



KEY HIGHLIGHTS OF UNION BUDGET 2021-22

Presenting the **first ever digital Union Budget**, Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman stated that **India's fight against COVID-19 continues into 2021** and that this moment in history, when the political, economic, and strategic relations in the post-COVID world are changing, is the **dawn of a new era – one in which India is well-poised to truly be the land of promise and hope.**

The key highlights of the Union Budget 2021-22 are as follows

A DIGITAL BAHIKHATA

For the first time ever, the Budget goes paperless this year due to COVID-19



A tablet inside a red case bearing the Government of India emblem

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COMPETITORS VERY FIRST CHOICE

Six pillars of Budget 2021-22:

- Health and well-being
- Physical and financial capital and infra
- Inclusive development
- Human capital
- Innovation and R&D
- Minimum government, maximum governance

NIRMALA SITHARAMAN
MINISTER OF FINANCE

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1. Health and Wellbeing
2. Physical & Financial Capital, and Infrastructure
3. Inclusive Development for Aspirational India
4. Reinvigorating Human Capital
5. Innovation and R&D
6. Minimum Government and Maximum Governance

Health and Wellbeing: Rs. 2, 23,846 crore outlay for *Health and Wellbeing* in BE 2021-22 as against Rs. 94,452 crore in BE 2020-21 – an increase of 137%. Focus on strengthening three areas: Preventive, Curative, and Wellbeing. Steps being taken for improving health and wellbeing:

Vaccines: Rs. 35,000 crore for COVID-19 vaccine in BE 2021-22. The Made-in-India Pneumococcal Vaccine to be rolled out across the country, from present 5 states – to avert 50,000 child deaths annually

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Health Systems: Rs. 64,180 crore outlay over 6 years for **PM AatmaNirbhar Swasth Bharat Yojana** – a new centrally sponsored scheme to be launched, in addition to NHM. Main interventions under PM AatmaNirbhar Swasth Bharat Yojana:

- ❖ **National Institution for One Health,**
- ❖ 17,788 rural and 11,024 urban Health and Wellness Centers,
- ❖ **4 regional National Institutes for Virology,**
- ❖ 15 Health Emergency Operation Centers and **2 mobile hospitals,**
- ❖ **Integrated public health labs** in all districts and 3382 block public health units in **11 states,**
- ❖ **Critical care hospital blocks** in 602 districts and **12 central institutions,**
- ❖ Strengthening of the **National Centre for Disease Control (NCDC),** its 5 regional branches and 20 metropolitan health surveillance units,
- ❖ Expansion of the **Integrated Health Information Portal** to all States/UTs to connect all public health labs,
- ❖ **17 new Public Health Units** and strengthening of 33 existing Public Health Units,
- ❖ **Regional Research Platform** for WHO South-East Asia Region,
- ❖ 9 Bio-Safety Level III laboratories

Nutrition: Mission Poshan 2.0 to be launched:

- ❖ To strengthen nutritional content, delivery, outreach, and outcome,
- ❖ Merging the Supplementary Nutrition Programme and the Poshan Abhiyan,
- ❖ Intensified strategy to be adopted to improve nutritional outcomes across 112 Aspirational Districts.

Universal Coverage of Water Supply: Rs. 2,87,000 crore over 5 years for **Jal Jeevan Mission (Urban)** - to be launched with an aim to provide: **2.86 crore household tap connections.** Universal water supply in all 4,378 Urban Local Bodies. Liquid waste management in 500 AMRUT cities

Swachh Bharat, Swasth Bharat: Rs. 1,41,678 crore over 5 years for **Urban Swachh Bharat Mission 2.0.** Main interventions under Swachh Bharat Mission (Urban) 2.0;

- ❖ 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,
- ❖ **Bio-remediation** of all legacy dump sites.

Clean Air: Rs. 2,217 crore to tackle air pollution, for **42 urban centers with a million-plus population.**

Scrapping Policy:

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- ❖ **Voluntary** vehicle scrapping policy to **phase out old and unfit vehicles**,
- ❖ **Fitness tests** in automated fitness centres:
 - After **20 years** in case of **personal vehicles**.
 - After **15 years** in case of **commercial vehicles**.

