

Union BUDGET

2021-22



*"Faith is the bird that feels the light and sings when the dawn is still dark."
-Rabindranath Tagore*

Union Budget 2021-22 – Highlights

For the first time, the Budget went paperless and members were provided soft copies of the speech and documents. Clad in a red and cream-hued saree with patterns, Ms. Sitharaman continued with the practice of carrying the red-coloured 'bahi-khata'. Only that this time around, tablet replaced papers in the red bag.

Stable tax regime Strong push for growth, Sharp increase in capital expenditure, relief for senior citizens in filing taxes, higher allocations to infrastructure, stepped up focus on healthcare and no major changes in direct taxes. Acknowledging that FY21 fiscal deficit to be as high as 9.5%, yet having a target in place to bring it down to 6.8% in FY22 was a real positive. Announcement of voluntary vehicles scrappage policy and increase in FDI in insurance are other positives.

Some of the **Key Features** of the Union Budget 2021-22:

- ✦ Income tax: remained unchanged for the current fiscal
- ✦ Deficit to reduce from 9.5% in FY21 to 4.5% by FY26
- ✦ The borrowing from the market would be around 12 lakh crore in FY22.
- ✦ Big Infra push with increase in 34.5% higher capital budget at Rs.5.54 lakh crore and Infra monetization via InVITs
- ✦ Gross Expenditure up 13% at Rs.35 lakh crores for FY21 and remains same for FY22.
- ✦ Rs 20000 crores PSU Banks recapitalization plan
- ✦ Establishment of Development Financial Institution with initial investment of Rs.20000 crores
- ✦ LIC listing proposed via an ipo, Divestment target at Rs.1.75 lakh crores
- ✦ 2 PSU Banks and one of the General Insurance Company, Air India, BPCL and Special Purpose Vehicle for PSU land sale.
- ✦ 7 mega textile park to be set up over three years
- ✦ FDI in Insurance raised from 49% to 74%
- ✦ Proposal to consolidate SEBI Act, Depositories Act, SCRA Act, Government Securities Act into one.
- ✦ Power discom rescue scheme of Rs.3 lakh crores over five years
- ✦ Interest earned by the Provident fund contribution above Rs.2.5 lakhs a year will now be added to the taxable income and will be taxed at the normal rates .This will only apply to the employee's contribution and not that of the employer.

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Major Announcement Summary

Health and Wellbeing

- ✦ Substantial increase of 137% in health outlay to Rs.223846 crores in FY22 BE from Rs.94452 in FY21BE.
- ✦ A new scheme has been launched with the name of “PM Aatma Nirbhar Swasth Bharat Yojana”, with an outlay of Rs.64180 crores over 6 years.
 - The scheme to support 17788 and 11024 urban Health & wellness centres.
 - Establishing critical care hospital blocks in 602 districts and 12 central institutions
 - Setting up of Integrated Public Health Labs
 - Establishing critical care hospital blocks
 - Pnuemococcal vaccine to be rolled across the country
 - Rs.35000 crores for Covid-19 Vaccine in FY22.

AtmaNirbhar Bharat-Production Linked Incentive Scheme (PLI)

