent of the deposit insurance cover. This would help depositors of banks that are currently under stress.

80. To improve credit discipline while continuing to protect the interest of small borrowers, for NBFCs with minimum asset size of ₹100 crores, the minimum loan size eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 is proposed to be reduced from the existing level of ₹50 lakhs to ₹20 lakhs.

Company Matters

81. The decriminalizing of the procedural and technical compoundable offences under the Companies Act, 2013, is now complete. I now propose to next take up decriminalization of the Limited Liability Partnership (LLP) Act, 2008.

82. Sir, I propose to revise the definition under the Companies Act, 2013 for Small Companies by increasing their thresholds for Paid up capital from "not exceeding ₹50 Lakh" to "not exceeding ₹2 Crore" and turnover from "not exceeding ₹2 Crore" to "not exceeding ₹20 Crore". This will benefit more than two lakh companies in easing their compliance requirements.

83. As a further measure which directly benefits Start-ups and Innovators, I propose to incentivize the incorporation of One Person Companies (OPCs) by allowing OPCs to grow without any restrictions on paid up capital and turnover, allowing their conversion into any other type of company at any time, reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and also allow Non Resident Indians (NRIs) to incorporate OPCs in India.

84. To ensure faster resolution of cases, NCLT framework will be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced.

85. During the coming fiscal 2021-22, we will be launching data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0. This Version 3.0 will have additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.

Disinvestment and Strategic Sale

86. In spite of COVID-19, we have kept working towards strategic disinvestment. A number of transactions namely BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, NeelachalIspat Nigam limited among others would be completed in 2021-22. Other than IDBI Bank, we propose to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22. This would require legislative amendments and I propose to introduce the amendments in this Session itself.

87. In 2021-22 we would also bring the IPO of LIC for which I am bringing the requisite amendments in this Session itself.

88. In the AtmaNirbhar Package, I had announced that we will come out with a policy of strategic disinvestment of public sector enterprises. I am happy to inform the House that the Government has approved the said policy. The policy provides a clear roadmap for disinvestment in all non-strategic and strategic sectors. We have kept four areas that are strategic where bare minimum CPSEs will be maintained and rest privatized. In the remaining sectors all CPSEs will be privatized. The main highlights of the policy are mentioned at Annexure-III.

89. To fast forward the disinvestment policy, I am asking NITI to work out on the next list of Central Public Sector companies that would be taken up for strategic disinvestment.

90. To similarly incentivise States to take to disinvestment of their Public Sector Companies, we will work out an incentive package of Central Funds for States.

91. Idle assets will not contribute to AtmaNirbhar Bharat. The non-core assets largely consist of surplus land with government Ministries/Departments and Public Sector Enterprises. Monetizing of land can either be by way of direct sale or concession or by similar means. This requires special abilities and for this purpose, I propose to use a *Special Purpose Vehicle* in the form of a company that would carry out this activity.

92. In order to ensure timely completion of closure of sick or loss making CPSEs, we will introduce a revised mechanism that will ensure timely closure of such units.

93. I have estimated ₹1,75,000 crores as receipts from disinvestment in BE 2021-22.

Government Financial Reforms

94. Under the Treasury Single Account (TSA) System autonomous bodies directly draw funds from the Government's account at the time of actual expenditure, saving interest costs. We will extend the TSA System for universal application from 2021-22.

95. On the recommendation of the Fifteenth Finance Commission, we have undertaken a detailed exercise to rationalise and bring down the number of Centrally Sponsored Schemes. This will enable consolidation of outlays for better impact.

96. The Government is committed to the development of Multi-State Cooperatives and will provide all support to them. To further streamline the 'Ease of Doing Business' for Cooperatives, I propose to set up a separate Administrative Structure for them.

3. Inclusive Development for Aspirational India

97. Honourable Speaker Sir, under this pillar, I will cover Agriculture and Allied sectors, farmers' welfare and rural India, migrant workers and labour, and financial inclusion.

Agriculture

98. Our Government is committed to the welfare of farmers. The MSP regime has undergone a sea change to assure price that is at least 1.5 times the cost of production across all commodities. The procurement has also continued to increase at a steady pace. This has resulted in increase in payment to farmers substantially.

99. In case of wheat, the total amount paid to farmers in 2013-2014 was ₹33,874 crores. In 2019-2020 it was ₹62,802 crores, and even better, in 2020-2021, this amount, paid to farmers, was ₹75,060 crores. The number of wheat growing farmers that were benefitted increased in 2020-21 to 43.36 lakhs as compared to 35.57 lakhs in 2019-20.

100. For paddy, the amount paid in 2013-14 was ₹63,928 crores. In 2019-2020 this increased ₹1,41,930 crores. Even better, in 2020-2021, this is further estimated to increase to ₹172,752 crores. The number of farmers benefitted increased from 1.24 crores in 2019-20 to 1.54 crores in 2020-21.

101. In the same vein, in case of pulses, the amount paid in 2013-2014 was ₹236 crores. In 2019-20 it increased ₹8,285 crores. Now, in 2020-2021, it is at ₹10,530 crores, a more than 40 times increase from 2013-14.

102. The receipts to cotton farmers have seen a stupendous increase from ₹90 crores in 2013-14 to ₹25,974 crores (as on 27th January 2021). The details are in Annexure IV.

103. Early this year, Honourable Prime Minister had launched SWAMITVA Scheme. Under this, a record of rights is being given to property owners in villages. Up till now, about 1.80 lakh property-owners in 1,241 villages have been provided cards. I now propose during FY21-22 to extend this to cover all states/UTs.

104. To provide adequate credit to our farmers, I have enhanced the agricultural credit target to ₹16.5 lakh crores in FY22. We will focus on ensuring increased credit flows to animal husbandry, dairy, and fisheries.

105. We are enhancing the allocation to the Rural Infrastructure Development Fund from ₹30,000 crores to ₹40,000 crores.

106. The Micro Irrigation Fund, with a corpus of ₹5,000 crores has been created under NABARD, I propose to double it by augmenting it by another ₹5,000 crores.

107. To boost value addition in agriculture and allied products and their exports, the scope of 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.

108. Around 1.68 crores farmers are registered and ₹1.14 lakh crores of trade value has been carried out through e-NAMs. Keeping in view the transparency and competitiveness that e-NAM has brought into the agricultural market, 1,000 more mandis will be integrated with e-NAM.

109. The Agriculture Infrastructure Fund would be made available to APMCs for augmenting their infrastructure facilities.

Fisheries

110. I am proposing substantial investments in the development of modern fishing harbours and fish landing centres. To start with, 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity. We will also develop inland fishing harbours and fish-landing centres along the banks of rivers and waterways.

111. Seaweed farming is an emerging sector with potential to transform the lives of coastal communities. It will provide large scale employment and additional incomes. To promote seaweed cultivation, I propose a Multipurpose Seaweed Park to be established in Tamil Nadu.

Migrant Workers and Labourers

112. We have launched the One Nation One Ration Card scheme through which beneficiaries can claim their rations anywhere in the country**.** Migrant workers in particular benefit from this scheme – those staying away from their families can partially claim their ration where they are stationed, while their family, in their native places, can claim the rest. I am happy to inform you that One Nation One Ration Card plan is under implementation by 32 states and UTs, reaching about 69 crores beneficiaries – that's a total of 86% beneficiaries covered. The remaining 4 states and UTs will be integrated in the next few months.

113. To further extend our efforts towards the unorganised labour force migrant workers particularly, I propose to launch a portal that will collect relevant information on gig, building, and construction-workers among others. This will help formulate Health, Housing, Skill, Insurance, Credit, and food schemes for migrant workers.

114. We will conclude a process that began 20 years ago, with the implementation of the 4 labour codes. For the first time globally, social security benefits will extend to gig and platform workers. Minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation. Women will be allowed to work in all categories and also in the night-shifts with adequate protection. At the same time, compliance burden on employers will be reduced with single registration and licensing, and online returns.

Financial Inclusion

115. To further facilitate credit flow under the scheme of Stand Up India for SCs, STs, and women, I propose to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture.

116. We have taken a number of steps to support the MSME sector. In this Budget, I have provided ₹15,700 crores to this sector, more than double of this year's BE.

4. Reinvigorating Human Capital

117. The National Education Policy (NEP) announced recently has had good reception.

School Education

118. More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy. They shall emerge as exemplar schools in their regions, handholding and mentoring other schools to achieve the ideals of the Policy.

119. 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.

Higher Education

120. In Budget 2019-20, I had mentioned about the setting-up of Higher Education Commission of India. We would be introducing Legislation this year to implement the same. It will be an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding.