Physical and Financial Capital and Infrastructure

Production Linked Incentive scheme (PLI)

- ❖ **Rs. 1.97 lakh crore** in next 5 years for PLI schemes in **13 Sectors**.
- ❖ To create and nurture **manufacturing global champions** for an **AatmaNirbhar Bharat**.
- ❖ To help manufacturing companies become an integral part of **global supply chains**, possess core competence and **cutting-edge technology**.
- ❖ To bring **scale and size** in key sectors.
- ❖ To provide **jobs to the youth**

Textiles

Mega Investment Textiles Parks (MITRA) scheme, in addition to PLI:

- ❖ **7 Textile Parks** to be established over 3 years
- ❖ Textile industry to become **globally competitive**, attract **large investments** and **boost employment generation & exports**

Infrastructure

- ❖ **National Infrastructure Pipeline (NIP)** expanded to 7,400 projects.
- ❖ Around 217 projects worth **Rs. 1.10 lakh crore** completed.
- ❖ Measures in three thrust areas to increase funding for NIP:
 - i. Creation of institutional structures
 - ii. Big thrust on monetizing assets
 - iii. Enhancing the share of capital expenditure

Creation of institutional structures: Infrastructure Financing

- ❖ **Rs. 20,000 crore** 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

Big thrust on monetizing assets

- ❖ **National Monetization Pipeline** to be launched,
- ❖ Important **asset monetization** measures:

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- ❖ 5 operational toll roads worth **Rs. 5,000 crore** being transferred to the **NHAI InvIT**.
- ❖ Transmission assets worth **Rs. 7,000 crore** to be transferred to the **PGCIL InvIT**.
- ❖ **Dedicated Freight Corridor** assets to be monetized by Railways, for operations and maintenance, after commissioning.
- ❖ Next lot of **Airports** to be monetized for operations and management concession.
- ❖ Other **core infrastructure assets** to be rolled out under the Asset Monetization Programme:
 - **Oil and Gas Pipelines** of GAIL, IOCL and HPCL,
 - **AAI Airports** in Tier II and III cities,
 - Other **Railway Infrastructure** Assets,
 - **Warehousing Assets** of CPSEs such as Central Warehousing Corporation and NAFED,
 - **Sports Stadiums**.

Sharp Increase in Capital Budget:

- ❖ **Rs. 5.54 lakh crore** capital expenditure in BE 2021-22 – sharp **increase of 34.5%** over Rs. 4.12 lakh crore allocated in BE 2020-21 :
 - Over **Rs. 2 lakh crore** to States and Autonomous Bodies for their Capital Expenditure.
 - Over **Rs. 44,000 crore** for the Department of Economic Affairs to provide for projects/programmes/departments exhibiting good progress on Capital Expenditure

Roads and Highways Infrastructure

Rs. 1,18,101 lakh crore, highest ever outlay, for Ministry of Road Transport and Highways – of which Rs. 1,08,230 crore is for capital

- ❖ Under the **Rs. 5.35 lakh crore Bharatmala Pariyojana**, more than 13,000 km length of roads worth Rs. 3.3 lakh crore awarded for construction:
 - **3,800 km** have already been constructed.
 - Another **8,500 km** to be awarded for construction by March 2022.
 - Additional **11,000 km of national highway corridors** to be completed by March 2022

Economic corridors being planned:

- ❖ **Rs. 1.03 lakh crore** outlay for 3,500 km of NHs in Tamil Nadu,
- ❖ **Rs. 65,000 crore** investment for 1,100 km of NHs in Kerala,
- ❖ **Rs. 25,000 crore** for 675 km of NHs in West Bengal,
- ❖ Over **Rs. 34,000 crore** to be allocated for 1300 km of NHs to be undertaken in next 3 years in Assam, in addition to Rs. 19,000 crore works of NHs currently in progress in the State

Flagship Corridors/Expressways:

- ❖ **Delhi-Mumbai Expressway** – Remaining 260 km to be awarded before 31.3.2021
- ❖ **Bengaluru-Chennai Expressway** – 278 km to be initiated in the current FY; construction to begin in 2021-22.