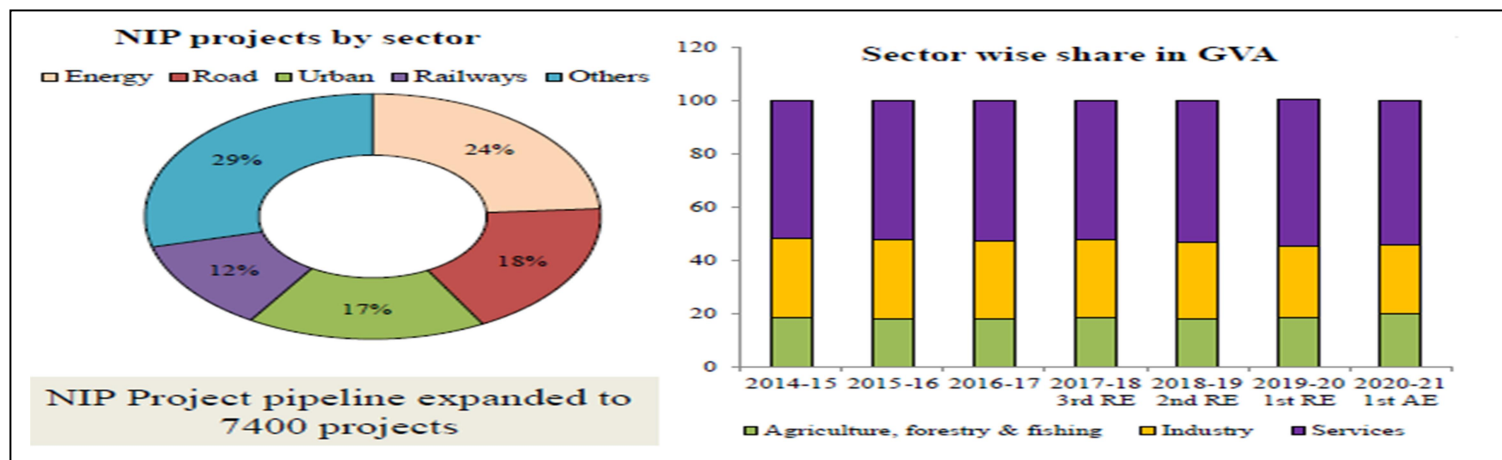
India’s Vision of “USD 5 trillion Economy”, needs manufacturing sector to grow in double digits on a sustained basis and become an integral part of global supply chain possessing core competence & cutting-edge technology. To achieve this goal a PLI Scheme has been launched to create manufacturing globally competitive companies across 13 sectors with nearly Rs.1.97 lakh crores in the next 5 years starting FY21-22.

Textile

- ✦ A scheme of Mega Investment Textiles Parks (MITRA) to be launched in addition to PLI scheme.
- ✦ 7 textile parks to be established over next three years.

Infrastructure

- ✦ The National Infrastructure Pipeline (NIP) announced in Dec 2019 that was launched with 6835 projects had now has been expanded to 7400 projects.
- ✦ 217 projects worth Rs.1.10 lakh crores, under key infrastructure ministries have been completed.
- ✦ The government is committed to achieve NIP in coming years by applying three pronged strategy 1) creating institutional structure, 2) monetizing assets and 3) enhancing the share of capital expenditure in central & state budgets.



A) Infrastructure financing - Development Financial Institution (DFI)

- ✦ Government to introduce bill to set up Development Financial Institution with a sum of Rs.20000 crores.
- ✦ The ambition is to have lending portfolio of ~Rs.500000 crores in three years' time.
- ✦ Real Estate Investment Trusts (REITs) and Infrastructure Investment Trust (InvITs) are expected to attract debt financing by Foreign Portfolio Investors.

B) Asset Monetisation

- ✦ A national Monetization pipeline of brown field infrastructure asset will be launched.
- ✦ NHAI (National Highways Authority of India) & PGCIL (Power Grid Corporation of India Ltd.) to set up infrastructure investment trust to attract global funds
- ✦ Five operational roads with estimated enterprise value of Rs, 5000 crores are being transferred to NHAI InvIT and transmission assets value of Rs.7000 crores will be transferred to PGCIL InvIT.
- ✦ Asset Monetization of Oil & Gas Pipelines of GAIL, IOCL and HPCL
- ✦ Monetization of assets of Airport Authority of India in Tier II & III Cities

C) Sharp Increase in Capital Budget.

- ✦ A sharp increase in capital expenditure has been announced to Rs.5.54 lakh crore for FY22 which is 34.5% more than budget estimate of FY21.
- ✦ To provide more than Rs.2 lakh crore for states and autonomous bodies for their capital expenditure.

Roads & Highways Infrastructure

- ✦ Allocation of Rs.1.18 trillion has been allotted for the construction of Roads & Highways.
- ✦ The states of Tamil Nadu, Kerala, West Bengal and Assam will get investments worth Rs.2.27 trillion in next three years for construction of ~6575 km of National highway works.

Railway Infrastructure

- ✦ Aims to develop adequate rail infrastructure by 2030 to cater to projected traffic requirements up to 2050
- ✦ A capital expenditure of Rs.1, 10.055 crores has been allotted to Railways.
- ✦ Western Dedicated Freight Corridor (WDF) and Eastern DFC to be commenced by June 2022.
- ✦ 100% electrification of Broad Gauge Routes by 2023.
- ✦ Indigenously developed automatic train protection systems to be launched.