121. Many of our cities have various research institutions, universities, and colleges supported by the Government of India. Hyderabad for example, has about 40 such major institutions. In 9 such cities, we will create formal umbrella structures so that these institutions can have better synergy, while also retaining their internal autonomy. A Glue Grant will be set aside for this purpose.

122. For accessible higher education in Ladakh, I propose to set up a Central University in Leh.

123. The other important projects to be taken up as part of NEP are listed at Annexure V.

Scheduled Castes and Scheduled Tribes Welfare

124. We have set ourselves a target of establishing 750 Eklavya model residential schools in our tribal areas. I propose to increase the unit cost of each such school from ₹20 crores to ₹38 crores, and for hilly and difficult areas, to ₹48 crores. This would help in creating robust infrastructure facilities for our tribal students.

125. We have revamped the Post Matric Scholarship Scheme, for the welfare of Scheduled Castes. I have also enhanced the Central Assistance in this regard. We are allotting ₹35,219 crores for 6 years till 2025-2026, to benefit 4 crores SC students.

Skilling

126. In 2016, we had launched the National Apprenticeship Promotion Scheme. The Government proposes to amend the Apprenticeship Act with a view to further enhancing apprenticeship opportunities for our youth. We will realign the existing scheme of National Apprenticeship Training Scheme (NATS) for providing post-education apprenticeship, training of graduates and diploma holders in Engineering. Over ₹3,000 crores will be provided for this.

127. An initiative is underway, in partnership with the United Arab Emirates (UAE), to benchmark skill qualifications, assessment, and certification, accompanied by the deployment of certified workforce. We also have a collaborative Training Inter Training Programme (TITP) between India and Japan to facilitate transfer of Japanese industrial and vocational skills, technique, and knowledge. We will take forward this initiative with many more countries.

5. Innovation and R&D

128. In my Budget Speech of July 2019, I had announced the National Research Foundation. We have now worked out the modalities and the NRF outlay will be of ₹50,000 crores, over 5 years. It will ensure that the overall research ecosystem of the country is strengthened with focus on identified national-priority thrust areas.

129. There has been a manifold increase in digital payments in the recent past. To give a further boost to digital transactions, I earmark ₹1,500 crores for a proposed scheme that will provide financial incentive to promote digital modes of payment.

130. We will undertake a new initiative – National Language Translation Mission (NTLM). This will enable the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.

131. The New Space India Limited (NSIL), a PSU under the Department of Space will execute the PSLV-CS51 launch, carrying the Amazonia Satellite from Brazil, along with a few smaller Indian satellites.

132. As part of the Gaganyaan mission activities, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia. The first unmanned launch is slated for December 2021.

133. Our oceans are a storehouse of living and non-living resources. To better understand this realm, we will launch a Deep Ocean Mission with a budget outlay of more than ₹4,000 crores, over five years. This Mission will cover deep ocean survey exploration and projects for the conservation of deep sea bio-diversity.

6. Minimum Government, Maximum Governance

134. Speaker Sir, I now come to the last of the six pillars. This will outline plans for reforms in one of our core principles of minimum government, maximum governance.

135. We have taken a number of steps to bring reforms in Tribunals in the last few years for speedy delivery of justice. Continuing with the reforms process, I now propose to take further measures to rationalize the functioning of Tribunals.

136. We have introduced the National Commission for Allied Healthcare Professionals Bill in Parliament, with a view to ensure transparent and efficient regulation of the 56 allied healthcare professions. Additionally, to bring about transparency, efficiency and governance reforms in the nursing profession, The National Nursing and Midwifery Commission Bill will be introduced by the government for passing.

137. To have ease of doing business for those who deal with Government or CPSEs, and carry out contracts, I propose to set up a Conciliation Mechanism and mandate its use for quick resolution of contractual disputes. This will instil confidence in private investors and contractors.

138. The forthcoming Census could be the first digital census in the history of India. For this monumental and milestone-marking task, I have allocated ₹3,768 crores in the year 2021-2022.

139. Goa is celebrating the diamond jubilee year of the state's liberation from Portuguese rule. From the GoI's side, I propose a grant of `300 crores to the Government of Goa for the celebrations.

140. I propose to provide ₹1,000 crores for the welfare of Tea workers especially women and their children in Assam and West Bengal. A special scheme will be devised for the same.

Fiscal Position

141. In these last few paragraphs of Part A of my speech, I draw the attention of this august House to the fact that, at the beginning of the current Financial Year, the pandemic's impact on the economy resulted in a weak revenue inflow. This was combined with high expenditure to provide essential relief to vulnerable sections of the society especially the poor, women, SCs and STs.

142. Unlike many other countries, we opted for a series of medium-sized packages during the pandemic so that we could calibrate and target our response according to an evolving situation. Once the health situation stabilised, and the lockdown was being slowly lifted, we switched to ramping up Government spending so as to revive domestic demand. As a result, against an original BE expenditure of ₹30.42 lakh crores for 2020-2021, our RE estimates are ₹34.50 lakh crores. We have maintained the quality of expenditure. The capital expenditure, estimated in RE is ₹4.39 lakh crores in 2020-2021 as against ₹4.12 lakh crores in BE 2020-21.

143. The fiscal deficit in RE 2020-21 is pegged at 9.5% of GDP. We have funded this through Government borrowings, multilateral borrowings, Small Saving Funds and short term borrowings. We would need another ₹80,000 crores for which we would be approaching the markets in these 2 months. To ensure that the economy is given the required push, our BE estimates for expenditure in 2021-2022, are ₹34.83 lakh crores. This includes ₹5.54 lakh crores as capital expenditure, an increase of 34.5% over the BE figure of 2020-2021. The fiscal deficit in BE 2021-2022 is estimated to be 6.8% of GDP. The gross borrowing from the market for the next year would be around ₹12 lakh crores. We plan to continue with our path of fiscal consolidation, and intend to reach a fiscal deficit level below 4.5% of GDP by 2025-2026 with a fairly steady decline over the period. We hope to achieve the consolidation by first, increasing the buoyancy of tax revenue through improved compliance, and secondly, by increased receipts from monetisation of assets, including Public Sector Enterprises and land. The Contingency Fund of India is being proposed to be augmented from `500 crores to ₹30,000 crores through Finance Bill.

144. In accordance with the views of the 15th Finance Commission, we are allowing a normal ceiling of net borrowing for the states at 4% of GSDP for the year 2021-2022. A portion of this ceiling will be earmarked to be spent on incremental capital expenditure. Additional borrowing ceiling of 0.5% of GSDP will also be provided subject to conditions. States will be expected to reach a fiscal deficit of 3% of GSDP by 2023-24, as recommended by the 15th Finance Commission.

145. In the July 2019-2020 Budget, I introduced the Statement 27 on Extra Budgetary Resources – it disclosed the borrowings of Government agencies that went towards funding GoI schemes, and whose repayment burden was on the Government. In my 2020-2021 Budget, I enhanced the scope and coverage of the Statement, by including the loans provided by Government to the FCI. Taking a step further in this direction, I propose to discontinue the NSSF Loan to FCI for Food Subsidy and accordingly Budget Provisions have been made in RE 2020-21 and BE 2021-22. The Extra Budgetary Resources details are at Annexure VI.

146. We know that the FRBM Act mandates fiscal deficit of 3% of GDP to be achieved by 31st March 2020-2021. The effect of this year's unforeseen and unprecedented circumstances has necessitated the submission of a deviation statement under

Sections 4 (5) and 7 (3) (b) of the FRBM Act which I am laying on the Table of the House as part of the FRBM Documents.

147. Towards achieving Central Government fiscal deficit along the broad path that I have already indicated; I will be introducing an amendment to the FRBM Act.

148. On 9th December 2020, the 15th Finance Commission submitted its final report, covering the period 2021-2026 to the Rashtrapatiji. The Government has laid the Commission's report, along with the explanatory memorandum in the Parliament retaining the vertical shares of the states at 41%. We recognise our commitment to fiscal federalism and propose therefore to adhere to this recommendation. Jammu and Kashmir in the 14th Finance Commission was entitled to get devolution being a State. Now, the funds to the UTs of Jammu and Kashmir and Ladakh would be provided by the Centre.I have also provided, on the Commission's recommendation, ₹1,18,452crores as Revenue Deficit Grant to 17 states in 2021-2022, as against ₹74,340 crores to 14 States in 2020-2021.

I would, now, move to Part B of my speech.

PART B

147. Honourable Speaker, the world is facing a serious challenge of the pandemic and its aftershock. In these trying times, when many economies are struggling to revive, our people and our industry have exhibited remarkable resilience.

148. As I mentioned already, post-pandemic, a new world order seems to be emerging, one in which Asia is poised to occupy a prominent position and India will have a leading role therein. In this scenario, our tax system has to be transparent, efficient, and should promote investments and employment in our country. At the same time it should put minimum burden on our tax payers.