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- ❖ **Kanpur-Lucknow Expressway** – 63 km expressway providing an alternate route to NH 27 to be initiated in 2021-22.
- ❖ **Delhi-Dehradun economic corridor** – 210 km to be initiated in the current FY; construction to begin in 2021-22.
- ❖ **Raipur-Vishakhapatnam** – 464 km passing through Chhattisgarh, Odisha and North Andhra Pradesh, to be awarded in the current year; construction to start in 2021-22.
- ❖ **Chennai-Salem corridor** – 277 km expressway to be awarded and construction to start in 2021-22.
- ❖ **Amritsar-Jamnagar** – Construction to commence in 2021-22.
- ❖ **Delhi-Katra** – Construction will commence in 2021-22

Advanced Traffic management system in all new 4 and 6-lane highways:

- ❖ Speed radars,
- ❖ Variable message signboards,
- ❖ GPS enabled recovery vans will be installed

Railway Infrastructure

- ❖ **Rs. 1,10,055 crore** for Railways of which Rs. 1,07,100 crore is for capital expenditure.
- ❖ **National Rail Plan for India (2030)**: to create a ‘future ready’ Railway system by 2030.
- ❖ **100% electrification** of Broad-Gauge routes to be completed by December, 2023.
- ❖ Broad Gauge Route Kilometers (RKM) electrification to reach 46,000 RKM, i.e. 72% by end of 2021.
- ❖ Western Dedicated Freight Corridor (DFC) and Eastern DFC to be commissioned by June 2022, to bring down the logistic costs – enabling **Make in India strategy**
- ❖ Additional initiatives proposed:
 - The Sonnagar-Gomoh Section (263.7 km) of Eastern DFC to be taken up in PPP mode in 2021-22

Future dedicated freight corridor projects –

- ❖ East Coast corridor from Kharagpur to Vijayawada,
- ❖ East-West Corridor from Bhusaval to Kharagpur to Dankuni,
- ❖ North-South corridor from Itarsi to Vijayawada,
- ❖ Measures for **passenger convenience and safety**:
 - Aesthetically designed **Vista Dome LHB coach on tourist routes** for better travel.
 - High density network and highly utilized network routes to have an **indigenously developed automatic train protection system**, eliminating train collision due to human error

Urban Infrastructure:

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- ❖ Raising the share of public transport in urban areas by **expansion of metro rail network** and augmentation of city bus service.
- ❖ **Rs. 18,000 crore** for a new scheme, to augment public bus transport:
 - Innovative **PPP** models to run more than **20,000 buses**,
 - To boost automobile sector, provide fillip to economic growth, create employment opportunities for our youth,
 - 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
- **‘MetroLite’** and **‘MetroNeo’** technologies to provide metro rail systems at much lesser cost with similar experience in Tier-2 cities and peripheral areas of Tier-1 cities.
- Central counterpart funding to:
 - a. Kochi Metro Railway Phase-II of 11.5 km at a cost of Rs. 1957.05 crore
 - b. Chennai Metro Railway Phase –II of 118.9 km at a cost of Rs. 63,246 crore
 - c. Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of Rs. 14,788 crore
 - d. Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of Rs. 5,976 crore and Rs. 2,092 crore respectively.

Power Infrastructure

- 139 Giga Watts of installed capacity and **1.41 lakh circuit km** of transmission lines added, and additional **2.8 crore households** connected in past 6 years
- Consumers to have alternatives to choose the Distribution Company for enhancing competitiveness
- **Rs. 3,05,984 crore** over 5 years for a revamped, reforms-based and result-linked new **power distribution sector scheme**
- A comprehensive **National Hydrogen Energy Mission 2021-22** to be launched

Ports, Shipping, Waterways

- **Rs. 2,000 crore** worth 7 projects to be offered in **PPP-mode** in FY21-22 for **operation of major ports**
- Indian shipping companies to get **Rs. 1624 crore** worth subsidy support over 5 years in global tenders of Ministries and CPSEs
- To **double the recycling capacity** of around 4.5 Million Light Displacement Tonne (LDT) by 2024; to generate an **additional 1.5 lakh jobs**

Petroleum & Natural Gas

- ❖ Extension of **Ujjwala Scheme** to cover **1 crore more beneficiaries**.