Urban Infrastructure

- ✦ Government to raise the share of public transport in urban areas by augmenting metro rail network and city bus services and plans to allocate Rs.18000 crores for these services.
- ✦ A total of 702 km of conventional metro is operational and another 1,016 km of metro and RRTS (Regional Rapid Transit Systems) 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.
- ✦ Central counterpart funding of Rs.88059.05 crores to be provided to Kochi Metro Railway, Chennai Metro Railway, Bengaluru Metro Railway, Nagpur Metro and Nashik Metro rail projects .

Urban Development

Jal Jeevan Mission (Urban) for universal water supply in all ULBs



Urban Swachh Bharat Mission with outlay ₹1,41,678 crore over 5 years

₹2,217 crore for 42 urban centres to tackle air pollution



Voluntary Vehicle Scrapping policy

Innovative PPP models to augment public bus transport



MetroLite and MetroNeo for tier 2 and peripherals of tier 1 cities

Power Infrastructure

- ✦ 139 GW of installed capacity was added during past 6 years connecting additional 2.8 crore households with addition of 1.41 lakh circuit km of transmission lines.
- ✦ Revamped reforms based result-linked power distribution sector scheme to be launched with an outlay of Rs. 3,05,984 crore over 5 years.
- ✦ Hydrogen energy mission will be launched.

Ports, Shipping, Waterways

- ✦ India has enacted Recycling of Ships Act, 2019 and agreed to the Hong Kong International Convention.
- ✦ India's share in the ship recycling business is around 30%
- ✦ Shipping Industry to generate 1.5 lakh jobs by bringing more ships to India from Europe and Japan and doubling the recycling capacity of around 4.5 million light displacements Tonne (LDT) by 2024.

Petroleum and Natural Gas

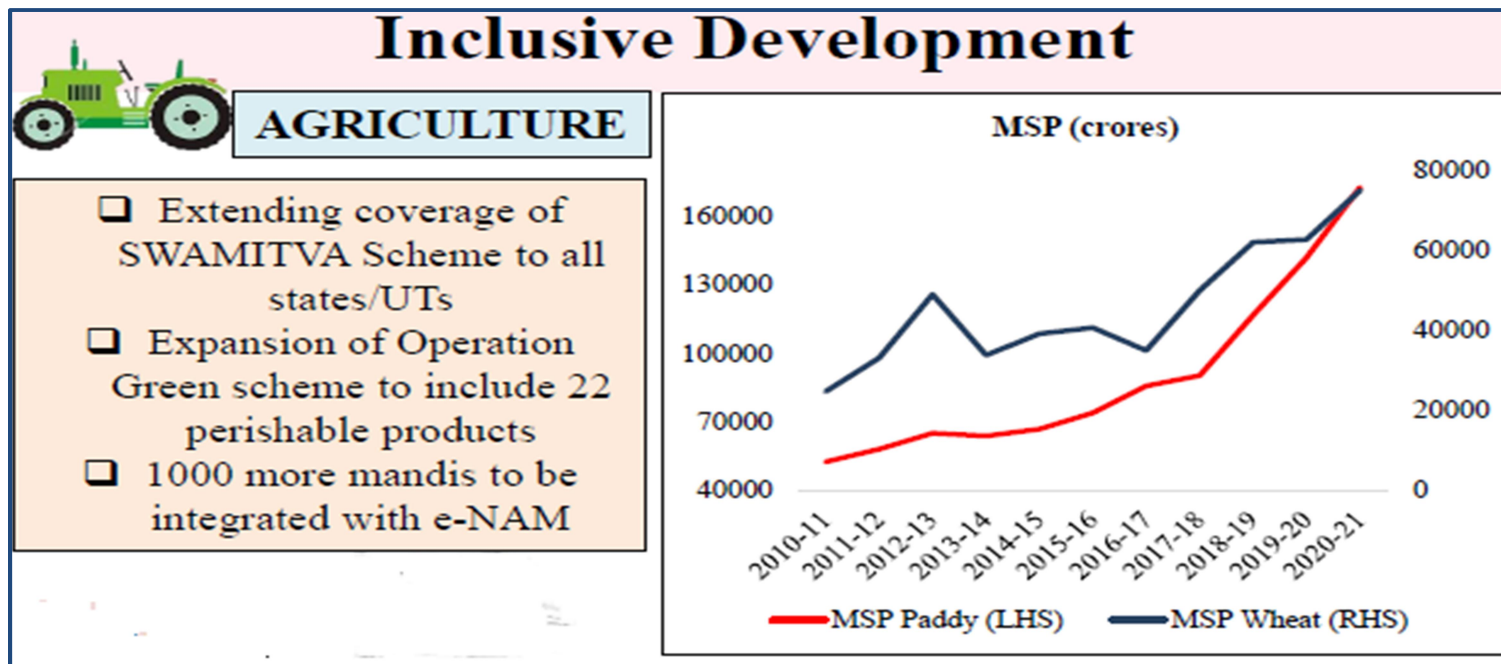
- ✦ Ujjwala Scheme to benefit another one crore beneficiaries.
- ✦ 100 more districts under city gas distribution network to be added in next three years.
- ✦ A Gas pipeline project will be taken up in Union Territory of Jammu and Kashmir.
- ✦ An independent Gas Transport System Operator to be set up to facilitate and coordinate bookings of common carrier capacity in all natural gas pipelines on a non-discriminatory open access basis.