இயற்றலும் ஈட்டலுங் காத்தலும் காத்த வகுத்தலும் வல்ல தரசு.

- திருக்குறள்385

A King/Ruler is the one who creates and acquires wealth, protects and distributes it for common good.

- Thirukkural 385

Direct Tax Proposals

149. Keeping this in mind, our Government introduced a series of reforms in the Direct tax system for the benefit of our taxpayers and economy. Few months prior to the pandemic, in order to attract investments we slashed our Corporate tax rate to make it among the lowest in the world. The Dividend Distribution Tax too was abolished. The burden of taxation on small taxpayers was eased by increasing rebates. In 2020, the return filers saw a dramatic increase to 6.48crorefrom 3.31 crore in 2014.

150. In the Direct Tax administration, we had recently introduced the Faceless Assessment and Faceless Appeal. I now seek to take further steps to simplify the tax administration, ease compliance, and reduce litigation.

Relief to Senior Citizens

151. I begin my direct tax proposals by offering my *pranaam* to our senior citizens. Many of them, despite having foregone several basic necessities of their own, have strived to build our nation.

152. Now in the 75th year of Independence of our country, when we continue our endeavour with renewed vigour, we shall reduce compliance burden on our senior citizens who are 75 years of age and above. For senior citizens who only have pension and interest income, I propose exemption from filing their income tax returns. The paying bank will deduct the necessary tax on their income.

Reduction in Time for Income Tax Proceedings

153. Honourable Speaker, presently, an assessment can be re-opened up to 6 years and in serious tax fraud cases for up to 10 years. As a result, taxpayers have to remain under uncertainty for a long time.

154. I therefore propose to reduce this time-limit for re-opening of assessment to 3 years from the present 6 years. In serious tax evasion cases too, only where there is evidence of concealment of income of ₹50 lakh or more in a year, can the assessment be re-opened up to 10 years. Even this reopening can be done only after the approval of the Principal Chief Commissioner, the highest level of the Income Tax Department.

Setting up the Dispute Resolution Committee

155. Honourable Speaker, it has been the resolve of this Government to reduce litigation, which mars the present taxation system.

156. The Government came out with the Direct Tax Vivad Se Vishwas Scheme to give taxpayers an opportunity to settle long pending disputes and be relieved of further strain on their time and resources. The response from the taxpayers has been the best ever as over 1 lakh ten thousand taxpayers have already opted to settle tax disputes of over ₹85,000 crores under this Scheme.

157. To further reduce litigation for small taxpayers, I propose to constitute a Dispute Resolution Committeefor them, which will be faceless to ensure efficiency, transparency and accountability. Anyone with a taxable income up to ₹50 lakh and disputed income up to ₹10 lakh shall be eligible to approach the Committee.

Faceless ITAT

158. For ease of compliance and to reduce discretion, we are committed to make the taxation processes faceless. The Government has already introduced faceless assessment and appeal this year.

159. The next level of income tax appeal is the Income Tax Appellate Tribunal. I now propose to make this Tribunal faceless. We shall establish a National Faceless Income Tax Appellate Tribunal Centre. All communication between the Tribunal and the appellant shall be electronic. Where personal hearing is needed, it shall be done through video-conferencing.

Relaxation to NRI

160. When Non-Resident Indians return to India, they have issues with respect to their accrued incomes in their foreign retirement accounts. This is usually due to a mismatch in taxation periods. They also face difficulties in getting credit for Indian taxes in foreign jurisdictions. I propose to notify rules for removing their hardship of double taxation.

Exemption from Audit

161. Currently, if your turnover exceeds ₹1 crore, you have to get your accounts audited. In the February 2020 Budget, I had increased the limit for tax audit to ₹5 crore for those who carry out 95% of their transactions digitally. To further incentivise digital transactions and reduce compliance burden, I propose to increase this limit for tax audit for such persons from ₹5 crore to ₹10 crore.

Relief for Dividend

162. In the previous Budget, I had abolished the Dividend Distribution Tax (DDT) in order to incentivise investment. Dividend was made taxable in the hands of shareholders. Now, in order to provide ease of compliance, I propose to make dividend payment to REIT/ InvIT exempt from TDS. Further, as the amount of dividend income cannot be estimated correctly by the shareholders for paying advance tax, I propose to provide that advance tax liability on dividend income shall arise only after the declaration/payment of dividend. Also, for Foreign Portfolio Investors, I propose to enable deduction of tax on dividend income at lower treaty rate.

Attracting foreign investment into infrastructure sector

163. In the last budget, for attracting foreign investment in the infrastructure sector, we had granted 100% tax exemption, subject to certain conditions, to foreign Sovereign Wealth Funds and Pension Funds, on their income from investment in Indian infrastructure. We have noticed that few of such Funds are facing difficulties in meeting some of these conditions. In order to ensure that a large number of Funds invest in India, I propose to relax some of these conditions relating to prohibition on private funding, restriction on commercial activities, and direct investment in infrastructure.

164. In order to allow funding of infrastructure by issue of Zero Coupon Bonds, I propose to make notified Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero Coupon Bonds.

Affordable Housing/Rental Housing

165. This Government sees 'Housing for All' and affordable housing as priority areas. In the July 2019 Budget, I provided an additional deduction of interest, amounting to ₹1.5 lakh, for loan taken to purchase an affordable house. I propose to extend the eligibility of this deduction by one more year, to 31st March 2022. The additional deduction of ₹1.5 lakh shall therefore be available for loans taken up till 31st March 2022, for the purchase of an affordable house.

166. Further, to keep up the supply of affordable houses, I propose that affordable housing projects can avail a tax holiday for one more year – till 31st March, 2022.

167. We are committed to promote supply of Affordable Rental Housing for migrant workers. For this, I propose to allow tax exemption for notified Affordable Rental Housing Projects.

Tax incentives to IFSC

168. As I mentioned in Part A of this speech, the Government is committed to make the International Financial Services Centre (IFSC) in GIFT City a global financial hub. In addition to the tax incentives already provided, I propose to include, among others, tax holiday for capital gains for aircraft leasing companies, tax exemption for aircraft lease rentals paid to foreign lessors; tax incentive for relocating foreign funds in the IFSC; and to allow tax exemption to the investment division of foreign banks located in IFSC.

Pre-filling of Returns

169. Honourable Speaker, in order to ease compliance for the taxpayer, details of salary income, tax payments, TDS, etc. already come pre-filled in income tax returns. To further ease filing of returns, details of capital gains from listed securities, dividend income, and interest from banks, post office, etc. will also be pre-filled.

Relief to Small Trusts

170. We hope to reduce compliance burden on small charitable trusts running educational institutions and hospitals. So far, there is a blanket exemption to such entities, whose annual receipt does not exceed ₹1 crore. I now propose to increase this amount to ₹5 crore.

Labour Welfare

171. We have noticed that some employers deduct the contribution of employees towards Provident funds, superannuation funds, and other social security funds but do not deposit these contributions within the specified time. For the employees, this means a loss of interest or income. In cases where an employer later becomes financially unviable, non-deposit results in a permanent loss for the employees.

172. In order to ensure that employees' contributions are deposited on time, I reiterate that the late deposit of employee's contribution by the employer will not be allowed as deduction to the employer.

Incentives for Start-ups

173. In order to incentivise start-ups in the country, I propose to extend the eligibility for claiming tax holiday for start-ups by one more year - till 31st March, 2022. Further, in order to incentivise funding of the start-ups, I propose to extend the capital gains exemption for investment in start-ups by one more year - till 31st March, 2022.

Indirect Tax Proposals

GST

174. Before I come to my Indirect Tax proposals, I would like to appraise the House on GST. The GST is now four years old, and we have taken several measures to further simplify it. Some of the measures include:

i. Nil return through SMS,

ii. Quarterly return and monthly payment for small taxpayers,

iii. Electronic invoice system,

iv. Validated input tax statement,

v. Pre-filled editable GST return, and

vi. Staggering of returns filing.

The capacity of GSTN system has also been enhanced. We have also deployed deep analytics and Artificial Intelligence to identify tax evaders and fake billers and launched special drives against them.

175. The results speak for themselves. We have made record collections in the last few months.

176. The GST Council has painstakingly thrashed out thorny issues. As Chairperson of the Council, I want to assure the House that we shall take every possible measure to smoothen the GST further, and remove anomalies such as the inverted duty structure.

Custom Duty Rationalization

177. Our Custom Duty Policy should have the twin objective of promoting domestic manufacturing and helping India get onto global value chain and export better. The thrust now has to be on easy access to raw materials and exports of value added products.