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- ❖ To add **100 more districts** to the City Gas Distribution network in next 3 years.
- ❖ A **new gas pipeline project in J&K**.
- ❖ An independent **Gas Transport System Operator** to 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

- A single **Securities Markets Code** to be evolved.
- Support for development of a **world class Fin-Tech hub at the GIFT-IFSC**.
- A new permanent institutional framework to help in development of Bond market by purchasing investment grade debt securities both in stressed and normal times.
- Setting up a system of **Regulated Gold Exchanges**: SEBI to be notified as a regulator and Warehousing Development and Regulatory Authority to be strengthened.
- To develop an **investor charter** as a right of all financial investors.
- **Capital infusion of Rs. 1,000 crore** to Solar Energy Corporation of India and **Rs. 1,500 crore** to Indian Renewable Energy Development Agency

Increasing FDI in Insurance Sector: To increase the permissible **FDI limit from 49% to 74%** and allow foreign ownership and control with safeguards

Stressed Asset Resolution: Asset Reconstruction Company Limited and Asset Management Company to be set up

Recapitalization of PSBs: **Rs. 20,000 crore** in 2021-22 to further consolidate the financial capacity of PSBs

Deposit Insurance:

- ❖ **Amendments to the DICGC Act, 1961**, to help depositors get an easy and time-bound access to their deposits to the extent of the deposit insurance cover.
- ❖ Minimum loan size eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (**SARFAESI Act, 2002**) proposed to be reduced **from Rs. 50 lakh to Rs. 20 lakh** for NBFCs with minimum asset size of Rs. 100 crore

Company Matters:

- ❖ To **decriminalize the Limited Liability Partnership (LLP) Act, 2008**.
- ❖ **Easing Compliance requirement of Small companies** by revising their definition under Companies Act, 2013 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 Cr”.
- ❖ **Promoting start-ups and innovators by incentivizing the incorporation of One Person Companies (OPCs):**
 - Allowing their growth without any restrictions on paid up capital and turnover.
 - Allowing their conversion into any other type of company at any time,

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- Reducing 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.
- ❖ To ensure **faster resolution of cases** by:
 - **Strengthening NCLT** framework,
 - Implementation of **e-Courts** system,
 - Introduction of **alternate methods of debt resolution** and special framework for MSMEs.
- ❖ Launch of data analytics, artificial intelligence, machine learning driven **MCA21 Version 3.0 in 2021-22**

Disinvestment and Strategic Sale

- ❖ **Rs. 1,75,000 crore** estimated receipts from disinvestment in BE 2020-21,
- ❖ **Strategic disinvestment** of BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited etc. to be completed in 2021-22.
- ❖ Other than IDBI Bank, two Public Sector Banks and one General Insurance company to be privatized,
- ❖ **IPO of LIC** in 2021-22,
- ❖ **New policy for Strategic Disinvestment** approved; CPSEs except in four strategic areas to be privatized,
- ❖ NITI Aayog to work out on the next list of CPSEs to be taken up for strategic disinvestment,
- ❖ Incentivizing States for disinvestment of their Public Sector Companies, using central funds,
- ❖ **Special Purpose Vehicle** in the form of a company to monetize idle land,
- ❖ Introducing a revised mechanism for ensuring **timely closure of sick or loss making CPSEs**

Government Financial Reforms

- **Treasury Single Account (TSA)** System for Autonomous Bodies to be extended for universal application
- **Separate Administrative Structure** to streamline the 'Ease of Doing Business' for Cooperatives

Inclusive Development for Aspirational India

Agriculture Ensured **MSP at minimum 1.5 times** the cost of production across all commodities. With steady increase in the procurement, payment to farmers increased as under:

	2013-14	2019-20	2020-21
Wheat	Rs. 33,874	Rs. 62,802	Rs. 75,060
Rice	Rs. 63,928	Rs. 1,41,930	Rs. 172,752

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Pulses	Rs. 236	Rs. 10,530
	Rs. 8,285	

- **SWAMITVA Scheme** to be extended to all States/UTs, 1.80 lakh property-owners in 1,241 villages have already been provided cards
- **Agricultural credit** target enhanced to **Rs. 16.5 lakh crore** in FY22 - animal husbandry, dairy, and fisheries to be the focus areas
- **Rural Infrastructure Development Fund** to be enhanced to **Rs. 40,000 crore** from Rs. 30,000 crore
- To **double the Micro Irrigation Fund to Rs. 10,000 crore**
- **'Operation Green Scheme'** to be extended to **22 perishable products**, to boost value addition in agriculture and allied products
- Around **1.68 crore farmers** registered and **Rs. 1.14 lakh crore** of trade value carried out through **e-NAMs**; **1,000 more mandis** to be integrated with e-NAM to bring transparency and competitiveness.
- APMCs to get access to the **Agriculture Infrastructure Funds** for augmenting infrastructure facilities