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Financial Reforms

- ✦ The budget proposed 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 Market Code.
- ✦ World class fintech hub at GIFT IFSC to be supported by central government.
- ✦ Permanent institutional framework for corporate bond market.
- ✦ To regulate gold exchange in the country, SEBI to be notified as the regulator and Warehousing Development and Regulatory Authority (WDRA) for development of commodity market ecosystem.
- ✦ Amending the Insurance Act, 1938 to increase the FDI limit from 49% to 74% with safeguards
- ✦ Additional Capital Infusion of Rs.1000 crs to Solar Energy Corporation of India & Rs.1500 crores to Indian Renewable Energy Development Agency.
- ✦ Asset Reconstruction Company Ltd and Asset Management Company to resolve stressed assets problem of PSBs.
- ✦ Disinvestment of BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, Pawan Hans, Neelachallspat Nigam Ltd to be completed in FY22.
- ✦ Government to undertake privatization of 2 Public Sector Banks and one General Insurance Company in FY22.
- ✦ Government to bring IPO of LIC after requisite amendments in the current session of Parliament.
- ✦ To recapitalize public sector banks with Rs.20000 crores in FY22.
- ✦ For FY22 the government plans to raise Rs.1, 75,000 crores from disinvestment.

Inclusive Development



Agriculture

- ✦ The new MSP regime to assure at least 1.5 times the cost of production across all commodities.
- ✦ The government under its food procurement plan in FY21 had paid Rs.75060 crores to wheat growing farmers Rs.172752 crores for Paddy, Rs.10,530 for pulses and Rs.25974 crores for cotton growing farmers.

Fisheries

- ✦ Development of modern Fishing harbours and fish landing centers in - Kochi, Chennai, Visakhapatnam, Paradip and Petuaghat.

Migrant Workers and Labourers

- ✦ Under one Nation One Ration Card 69 crore beneficiaries or 86% beneficiaries covered by 32 states and UTs. and remaining 4 states & UTs to be integrated in next few months.

Skilling

- ✦ To Realign National Apprenticeship Training Scheme for graduates and diploma holders in Engineering.
- ✦ To Partner with the UAE and Japan in area of skill development and recognition.

Education

- ✦ More than 15000 schools will be qualitatively strengthen to include NEP (National Education Policy)
- ✦ To establish 100 Sainik Schools
- ✦ 750 ekalavya schools in tribal areas

R&D

- ✦ National Research Foundation with outlay of Rs.50000 crores over 5 years.
- ✦ National language translation Mission to boost internet access
- ✦ Deep ocean mission for ocean exploration and bio-diversity conservation.

Direct Taxes

- ✦ No changes/modifications have been observed in Personal Income Tax regime
- ✦ In 2020, the return filers saw a dramatic increase to 6.48 crore from 3.31 crore in 2014
- ✦ Government to take number of steps to simplify the tax administration, ease compliance, and reduce litigation
- ✦ Exemption from filing income tax returns for senior citizens (75 years and above) who only have pension and interest income. The paying bank will deduct the necessary tax on their income
- ✦ Reducing time limit for reopening of income tax assessment to 3 years from the present 6 years
- ✦ 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 110,000 taxpayers have already opted to settle tax disputes of over Rs.85,000 crores under this Scheme
- ✦ Constitution of a Dispute Resolution Committee for small tax payers
- ✦ Income Tax Appellate Tribunal to be made faceless
- ✦ Increase in limit from Rs.5 crores to Rs.10 crores for tax audit for persons who carry out 95% of their transactions digitally
- ✦ Dividend payment to REIT/InvIT to be exempted from TDS
- ✦ Pre filling of returns will also cover capital gains from listed securities, dividend income, etc
- ✦ Deduction of tax on income including dividend income of Foreign Portfolio Investors may be made at treaty rate.