178. Towards this, last year, we started overhauling the Customs Duty structure, eliminating 80 outdated exemptions. I also thank everyone who responded overwhelmingly to a crowd-sourcing call for suggestions on this revamp. I now propose to review more than 400 old exemptions this year. We will conduct this through extensive consultations, and from 1st October 2021, we will put in place a revised customs duty structure, free of distortions. I also propose that any new customs duty exemption henceforth will have validity up to the 31st March following two years from the date of its issue.

Electronic and Mobile Phone Industry

179. Domestic electronic manufacturing has grown rapidly. We are now exporting items like mobiles and chargers. For greater domestic value addition, we are withdrawing a few exemptions on parts of chargers and sub-parts of mobiles. Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.

Iron and Steel

180. MSMEs and other user industries have been severely hit by a recent sharp rise in iron and steel prices. Therefore, we are reducing Customs duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels. To provide relief to metal re-cyclers, mostly MSMEs, I am exempting duty on steel scrap for a period up to 31st March, 2022. Further, I am also revoking ADD and CVD on certain steel products. Also, to provide relief to copper recyclers, I am reducing duty on copper scrap from 5% to 2.5%.

Textile

181. The Textiles Sector generates employment and contributes significantly to the economy. There is a need to rationalize duties on raw material inputs to manmade textiles. We are now bringing nylon chain on par with polyester and other man-made fibers. We are uniformly reducing the BCD rates on caprolactam, nylon chips and nylon fiber& yarn to 5%. This will help the textile industry, MSMEs, and exports, too.

Chemicals

182. We have calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions. Apart from other items, we are reducing customs duty on Naptha to 2.5% to correct inversion.

Gold and Silver

183. Gold and silver presently attract a basic customs duty of 12.5%. Since the duty was raised from 10% in July 2019, prices of precious metals have risen sharply. To bring it closer to previous levels, we are rationalizing custom duty on gold and silver.

Renewable Energy

184. In Part A, we have already acknowledged that solar energy has huge promise for India. To build up domestic capacity, we will notify a phased manufacturing plan for solar cells and solar panels. At present, to encourage domestic production, we are raising duty on solar invertors from 5% to 20%, and on solar lanterns from 5% to 15%.

Capital Equipment and Auto Parts

185. There is immense potential in manufacturing heavy capital equipment domestically. We will comprehensively review the rate structure in due course. However, we are revising duty rates on certain items immediately. We propose to withdraw exemptions on tunnel boring machine. It will attract a customs duty of 7.5%; and its parts a duty of 2.5%. We are raising customs duty on certain auto parts to 15% to bring them on par with general rate on auto parts.

MSME Products

186. We are proposing certain changes to benefit MSMEs. We are increasing duty from 10% to 15% on steel screws and plastic builder wares. On prawn feed we increase it from 5% to 15%. We are rationalizing exemption on import of duty-free items as an incentive to exporters of garments, leather, and handicraft items. Almost all these items are made domestically by our MSMEs. We are withdrawing exemption on imports of certain kind of leathers as they are domestically produced in good quantity and quality, mostly by MSMEs. We are also raising customs duty on finished synthetic gem stones to encourage their domestic processing.

Agriculture Products

187. To benefit farmers, we are raising customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%. We are also withdrawing end-use based concession on denatured ethyl alcohol. Currently, rates are being uniformly calibrated to 15% on items like maize bran, rice bran oil cake, and animal feed additives.

188. There is an immediate need to improve agricultural infrastructure so that we produce more, while also conserving and processing agricultural output efficiently. This will ensure enhanced remuneration for our farmers. To earmark resources for this purpose, I propose an Agriculture Infrastructure and Development Cess (AIDC) on a small number of items. However, while applying this cess, we have taken care not to put additional burden on consumers on most items.

Rationalization of Procedures and Easing of Compliance

189. For their judicious application, we propose certain changes in the provisions relating to ADD and CVD levies. To complete Customs investigations, we are prescribing definite timelines. In 2020, we rolled out the Turant Customs initiative, which brought in Faceless, Paperless, and Contactless Customs measures. With effect from September 2020, we have implemented a new procedure for administration of Rules of Origin. This has helped in putting a check on misuse of FTAs.

190. The specific details of direct and indirect tax changes proposed are listed in the Annexure to my speech.

191. Mr. Speaker Sir, with these words I commend the Budget to this august House.

Annex to Part A of Budget Speech

ANNEXURE-I

Health and Wellbeing – Expenditure

(In ₹ crores)

Ministry/Department	Actuals 2019-20	BE 2020-21	BE 2021-22
D/o Health & Family Welfare	62,397	65,012	71,269
D/o Health Research	1,934	2,100	2,663
M/o AYUSH	1,784	2,122	2,970
CoVID related Special Provisions			
Vaccination			35,000
D/o Drinking Water & Sanitation	18,264	21,518	60,030
Nutrition	1,880	3,700	2,700
FC Grants for Water and Sanitation			36,022
FC Grants for Health			13,192
TOTAL	**86,259**	**94,452**	**2,23,846**

ANNEXURE-II

Flagship Projects: Roads and Highways

Major Expressways/Corridors

- Delhi-Mumbai Expressway: Remaining 260 km will be awarded before 31.3.2021.
- Bengaluru – Chennai Expressway: 278 km will be initiated in the current financial year. Construction will begin in 2021-22
- Delhi-Dehradun economic corridor: 210 km corridor will be initiated in the current financial year. Construction will begin in 2021-22
- Kanpur-Lucknow Expressway: 63 km expressway providing an alternate route to NH 27 will be initiated in 2021-22.
- Chennai – Salem corridor: 277 km expressway will be awarded and construction would start in 2021-22.
- Raipur-Vishakhapatnam: 464 km passing through Chhattisgarh, Odisha and North Andhra Pradesh will be awarded in the current year. Construction will start in 2021-22.
- Amritsar-Jamnagar: Construction will commence in 2021-22
- Delhi –Katra: Construction will commence in 2021-22

Advanced Traffic management system with speed radars, variable message signboards, GPS enabled recovery vans will be installed in all new four and six lane highways.

ANNEXURE-III

Highlights of Disinvestment/Strategic Disinvestment Policy

Objectives

a) Minimising presence of Central Government Public Sector Enterprises including financial institutions and creating new investment space for private sector

b) Post disinvestment, economic growth of Central Public Sector Enterprises (CPSEs)/ financial institutions will be through infusion of private capital, technology and best management practices. Will contribute to economic growth and new jobs.

c) Disinvestment proceeds to finance various social sector and developmental programmes of the government.

Policy features

a) Policy covers existing CPSEs, Public Sector Banks and Public Sector Insurance Companies.

b) Various sectors will be classified as strategic and non-strategic sectors.

c) The strategic sectors classified are:

   i) Atomic energy, Space and Defence

   ii) Transport and Telecommunications

   iii) Power, Petroleum, Coal and other minerals

   iv) Banking, Insurance and financial services

d) In strategic sectors, there will be bare minimum presence of the public sector enterprises. The remaining CPSEs in the strategic sector will be privatised or merged or subsidiarized with other CPSEs or closed.

e) In non-strategic sectors, CPSEs will be privatised, otherwise shall be closed.

ANNEXURE-IV

MSP Purchases of Agricultural Commodities

Year	Wheat		Paddy		Cotton		Jute		Pulses	Oilseeds and Copra
	MSP Value (₹crore)	Number of farmers benefited (lakhs)	MSP Value (₹crore)	Number of farmers benefited (lakhs)	MSP Value (₹crore)	Number of famers benefited (lakhs)	MSP Value (₹crore)	Number of farmers benefited (lakhs)	MSP Value (₹crore)	MSP Value (₹lakh)
2010-11	24764.3	NA	52573.04	NA	-	-	-	-	1.75	149.03
2011-12	33152	NA	58084.48	NA	14	0.02	47.7	0.46	0.005	1.52
2012-13	49020.18	NA	65039.28	NA	4797	7.3	140.19	1.15	407.22	394.06
2013-14	33874.20	NA	63927.65	NA	90	0.14	53.98.	0.5	235.86	1626.39
2014-15	39232.20	NA	66948.00	NA	18506	29.5	6.56	0.06	1128.93	45.52
2015-16	40727.60	NA	73981.90	73.08	1825	1.91	-	-	-	15.90
2016-17	35015.53	20.47	85802.73	76.85	-	-	28.79	0.17	1039.39.	946.71
2017-18	50089.00	31.87	90397.86	72.31	898	0.88	172.16	1.22	8566.13	5072.73
2018-19	6204.33	38.77	116839.47	96.94	2976	2.38	66.79	0.26	20145.60	7091.11
2019-20	62802.88	35.57	141928.08	124.59	28500	21.5	56.24	0.55	8284.45	8305.06
2020-21	75059.60	43.36	172752**	154**	25974*	18.26*	2.99	0.01	10530.20	3647.11
* upto 27.01.21; **Estimated value										