Fisheries

- ❖ Investments to develop modern fishing harbours and fish landing centres – both marine and inland.
- ❖ **5 major fishing harbours** – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat to be developed as hubs of economic activity.
- ❖ **Multipurpose Seaweed Park** in Tamil Nadu to promote seaweed cultivation

Migrant Workers and Labourers

- ❖ **One Nation One Ration Card** scheme for beneficiaries to claim rations anywhere in the country - **migrant workers** to benefit the most
 - Scheme implementation so far covered 86% of beneficiaries across 32 States and UTs.
 - Remaining 4 states to be integrated in next few months
- ❖ **Portal to collect information** on unorganized labour force, migrant workers especially, to help formulate schemes for them.
- ❖ Implementation of **4 labour codes** underway
 - Social security benefits for gig and platform workers too,
 - minimum wages and coverage under the Employees State Insurance Corporation applicable for all categories of workers,
 - Women workers allowed in all categories, including night-shifts with adequate protection,
 - Compliance burden on employers reduced with single registration and licensing, and online returns.

Financial Inclusion

- Under **Stand Up India Scheme** for SCs, STs and women,
 - Margin money requirement reduced to 15%
 - To also include loans for allied agricultural activities

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- ❖ **Rs. 15,700 crore** budget allocation to MSME Sector, more than double of this year's BE

Reinvigorating Human Capital

School Education:

- **15,000 schools** to be strengthened by implementing all NEP components. Shall act as exemplar schools in their regions for mentoring others.
- **100 new Sainik Schools** to be set up in partnership with NGOs/private schools/states

Higher Education:

- Legislation to be introduced to setup **Higher Education Commission of India** as an umbrella body with 4 separate vehicles for standard-setting, accreditation, regulation, and funding,
- Creation of formal umbrella structure to cover all Govt. colleges, universities, research institutions in a city for greater synergy.
- Glue grant to implement the same across 9 cities,
- **Central University** to come up in **Leh** for accessibility of higher education in Ladakh

Scheduled Castes and Scheduled Tribes Welfare:

- **750 Eklavya model residential schools** in tribal areas:
 - Unit cost of each school to be increased to **Rs. 38 crore**.
 - For hilly and difficult areas, to **Rs. 48 crore**.
 - Focus on creation of robust infrastructure facilities for tribal students
- Revamped **Post Matric Scholarship Scheme** for welfare of SCs
 - **Rs. 35,219 crore** enhanced Central Assistance for 6 years till 2025-2026.
 - **4 crore** SC students to benefit

Skilling:

- Proposed amendment to **Apprenticeship Act** to enhance opportunities for youth.
- **Rs. 3000 crore** for realignment of existing **National Apprenticeship Training Scheme (NATS)** towards post-education apprenticeship, training of graduates and diploma holders in Engineering.
- Initiatives for partnership with other countries in skilling to be taken forward, similar to partnership:
 - With UAE to benchmark skill qualifications, assessment, certification, and deployment of certified workforce.
 - With Japan for a collaborative Training Inter Training Programme (TITP) to transfer of skills, technique and knowledge

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Innovation and R&D

- ✚ Modalities of **National Research Foundation** announced in July 2019 –
 - **Rs. 50,000 crore** outlay over 5 years,
 - To strengthen overall research ecosystem with focus on national-priority thrust areas.
- ✚ **Rs. 1,500 crore** for proposed scheme to promote digital modes of payment.
- ✚ **National Language Translation Mission (NTLM)** to make governance-and-policy related knowledge available in major Indian languages.
- ✚ PSLV-CS51 to be launched by **New Space India Limited (NSIL)** carrying Brazil's Amazonia Satellite and some Indian satellites.
- ✚ As part of the **Gaganyaan** mission activities:
 - **4 Indian astronauts** being trained on Generic Space Flight aspects, in Russia.
 - **First unmanned launch** is slated for **December 2021**
- ✚ **Rs. 4,000 crore** over five years for **Deep Ocean Mission** survey exploration and conservation of deep sea biodiversity

Minimum Government, Maximum Governance

- ❖ Measures being undertaken to bring reforms in Tribunals to ensure speedy justice.
- ❖ **National Commission for Allied Healthcare Professionals** already introduced to ensure transparent and efficient regulation of the 56 allied healthcare professions.
- ❖ The **National Nursing and Midwifery Commission Bill** introduced for the same in nursing profession.
- ❖ Proposed **Conciliation Mechanism** with mandate for quick resolution of contractual disputes with CPSEs.
- ❖ **Rs. 3,768 crore** allocated for first digital census in the history of India.

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- ❖ **Rs. 300 crore** grant to the Government of Goa for the diamond jubilee celebrations of the state's liberation from Portuguese.
- ❖ **Rs. 1,000 crore** for the welfare of Tea workers especially women and their children in Assam and West Bengal through a special scheme

Fiscal Position

Item	Original BE 2020-21	RE 2020-21	BE 2021-22
Expenditure	`30.42 lakh crore	`34.50 lakh crore	`34.83 lakh crore
Capital Expenditure	`4.12 lakh crore	`4.39 lakh crore	`5.5 lakh crore
Fiscal Deficit (as % of GDP)	-	9.5%	6.8%

- ❖ RE for Expenditure is **Rs. 34.50 lakh crore** as against original BE expenditure of **Rs. 30.42 lakh crore**.
- ❖ Quality of expenditure has been maintained as Capital Expenditure estimated as per RE is **Rs. 4.39 lakh crore** in 2020-2021 as against **Rs. 4.12 lakh crore** in BE 2020-21.
- ❖ Estimates of **Rs. 34.83 lakh crore** BE for expenditure in 2021-2022 including **Rs. 5.5 lakh crore** as capital expenditure, an increase of 34.5% to give required push to economy.
- ❖ The fiscal deficit in BE 2021-2022 is estimated to be **6.8% of GDP**. The fiscal deficit in RE 2020-21 is pegged at **9.5% of GDP** - funded through Government borrowings, multilateral borrowings, Small Saving Funds and short term borrowings.
- ❖ Gross borrowing from the market for the next year to be around 12 lakh crore..
- ❖ Plan to continue on the path of fiscal consolidation, achieving a fiscal deficit level **below 4.5% of GDP by 2025-2026** with a fairly steady decline over the period.
- ❖ It will be achieved by increasing the buoyancy of tax revenue through improved compliance, and secondly, by increased receipts from monetisation of assets, including Public Sector Enterprises and land.
- ❖ Deviation Statement under Sections 4(5) and 7(3) (b) of the FRBM Act tabled necessitated by this year's unforeseen and unprecedented circumstances.
- ❖ Amendment to FRBM Act proposed to achieve targeted Fiscal Deficit levels.
- ❖ The Contingency Fund of India is to be augmented from **Rs. 500 crore** to **Rs. 30,000 crore** through Finance Bill.

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Net borrowing of the States:

- ❖ Net borrowing for the states allowed at **4% of GSDP for the year 2021-2022** as per recommendation of 15th FC.
- ❖ Part of this earmarked for incremental capital expenditure.
- ❖ Additional borrowing ceiling of 0.5% of GSDP will be provided subject to conditions.
- ❖ States expected to reach a **fiscal deficit of 3% of GSDP by 2023-24**, as recommended by the 15th Finance Commission.

Fifteenth Finance Commission:

- ❖ The final report covering **2021-26** was submitted to the President, retaining vertical shares of states at **41%**.
- ❖ Funds to UTs of Jammu and Kashmir and Ladakh would be provided by Centre.
- ❖ On the Commission's recommendation, **Rs. 1,18,452 crore** have been provided as Revenue Deficit Grant to 17 states in 2021-22, as against **Rs. 74,340 crore** to 14 states in 2020-21.