NA= Not Available

ANNEXURE-V

Initiatives on Education as part of NEP

- Standards will be developed for all school teachers in the form of National Professional Standards for Teachers- NPST. This will enhance the capabilities of teachers and will be followed by all 92 lakh teachers of public and private school system in the country.
- Toys are both an expression of entertainment and learning. A unique indigenous toy-based learning – pedagogy for all levels of school education will be developed. This will transform classroom transactions from mundane and rote learning to an engaging and joyful experience.
- A National Digital Educational Architecture (NDEAR) will be set up within the context of a Digital First Mindset where the Digital Architecture will not only support teaching and learning activities but also educational planning, governance and administrative activities of the Centre and the States/ Union Territories. It will provide a diverse education eco-system architecture for development of digital infrastructure, a federated but inter operable system that will ensure autonomy of all stakeholders, specially States and UTs.
- For children with hearing impairments, the Government will work on standardization of Indian Sign language across the country, and develop National and State Curriculum materials for use by them.
- There are a number of senior and retired teachers. They will be used for individual mentoring of school teachers and educators through constant online/offline support on subjects, themes and pedagogy.
- Students have so far been evaluated on uni-dimensional parameters. There will be a complete shift from using assessments to not only judge the cognitive levels of the learner but also using it as an opportunity to identify the unique strengths and the potential of the child. To this effect, a holistic progress card is envisaged to provide students with valuable information on their strengths, areas of interest, needed areas of focus and thereby helping them in making optimal career choices.
- To enable increased access of resources, online modules covering the entire gamut of adult education will be introduced.
- During the year, despite the COVID-19 pandemic, we have trained more than 30 lakh elementary school teachers digitally, covering the whole gamut of education. Taking this further, in 2021-22, we will enable the training of 56 lakh school teachers through the National Initiative for School Heads and Teachers for Holistic Advancement (NISTHA).
- For the past few years our Prime Minister has been engaging with students every year before their Board Exams to help them overcome anxiety and stress. In this direction, we will introduce CBSE Board Exam reforms in a phased manner to be effective from

the 2022-23 academic session. Exams will move away from rote-learning and students shall be tested on their conceptual clarity, analytical skills and application of knowledge to real life situations.

- To promote enhanced academic collaboration with foreign higher educational institutions, it is proposed to put in place a regulatory mechanism to permit dual degrees, joint degrees, twinning arrangements and other such mechanisms.

ANNEXURE VI

Statement of Extra Budgetary Resources (EBRs) (Govt. fully serviced bonds, NSSF loan and other resources)

(In ₹crores)

Part-A – EBRs mobilised through issue of Govt. fully serviced bonds

Demand No.	Name of the Ministry/Department and Name of the Scheme	2016-17	2017-18	2018-19	2019-20	2020-21	2020-21	2021-22
		Actuals	Actuals	Actuals	Actuals	BE	RE	BE
24	**Department of Higher Education**							
	Revitalising Infrastructure and Systems in Education (RISE)	---	---	---	---	3000.00	---	
44	**Department of Health & Family Welfare**							
	Pradhan Mantri Swasthya Suraksha Yojana	---	---	---	---	3000.00	---	
59	**Ministry of Housing & Urban Affairs**							
	Pradhan Mantri Awas Yojana (PMAY) - Urban	---	---	20000.00	---	10000.00	---	
61	**Department of Water Resources, River Development & Ganga Rejuvenation**							
	Polavaram Irrigation Project	---	---	1400.00	1850.00	---	2234.29	
	Pradhan Mantri Krishi Sinchai Yojana (Accelerated Irrigation Benefits Programme & other Projects)	2187.00	3105.00	5493.40	1963.30	5000.00	4225.00	
62	**Department of Drinking Water & Sanitation**							
	Swachh Bharat Mission (Rural) JalJeevan Mission/National Rural Drinking Water Programme	--- ---	--- ---	8698.20 ---	3600.00 ---	---- 12000.00	--- ---	
70	**Ministry of New & Renewable Energy**							NIL
	Grid Interactive Renewable Power, Off-Grid/ Distributed & Decentralized Renewable Power	1640.00	---	---	---	---	---	

	Pradhan Mantri-Kisan Urja Sanrakshan Evam UtthanMahabhiyan (PM-KUSUM)	---	---	---	---	1000.00	---	
77	**Ministry of Ports, Shipping and Waterways**							
	Inland Waterways Authority of India (IWAI) Projects	340.00	660.00	---	----	---	---	
78	**Ministry of Power**							
	Deen Dayal Upadhyaya Gram Jyoti Yojana/SAUBHAGYA	5000.00	4000.00	13827.00	3782.00	5500.00	5000.00	
	Power System Development Fund Projects	---		5504.70	---	---	---	
86	**Department of Rural Development**							
	Pradhan Mantri Awas Yojana (PMAY) - Rural	---	7330.00	10678.80	10811.00	10000.00	20000.00	
	Total	***9167.00***	***15095.00***	***65602.10***	***22006.30***	***49500.00***	***31459.29***	

Part-B – Financial support extended through loans from NSSF

(In ₹crores)

Sl. No.	Name of the Ministry/Department/ Name of the Entity	2016-17 Actuals	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-21 BE	2020-21 RE	2021-22 BE
1	**Department of Food & Public Distribution**							
	Food Corporation of India#	70000.00	65000.00	97000.00	110000.00	136600.00	84636.00	---
2	**Ministry of Housing & Urban Affairs**							
	Building Materials & Technology Promotion Council	---	8000.00	---	15000.00	---	10000.00	
3	**Department of Fertilizers**							
	Metals & Minerals Trading Corporation	---	---	---	1310.00	---	---	---
4	**Support to other public agencies** (to meet requirement for additional resources, if any, under some specific scheme/project)							30000.00
	Total	**70000.00**	**73000.00**	**97000.00**	**126310.00**	**136600.00**	**94636.00**	**30000.00**
	Grand Total (A+B)	***79167.00***	***88095.00***	***162602.10***	***148316.13***	***186100.00***	***126095.29***	***30000.00***

 # NSSF loan amount outstanding with FCIas on 31.03.2020 was ₹2,54,600 crore.

Notes :

(i) *Air India Asset Holding Limited (AIAHL) under M/o Civil Aviation was permitted to raise EBRs by issuing Govt. Fully Serviced Bonds of upto ₹7,000 crore in FY 2019-20 to refinance AIs debt transferred to AIAHL.*

(ii) *M/o Railways was permitted to meet fund requirement of upto ₹10,200 crore (₹5,200 crore in FY 2018-19 &₹5,000 crore in FY 2019-20) through borrowings for financing its National Projects. The repayment liability is being borne on General Revenues of Govt.*

(iii) ***<u>Capital Infusion in Public Sector Banks :</u>*** *An amount of ₹80,000 crore in 2017-18, ₹1,06,000crore in 2018-19 and ₹65,443 crore in 2019-20 was infused for recapitalisation of Public Sector Banks (PSBs). For this purpose, a provision of ₹20,000 crore was made in 2020-21. In the FY 2020-21 so far, an amount of ₹5,500 crore has been infused by Government as fresh capital in PSBs through non-interest bearing special securities. GoI has also infused capital through issue of bonds in 3 other banks namely IDBI (₹4,557 crore), EXIM Bank (₹5,050 crore) and IIFCL (₹5,297.60 crore).*

(iv) *Statement of liability on annuity projects is given in Part-B of the Receipt Budget 2021-22. Amount of unpaid annual liability at the end of financial year 2019-20 was ₹41,822.04 crore.*

Annex to Part B of Budget Speech

Direct Tax Proposals:

Sl. No.	Proposals	Proposed Amendments in brief
1.	**Relief to Senior Citizens**	In order to ease compliance burden on senior citizen pensioners who are of 75 years of age or above, it is proposed to exempt them from the requirement of filing of income tax if the full amount of tax payable has been deducted by the paying bank. This exemption is proposed to be made available to such senior citizens who have only interest income apart from the pension income.
2.	**Reduction in Time Limits**	In order to reduce compliance burden, the time-limit for re-opening of assessment is being reduced to 3 years from the current 6 years from the end of the relevant assessment year. Re-opening up to 10 years is proposed to be allowed only if there is evidence of undisclosed income of ₹50 lakh or more for a year. Further, it is proposed to completely remove discretion in re-opening and henceforth re-opening shall be made only in cases flagged by system on the basis of data analytics, objection of C&AG and in search/survey cases. Further, in order to bring certainty in income tax proceedings at the earliest, it is also proposed to reduce the time limits for general assessment or processing of income tax return by three months and also for filing of returns.
3.	**Relief for Dividend**	In order to provide relief to taxpayers, advance-tax liability on dividend income shall arise only after the declaration/payment of dividend. The dividend paid to Real Estate Infrastructure Trusts or Infrastructure Investment Trusts (REIT/InvIT) shall be exempt from TDS. It is also proposed to clarify that deduction of tax on incomes including dividend income of Foreign Portfolio Investors may be made at treaty rate. It is also proposed to exempt dividend payment from levy of Minimum Alternate Tax (MAT) for foreign company if the applicable tax rate is less than the rate of MAT.