Tax Proposals

Vision of a transparent, efficient tax system to promote investments and employment in the country with **minimum burden on tax payers**

Direct Taxes:

Achievements:

- **Corporate tax rate** slashed to make it among the lowest in the world.
- Burden of taxation on **small taxpayers** eased by increasing rebates.
- Return filers almost **doubled to 6.48 crore** in 2020 from **3.31 crore** in 2014.
- **Faceless Assessment** and **Faceless Appeal** introduced

Relief to Senior Citizens: Exemption from filing tax returns for senior citizens over 75 years of age and having only pension and interest income; tax to be deducted by paying bank

Reducing Disputes, Simplifying Settlement:

- **Time limit for re-opening cases** reduced to **3 years** from 6 years,
- **Serious tax evasion cases**, with evidence of concealment of income of Rs. 50 lakh or more in a year, to be re-opened only up to 10 years, with approval of the Principal Chief Commissioner,
- **Dispute Resolution Committee** to be set up for taxpayers with taxable income up to Rs. 50 lakh and disputed income up to Rs. 10 lakh,
- **National Faceless Income Tax Appellate Tribunal Centre** to be established,
- Over **1 lakh taxpayers** opted to settle tax disputes of over Rs. 85,000 crore through **Vivad Se Vishwas Scheme** until 30th January 2021.

Relaxation to NRIs: Rules to be notified for removing hardships faced by NRIs regarding their foreign retirement accounts

Incentivizing Digital Economy: Limit of turnover for tax audit increased to **Rs. 10 crore** from Rs. 5 crore for entities carrying out 95% transactions digitally

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Relief for Dividend:

- Dividend payment to REIT/ InvIT exempt from TDS.
- Advance tax liability on dividend income only after declaration/ payment of dividend.
- Deduction of tax on dividend income at lower treaty rate for Foreign Portfolio Investors

Attracting Foreign Investment for Infrastructure: Infrastructure Debt Funds made eligible to raise funds by issuing **Zero Coupon Bonds**. Relaxation of some conditions relating to prohibition on private funding, restriction on commercial activities, and direct investment

Supporting 'Housing for All': Additional deduction of interest, up to Rs. 1.5 lakh, for loan taken to buy an affordable house extended for loans taken till March 2022. **Tax holiday** for Affordable Housing projects extended **till March 2022**. Tax exemption allowed for notified Affordable Rental Housing Projects

Tax incentives to IFSC in GIFT City:

- **Tax holiday for capital gains** from incomes of aircraft leasing companies.
- Tax exemptions for aircraft lease rentals paid to foreign lessors.
- Tax incentive for relocating foreign funds in the IFSC.
- Tax exemption to investment division of foreign banks located in IFSC.

Ease of Filing Taxes: Details of capital gains from listed securities, dividend income, interest from banks, etc. to be pre-filled in returns.

Relief to Small Trusts: Exemption limit of annual receipt revised from ₹1 crore to ₹5 crore for small charitable trusts running schools and hospitals

Labour Welfare:

- Late deposit of employee's contribution by the employer not to be allowed as deduction to the employer.
- Eligibility for tax holiday claim for start-ups extended by one more year.
- **Capital gains exemption** for investment in start-ups extended **till 31st March, 2022**.

Indirect Taxes

GST: Measures taken till date:

- Nil return through SMS.
- Quarterly return and monthly payment for small taxpayers.
- **Electronic invoice system.**
- Validated input tax statement.
- **Pre-filled editable GST return.**
- Staggering of returns filing.
- Enhancement of capacity of GSTN system.
- Use of **deep analytics** and **AI to identify tax evaders**

Custom Duty Rationalization:

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- ❖ **Twin objectives:** Promoting domestic manufacturing and helping India get onto global value chain and export better.
- ❖ **80 outdated exemptions** already eliminated.
- ❖ Revised, distortion-free customs duty structure to be put in place from 1st October 2021 by **reviewing more than 400 old exemptions.**
- ❖ **New customs duty exemptions** to have validity up to the 31st March following two years from its issue date

Electronic and Mobile Phone Industry: Some exemptions on parts of chargers and sub-parts of mobiles withdrawn. **Duty on some parts of mobiles revised to 2.5% from 'nil' rate**

Iron and Steel:

- ❖ **Customs duty reduced** uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels.
- ❖ **Duty on steel scrap exempted** up to 31st March, 2022.
- ❖ **Anti-Dumping Duty (ADD) and Counter-Veiling Duty (CVD) revoked** on certain steel products.
- ❖ **Duty on copper scrap reduced** from 5% to 2.5%.