4.	**Setting up of Dispute Resolution Committee (DRC)**	For reducing litigation and to give an impetus to the dispute resolution for small taxpayers, a Dispute Resolution Committee is proposed to be constituted. A taxpayer having taxable income up to ₹50 lakh and disputed income up to ₹10 lakh shall be eligible to approach the Committee. For ensuring efficiency, transparency and accountability, the procedure of the Committee will be conducted in a faceless manner. Consequently, the Settlement Commission shall be discontinued from 01.02.2021. However, the pending cases shall be decided by an Interim Board if opted by the applicant.
5.	**Faceless Income Tax Appellate Tribunal (ITAT)**	In order to provide transparent tax appellate mechanism, it is proposed to the make the Income Tax Appellate Tribunal faceless and jurisdiction-less. A National Faceless Income-tax Appellate Tribunal Centre shall be established and all the communication between the Tribunal and the appellant shall be made electronically. Wherever personal hearing is needed, it shall be done through video-conferencing.
6.	**Tax Neutrality of conversion of Urban Cooperative Bank (UCB) into a Small Finance Bank (SFB)**	In order to facilitate the transition of UCBs to SFBs, it is proposed to provide tax neutrality for the transition of UCBs to SFBs. Hence, the UCB shall not be required to pay capital gains for the assets transferred to the SFBs.
7.	**Tax incentives for Affordable Housing and Affordable Rental Housing Project**	In order to incentivise purchase of affordable house, It is proposed to extend the eligibility period for claim of additional deduction for interest of ` 1.5 lakh paid for loan taken for purchase of an affordable house to 31st March 2022. In order to increase the supply of affordable house, it is proposed to extend eligibility period for claiming tax holiday for affordable housing project by one more year to 31st March, 2022. In order to promote supply of Affordable Rental Housing for the migrant workers, it is also proposed to allow a new tax exemption for the notified Affordable Rental Housing Projects.

8.	**Tax benefit for Start-ups**	In order to incentivise setting-up of more start-ups in the country, it is proposed to extend the eligibility period to claim tax holiday for the start-ups by one more year to 31st March, 2022. In order to incentivise investment in start-up, it is proposed to extend the eligibility period of claiming capital gains exemption for investment made in the start-ups by one more year to 31st Match, 2022.
9.	**Relaxation to NRI for Income of Retirement Benefit Account**	In order to remove the genuine hardship faced by the NRIs in respect of their income accrued on foreign retirement benefit account due to mismatch in taxation, it is proposed to notify rules for aligning the taxation of income arising on foreign retirement benefit account.
10.	**Exemption from Audit**	To incentivise digital transactions and to reduce the compliance burden of the person who is carrying almost all of their transactions digitally, it is proposed to increase the limit for tax audit for persons who are undertaking 95% of their transactions digitally from ₹5 crore to ₹10 crore.
11.	**Relaxation of Condition for carry forward of loss for Disinvestment**	In order to promote strategic disinvestment of PSU, it is proposed to relax the condition regarding carry forward of loss for disinvested PSU in amalgamation.
12.	**Relaxation of Condition for tax neutral Demerger for disinvestment**	In order to promote strategic disinvestment, it is proposed to deem the transfer of assets by the PSU to the resulting company as tax neutral demerger.
13.	**Zero Coupon Bonds by Infrastructure Debt Fund (IDF)**	In order to allow funding of infrastructure, it is proposed to make Zero Coupon Bonds issued by notified IDF eligible for tax benefit.
14.	**Rationalisation of taxation of Unit Linked Insurance Plan (ULIP)**	In order to rationalise taxation of ULIP, it is proposed to allow tax exemption for maturity proceed of the ULIP having annual premium up to ` 2.5 lakh. However, the amount received on death shall continue to remain exempt without any limit on the annual premium. The cap of ₹2.5 lakh on the annual premium of ULIP shall be applicable only for the policies taken on or after 01.02.2021. Further, in order to provide parity, the non-exempt ULIP shall

		be provided same concessional capital gains taxation regime as available to the mutual fund.
15.	**Rationalisation of Tax-free Income on Provident Funds**	In order to rationalise tax exemption for the income earned by high income employees, it is proposed to restrict tax exemption for the interest income earned on the employees' contribution to various provident funds to the annual contribution of ₹2.5 lakh. This restriction shall be applicable only for the contribution made on or after 01.04.2021.
16.	**Taxability of Surplus amount received by partners**	In order to provide certainty, it is proposed to rationalise the provisions relating to taxation of the assets or amount received by partners from the partnership firm in excess of their capital contribution.
17.	**Clarification on Depreciation on Goodwill**	In order to provide certainty, it is proposed to clarify that no depreciation on Goodwill shall be allowed. However, the deduction for the amount paid for acquiring Goodwill shall be allowed on sale of Goodwill.
18.	**Clarification for the Slump Sale**	In order to provide certainty, it is proposed to clarify that slump sale shall include all types of transfer.
19.	**Fake Invoice/sham transaction**	In order to protect the revenue, it is proposed to provide that the penalty proceedings initiated for fake invoice/sham transactions of more than ₹2 crore shall also be eligible for provisional attachment of assets.
20.	**Exemption for Small Trusts**	In order to reduce compliance burden on the small charitable trusts running educational institutions and hospitals, it is proposed to increase the limit on annual receipts for these trusts from present ₹1 crore to ₹5 crore for non-applicability of various compliances like approval etc.
21	**Carry Forward of loss by Charitable Organisations**	In order to provide certainty, it is proposed to clarify that charitable trusts shall not be permitted to claim carry forward of loss. However, the loan repayment and replenishment of corpus shall be allowed as application.

22.	**Clarification for Equalisation Levy**	In order to provide certainty, it is being expressly clarified that transaction taxable under income-tax are not liable for equalisation levy. Further, it is also proposed to clarify regarding applicability of equalisation levy on physical/offline supply of goods and services.
23	**Timely deposit of Employees' contribution to labour welfare funds by Due Date**	Delay in deposit of the contribution of employees towards various welfare funds by employers result in permanent loss of interest/income for the employees. In order to ensure timely deposit of employees' contribution to these funds by the employers, it is proposed to reiterate that that the late deposit of employees' contribution by the employer shall never be allowed as deduction to the employer.
24	**Relaxation in conditions for exemption to Sovereign Wealth Fund & Pension Fund (SWF/PF)**	In order to incentivise more number of SWF/PF to invest in Indian Infrastructure, it is proposed to relax some of conditions for availing 100% tax exemption introduced in the last budget. The conditions which are proposed to be relaxed include prohibition on loans or borrowings, restriction on commercial activities, direct investment in entity owning infrastructure, etc.
25.	**Tax incentives for IFSC**	In order to promote IFSC, It is proposed to provide more tax incentives which includes tax holiday for capital gains incomes of aircraft leasing company, tax exemptions for aircraft lease rental paid to foreign lessor, tax incentive for re-location of foreign funds in IFSC and tax exemptions to investment division of the foreign banks located in IFSC.
26	**Non-filing of Return by Deductee/Collectee**	In order to discourage the practice of not filing returns by the persons in whose case substantial amount of tax has been deducted/collected, it is proposed to provide that a person in whose case TDS/TCS of ₹50,000 or more has been made for the past two years and who has not filed return of income, the rate of TDS/TCS shall be at the double of the specified rate or 5%, whichever is higher. This provision shall not be applicable for the transactions where full amount of tax is required to be deducted e.g. salary income, payment to non-resident, lottery, etc.