Textiles: Basic Customs Duty (BCD) on caprolactam, nylon chips and nylon fiber & yarn reduced to 5%.

Chemicals: Calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions.

- ❖ **Duty on Naptha reduced** to 2.5%.

Gold and Silver: Custom duty on gold and silver to be rationalized

Renewable Energy: Phased manufacturing plan for solar cells and solar panels to be notified. **Duty on solar invertors raised** from 5% to **20%**, and on **solar lanterns** from 5% to **15%** to encourage domestic production

Capital Equipment: Tunnel boring machine to now attract a customs duty of 7.5%; and its parts a duty of 2.5%. Duty on certain auto parts increased to general rate of 15%

MSME Products:

- ✓ Duty on steel screws and plastic builder wares increased to 15%.
- ✓ Prawn feed to attract customs duty of 15% from earlier rate of 5%.
- ✓ Exemption on import of duty-free items rationalized to incentivize exporters of garments, leather, and handicraft items.
- ✓ Exemption on imports of certain kind of leathers withdrawn.
- ✓ Customs duty on finished synthetic gem stones raised to encourage domestic processing.

Agriculture Products: Customs duty on cotton increased from nil to 10% and on raw silk and silk yarn from 10% to 15%. Withdrawal of end-use based concession on denatured ethyl alcohol Agriculture Infrastructure and Development Cess (AIDC) on a small number of items.

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Rationalization of Procedures and Easing of Compliance: Turant Customs initiative, a Faceless, Paperless, and Contactless Customs measures. New procedure for administration of Rules of Origin.

Achievements and Milestones during the COVID-19 pandemic

Pradhan Mantri Garib Kalyan Yojana (PMGKY):

- ✓ Valued at **Rs. 2.76 lakh crore**.
- ✓ Free food grain to **80 crore people**.
- ✓ Free cooking gas for **8 crore families**.
- ✓ Direct cash to over **40 crore farmers, women, elderly, the poor and the needy**.

AatmaNirbhar Bharat package (ANB 1.0): Estimated at **Rs. 23 lakh crore** – more than **10%** of GDP.

- ✓ PMGKY, three ANB packages (ANB 1.0, 2.0, and 3.0), and announcements made later were like **5 mini-budgets** in themselves.
- ✓ **Rs. 27.1 lakh crore** worth of financial impact of all three ANB packages including RBI's measures – amounting to **more than 13% of GDP**.

Structural reforms:

- ❖ **One Nation One Ration Card,**
- ❖ **Agriculture and Labour Reforms,**
- ❖ **Redefinition of MSMEs,**
- ❖ **Commercialisation of the Mineral Sector,**
- ❖ **Privatisation of Public Sector Undertakings,**
- ❖ **Production Linked Incentive Schemes.**

Status of India's fight against COVID-19: **2 Made-in-India vaccines** – medically safeguarding citizens of India and those of 100-plus countries against COVID-19. **2 or more new vaccines expected soon.** **Lowest death rate per million** and the lowest active cases.

2021- Year of milestones for Indian history:

- ❖ **75th year of India's independence,**
- ❖ **60 years of Goa's accession to India,**
- ❖ **50 years of the 1971 India-Pakistan War,**
- ❖ **Year of the 8th Census of Independent India,**
- ❖ **India's turn at the BRICS Presidency,**
- ❖ **Year for Chandrayaan-3 Mission,**
- ❖ **Haridwar MahaKumbh.**

Vision for AatmaNirbhar Bharat:

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- ❖ **AatmaNirbharta** – not a new idea – ancient India was self-reliant and a business epicentre of the world,
- ❖ AtmaNirbhar Bharat – an expression of 130 crore Indians who have full confidence in their capabilities and skills,
- ❖ Strengthening the **Sankalp** of:
 - ✓ Nation First,
 - ✓ Doubling Farmer’s Income,
 - ✓ Strong Infrastructure,
 - ✓ Healthy India,
 - ✓ Good Governance,
 - ✓ Opportunities for Youth,
 - ✓ Education for All,
 - ✓ Women Empowerment,
 - ✓ Inclusive Development

13 promises made in the Union Budget 2015-16, and resonating with the vision of AatmaNirbharta, to materialise during the **AmrutMahotsav of 2022** – on the 75th year of our independence

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

– Rabindranath Tagore