27	**Levy of TDS on Purchase of Goods**	In order to widen the scope of TDS, it is proposed to levy a TDS of 0.1% on a purchase transaction exceeding ₹50 lakh in a year. In order to reduce the compliance burden, it is also proposed to provide that the responsibility of deduction shall lie only on the persons whose turnover exceeds ₹10 crore.
28	**Substitution of Authority for Advance Rulings with Board for Advance Rulings**	To ensure faster disposal of cases, it is proposed to replace the Authority for Advance Rulings with a Board for Advance Rulings. It is also proposed to provide appeal against the order of such Board to the High Court.
29.	**Alignment of Minimum Alternate Tax (MAT) for Advanced Pricing Agreement (APA) and secondary adjustment**	In order to provide relief to the taxpayers in whose case MAT liability has arisen in the year of repatriation on account APA or secondary adjustment, it is proposed to provide relief by aligning the MAT provisions with the year of taxability of such income.
30.	**Exemption for Leave Travel Concession (LTC) cash scheme**	In order to provide relief to employees, it is proposed to provide tax exemption to the amount given to an employee in lieu of LTC subject to incurring of specified expenditure.
31	**Increase in safe harbor limit for primary sale of residential units.**	In order to incentivise home buyers and real estate developers, it is proposed to increase safe harbour limit from 10% to 20% for the specified primary sale of residential units.
32	**Miscellaneous**	• It is proposed to make consequential amendment in the provisions relating to processing of returns for allowing certain deductions and to provide clarification for adjustment of income reported in Audit Report. • It is also proposed to enable issuance of notice for calling for returns by the prescribed authority. • It is proposed to empower the Board to relax the rule relating to defective return for a class of taxpayers and to align due dates of return for certain taxpayers, • It is proposed to clarify that Limited Liability Partnership shall not be eligible for presumptive tax for professionals. • It is proposed to define the term “liable to tax” to provide certainty.

ANNEXURE TO THE BUDGET SPEECH

A. LEGISLATIVE CHANGES IN CUSTOMS AND CENTRAL EXCISE:

1. Major Amendments in the Customs Act, 1962:

S. No.	Amendment
A.	**Reduce dwell time and EoDB (Trade facilitation)**
1.	It is proposed to mandate filing of bills of entry before the end of day preceding the day of arrival of goods (Section 46).
2.	It is proposed to allow the specified amendments by importer/exporter on self-amendment basis. Hitherto all amendments were to be approved by the officer. (Section 149).
3.	To encourage paperless processing, it is proposed to recognize the use of common portal to serve notice, order etc. and the portal to act as a one-point digital interface for the trade to interact with the Customs.
B.	**Efficiency and accountability**
1	It is proposed to add a new provision in law to prescribe that all conditional exemptions, unless otherwise specified or varied or rescinded, given under Customs Act shall come to an end on 31st March falling immediately two years after the date of such grant or variation. (Section 25 of the Customs Act).
2.	It is proposed to introduce a new section 28BB to prescribe a definite time-period of two years subject to certain exceptions, for completion of investigations.
C.	**Improving tax compliance**
1.	A new provision is being proposed that any goods entered for exportation making wrongful claim of remission or refund shall be liable to confiscation [sub-section (ja) is being added to section 113 of the Customs Act].
2.	A new provision is being inserted in the Customs Act (section 114AC) to prescribe penalty in specific case where any person claims refund of tax or duty discharge, using fraudulent invoices, on exports of goods.
E.	**Disposal of seized gold**
1.	Section 110 of the Customs Act is proposed to be amended to revise the procedure for pre-trial disposal of seized gold for expediting such disposals

2. Amendments to the Customs Tariff Act, 1975:

S. No.	Amendment
A	**Amendment in First Schedule to the Customs Tariff Act, 1975**
1.	The first schedule to the Customs Tariff Act is being proposed to be amended in accordance with HSN 2022 amendments. These changes shall come into effect from 01.01.2022. Besides certain new tariff lines are being created
B	**Amendment in the provisions relating to Anti-Dumping Duty (ADD), Countervailing Duty (CVD), and Safeguard Measures**
1.	It is being proposed to make the following amendments in the provision relating to ADD, CVD [section 9, 9A of the Customs Tariff Act and respective Rules] to provide for: **(i)** imposition of duty from the date of initiation of anti-circumvention investigation; **(ii)** anti-absorption provisions; **(iii)** imposition of these duties on review for period **upto** 5 years at a time; **(iv)** uniform provisions for imposition ADD/CVD on account of inputs (attracting ADD or CVD) used by EoUs and SEZs for manufacture of goods that are cleared to Domestic Tariff Area; **(v)** whenever any particular ADD or CVD is temporarily revoked, such temporary revocation shall not exceed one year at a time; **(vi)** final findings are to be issued in ADD/CVD, in investigation in review proceedings, by the designated authority, at least three months prior to expiry of the ADD under review (with effect from the 1st Jul, 2021); Amendment at S. No. (vi) is being made in respective Rules and rest of the other changes are being made in the Customs Tariff Act.
2.	The Safeguard Rules are being amended to provide for the manner and procedure for causing investigation into the cases of imports in increased quantity that cause injury to domestic industry for imposition of Safeguard TRQs.

3. Amendments to the Central Excise Act, 1944:

1.	• Addition of new tariff lines consequent to review of Harmonised System of Nomenclature (HSN) by World Customs Organisation. • A few minor changes in the schedule of clarificatory nature are being made.

4. Amendments in Customs Rules:

The Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 [IGCR] are being made so as a trade facilitation measure to allow:

- job-work on the materials (except precious metals) imported under IGCR
- clearance of imported capital goods imported under IGCR on payment of customs duty on the depreciated value.

B. Customs duty rate changes

1. Changes in basic customs duty for creating level playing field for the benefit of farmer, MSME and other domestic manufacturers [with effect from 02.02.2021]:

S.No.	Category	Specific items	Rate of Duty	
			From	To
1.	**Agricultural products and fishery sector**	Cotton	0	5%*
		Cotton waste	Nil	10%
		Raw Silk (not thrown) and silk yarn /yarn spun from silk waste	10%	15%
		Denatured ethyl alcohol (ethanol) for manufacture of excisable goods	2.5%	5%
		Prawn Feed	5%	15%
		Fish feed in pellet form	5%	15%
		Flours, meals and pellets of fish, crustaceans, molluscs or other aquatic invertebrates	5%	15%
		Maize Bran	Nil	15%
		De-oiled rice bran cake	Nil	15%

2.	**Chemicals**	Carbon Black	5%	7.5%
		Bis-phenol A	Nil	7.5%
		Epichlorohydrin	2.5%	7.5%
3.	**Plastics**	Builder's ware of plastic, not elsewhere specified or included	10%	15%
		Polycarbonates	5%	7.5%
4.	**Leather**	Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including their splits and slides	Nil	10%
5.	**Gems and Jewellery**	Cut and Polished Cubic Zirconia	7.5%	15%
		Synthetic Cut and Polished Stones	7.5%	15%
6.	**Capital Goods and Machinery**	Tunnel Boring Machines	Nil	7.5%
		Parts and components for manufacture of Tunnel Boring Machines	Nil	2.5%
7.	**Auto Sector**	Specified auto parts like ignition wiring sets, safety glass, parts of signaling equipment, etc.	7.5%/ 10%	15%
8.	**Metal products**	Screws, Nuts, etc.	10%	15%

** Also, to attract Agriculture Infrastructure and development Cess at the rate of 5%*

2. Changes in Customs duty to promote value addition in the Electronics Sector [with effect from 2.2.2021, unless specified otherwise].

S.No.	Description	From	To
1.	Inputs, parts or sub-parts for manufacture of specified parts of mobile phones, including: (1) Printed Circuit Board Assembly (PCBA) (2) Camera module (3) Connectors [To apply with effect from 01.04.2021]	 0 0 0	 2.5% 2.5% 2.5%
2.	Printed Circuit Board Assembly [PCBA] and Moulded Plastic, for manufacture of charger or adapter	10%	15%
3.	Inputs and parts [other than PCBA and moulded plastic] of mobile charger	Nil	10%
4.	Inputs, Parts and Sub-parts [other than PCBA and Li-ion Cell] for manufacture of Lithium-ion battery and battery pack [w.e.f. 01.04.2021]	0	2.5%
5.	Compressor of Refrigerator/Air Conditioner	12.5%	15%
6.	Specified insulated wires and cables	7.5%	10%
7.	Specific parts of transformer such as Bobbins, brackets, wires, etc.	Nil	Applicable Rate
8.	Inputs and parts of LED lights or fixtures including LED Lamps	5%	10%
9.	Solar Inverters	5%	20%
10.	Solar lanterns or solar lamps	5%	15%

3. Changes in Customs duty raw materials and inputs used by Domestic Manufacturers for reducing cost of inputs and correction of inverted duty structure:

S. No.	Inputs/Raw materials (for Sector)	Specific Items	Rate of duty	
			From	To
1.	**Petrochemical industry**	Naphtha	4%	2.5%
2.	**Textile industry**	Caprolactam	7.5%	5%
		Nylon Chips	7.5%	5%
		Nylon fibre and yarn	7.5%	5%
3.	**Ferrous and Non-Ferrous Metals**	Iron and Steel melting scrap, including stainless steel scrap [upto 31.3.2022]	2.5%	Nil
		Primary/Semi-finished products of non-alloy steel	10%	7.5%
		Flat products of non-alloy and alloy-steel	10%/ 12.5%	7.5%
		Long products of non-alloy, stainless and alloy steel	10%	7.5%
		Raw materials used in manufacture of CRGO Steel	2.5%	Nil
		Copper Scrap	5%	2.5%
6.	**Aviation Sector**	Components or parts, including engines, for manufacture of aircrafts by Public Sector Units of Ministry of Defence	2.5%	0%

7.	**Precious Metals**	Gold and silver*	12.5%	7.5%*
		Gold dore bar*	11.85%	6.9%*
		Silver dore bar*	11%	6.1%*
		Platinum, Pallidum, etc.	12.5%	10%
		Gold/silver findings	20%	10%
		Waste & Scrap of Precious Metals	12.5%	10%
		Spent Catalyst or ash containing precious metals	11.85%	9.2%
		Precious Metal Coins	12.5%	10%
8	**Animal Husbandry**	Feed additives or pre-mixes	20%	15%

** Also, to attract Agriculture Infrastructure and development Cess at the rate of 2.5%*

4. BCD rates has been reduced on following items with imposition of Agriculture Infrastructure and Development Cess on these so that overall consumer does not bear additional burden on most of the items. The revised rate of basic customs duty on such items shall be as follows:

Item	**Revised basic customs duty rate***
Apple	15%
Alcoholic beverages falling in Chapter 22	50%
Crude edible oil (Palm, Soyabean, sunflower)	15%
Coal, lignite and peat	1%
Specified fertilizers (Urea, MoP, DAP)	0%
Ammonium nitrate	2.5%
Peas, kabulichana, Bengal gram, lentils	10%

** refer to part C for Agriculture Infrastructure and Development Cess rates on these items*

5. Consequent to imposition of Agriculture Infrastructure and Development Cess (AIDC) on petrol and diesel, the Basic excise duty (BED) and Special Additional Excise Duty (SAED) rates have been reduced on them so that overall consumer does not bear any additional burden. Consequently, unbranded petrol and diesel will attract basic excise duty of Rs 1.4, and Rs 1.8 per litre respectively. The SAED on unbranded petrol and diesel shall be Rs 11 and Rs 8 per litre respectively. Similar changes have also been made for branded petrol and diesel. Refer to part C for Agriculture Infrastructure and Development Cess rates on these items

6. Rationalization of exemptions

S. No.	Category of goods	Specific items	From	To
1.	**Minerals**	Natural borates and concentrates thereof	Nil/5%	2.5%
2.	**Chemicals**	Methyl Diphenyl Isocyanate (MDI) for the manufacture of spandex yarn	Nil	7.5%
3.	**Items allowed to be imported duty free based on export performance in handicrafts, garments and leather**	Certain duty-free imports of items like motif, glue, veneer, polish, hooks, rivets, button, Velcro, chaton, badges, beads, sewing thread etc, on the basis of export made in the previous financial year, are allowed to handicraft, garments and leather exporters. An end date of 31.3.2021 is being provided for these concessions.	Nil	Applicable rate

7. Revocation / Temporary Revocation / Discontinuance of Anti-Dumping Duty and Countervailing Duty

S. No.	Specific Items
1.	Anti-Dumping duty is being temporarily revoked for the period commencing from 2.2.2021 till 30.09.2021, on imports of the following- (a) Straight Length Bars and Rods of alloy-steel, originating in or exported from People's Republic of China, imposed *vide* notification No. 54/2018-Cus (ADD) dated 18.10.2018; (b) High Speed Steel of Non-Cobalt Grade, originating in or exported from Brazil, People's Republic of China and Germany, imposed vide notification No. 38/2019-Cus (ADD) dated 25.09.2019;

	(c) Flat rolled product of steel, plated or coated with alloy of Aluminium or Zinc, originating in or exported from People's Republic of China, Vietnam and Korea RP, imposed vide notification No. 16/2020-Cus (ADD) dated 23.06.2020.
2.	Countervailing duty is being temporarily revoked for the period commencing from 2.2.2021 till 30.09.2021, on imports of Certain Hot Rolled and Cold Rolled Stainless Steel Flat Products, originating in or exported from People's Republic of China, imposed vide notification No. 1/2017-Cus (CVD) dated 7.09.2017.
3.	Provisional Countervailing duty is being revoked on imports Flat Products of Stainless Steel, originating in or exported from Indonesia, imposed vide notification No. 2/2020-Customs (CVD) dated 9.10.2020.
4.	In Sunset Review, anti-dumping duty on Cold-Rolled Flat Products of Stainless Steel of width 600 mm to 1250 mm and above 1250 mm of non bonafide usage originating in or exported from People's Republic of China, Korea RP, European Union, South Africa, Taiwan, Thailand and United States of America has been discontinued upon expiry of the anti-dumping duty hitherto leviable vide notifications no. 61/2015-Customs (ADD) dated 11th December, 2015 and 52/2017-Customs (ADD) dated 24th October, 2017.

8. Other miscellaneous changes

S. No.	Category of Goods	Specific Items
1.	**Miscellaneous**	Exemption to temporary imports of costumes and props by film-makers.
		Exemption to all items of machinery, instruments, appliances, components or auxiliary equipment for setting up of solar power generation projects is being rescinded [Notif No. 1/2011-Cus]
2.	Project Imports	Benefit is being extended to All High-Speed Railway projects
3.	IT/Electronics	Concessional rate of BCD on ink cartridges, ribbon assembly, ribbon gear assembly, ribbon gear carriage, for use in printers for computers is being withdrawn.

4.	Toys	Existing entries in exemption notification which provide concessional BCD rate on various parts of electronic toys, is being consolidated in a single entry and a revised BCD rate of 15% is being prescribed for the said new entry.
3.	End use-based exemptions to be have condition of IGCR in lieu of existing miscellaneous conditions.	A number of cumbersome conditions in customs exemptions are now being replaced by the requirement of observance of Import of Goods at Concessional rate (IGCR). This will simplify and standardized the compliance requirement for end use-based exemptions.

C. Imposition of Agriculture Infrastructure and Development Cess on specified goods [w.e.f. 2.2.2021]

An Agriculture Infrastructure and Development Cess has been proposed on specified goods, as below:

(A) **On customs side**

Items	**Proposed cess (Customs)**
Gold, Silver and dore bars	2.5%
Alcoholic beverages (falling under chapter 22)	100%
Crude palm oil	17.5%
Crude soyabean and sunflower oil	20%
Apples	35%
Coal, lignite and peat	1.5%
Specified fertilizers (Urea etc)	5%
Peas	40%
Kabuli Chana	30%
Bengal Gram/Chick peas	50%
Lentil (Mosur)	20%
Cotton (not carded or combed)	5%

For basic customs duty rates on these items refer to part B. Overall there would be no additional burden on the consumer on most of these items.

(B) **On excise side:**

An agriculture Infrastructure and Development Cess (AIDC) of ₹2.5 per litre has been imposed on petrol and ₹4 per litre on diesel. For other duties and cess, as revised, consequent to imposition of AIDC) on these items refer to part B. Overall there would be no additional burden on the consumer.

E. Social Welfare Surcharge (SWS)

1.	a. Notification No. 12/2018-Customs dated 2.2.2018 is being rescinded to keep only one SWS rate of 10% for all goods. b. The SWS on Agriculture Infrastructure and Development Cess is being exempted for Gold and Silver.

F. Miscellaneous changes in Central Excise:

1.	Blended Fuel: M-15 Petrol and E-20 Petrol	Exemptions from cesses and surcharges on the lines of other blended fuels (like E-5 and E-10) if these blended fuels are made of duty paid inputs

G. Legislative Changes in the provisions of Central GST Act, 2017 (CGST Act) and Integrated GST Act, 2017 (IGST Act):

Certain changes have been in the CGST Act and the IGST Act on the basis of recommendations made by the GST Council. These changes will come into effect from the date when the same will be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

These includes measures for

(i) facilitating taxpayers, such as remove the mandatory requirement of getting annual accounts audited and reconciliation statement, filing of the annual return on self-certification basis and charging interest on net cash liability with effect from the 1st July, 2017.

(ii) improving compliance, such as availment of input tax credit only when the details have been furnished by the supplier in the statement of outward supplies, validity of provisional attachment for a period, zero-rating on payment of IGST only in specified cases and linking it to the receipt of foreign remittances

(iii) making certain other changes relating to seizure and confiscation, filing of appeal only on payment of a sum equal to twenty-five per cent. of penalty imposed

H. There are few other changes of minor nature. For details of the budget proposals, the Explanatory Memorandum and other relevant budget documents may be referred to.

***

MOTTO

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