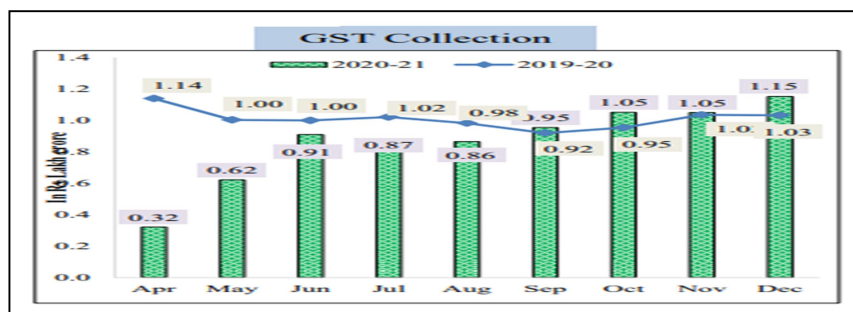
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- ✦ Exempted dividend payment from levy of Minimum Alternate Tax (MAT) for foreign company if the applicable tax rate is less than the rate of MAT.
- ✦ Eligibility for claiming tax holiday for start ups proposed to be extended by one more year
- ✦ Additional deduction of ₹1.5 lakh shall be available for loans taken up till 31 March 2022 for purchase of affordable house. Affordable housing projects can avail a tax holiday for one more year – till 31st March, 2022.
- ✦ In order to attract foreign investment into infrastructure sector government relaxed some conditions on private funding, restriction on commercial activities, and direct investment in infrastructure
- ✦ In order to allow funding of infrastructure by issue of Zero Coupon Bonds government has notified Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero Coupon Bonds
- ✦ To allow tax exemption for notified affordable Rental Housing Projects.
- ✦ To make GIFT-IFSC, a global financial hub, an additional tax holidays to aircraft leasing companies and those relocating foreign funds to IFSC-GIFT.
- ✦ In order to promote strategic disinvestment of PSU, government has relaxed the condition regarding carry forward of loss for disinvested PSU in amalgamation.
- ✦ Relaxation to NRI for Income of Retirement
- ✦ Tax exemption from maturity proceeds of the ULIP having annual premium up to Rs.2.5 lakh. The cap of Rs.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.
- ✦ 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 Rs.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.
- ✦ 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
- ✦ 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

Indirect Taxes

GST

- ✦ Govt has made record GST collections in the last few months. Government is committed to take every possible measure to smoothen the GST further, and remove anomalies such as the inverted duty structure



Custom Duty Rationalization

- ✦ Rationalization of customs duty structure by eliminating outdated exemptions
- ✦ Support to MSMEs hit by recent sharp rise in iron and steel prices and relief to metal recyclers
- ✦ Rationalization of duties on raw material inputs to man made textiles
- ✦ Custom duty on gold and silver to be rationalized
- ✦ Custom duty exemptions on tunnel boring machines to be withdrawn
- ✦ Rationalized custom duty on gold and silver
- ✦ Rationalized exemption on import of duty-free items as an incentive to exporters of 36 garments, leather, and handicraft items.
- ✦ Raised customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%.
- ✦ Levied Agriculture Infrastructure and Development Cess on small number of items

Electronic & Mobile Phone Industry

- ✦ For greater domestic value addition, government has withdrawn 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 & Steel

- ✦ Reduced custom duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels.
- ✦ Exempted duty on steel scrap for a period up to 31st March, 2022
- ✦ Antidumping duty (ADD) & Countervailing duty (CVD) to be revoked on certain steel products
- ✦ Copper scrap duty reduced from 5% to 2.5%
- ✦ Increased duty from 10% to 15% on steel screws and plastic builder wares

Chemicals

- ✦ Calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions
- ✦ Custom duty on naptha reduced to 2.5% to correct inversion

Renewable Energy

- ✦ Raised duty on solar invertors from 5% to 20%, and on solar lanterns from 5% to 15% to encourage domestic production.

BUDGET PROFILE



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Budget at a Glance (In Rs. Crore)

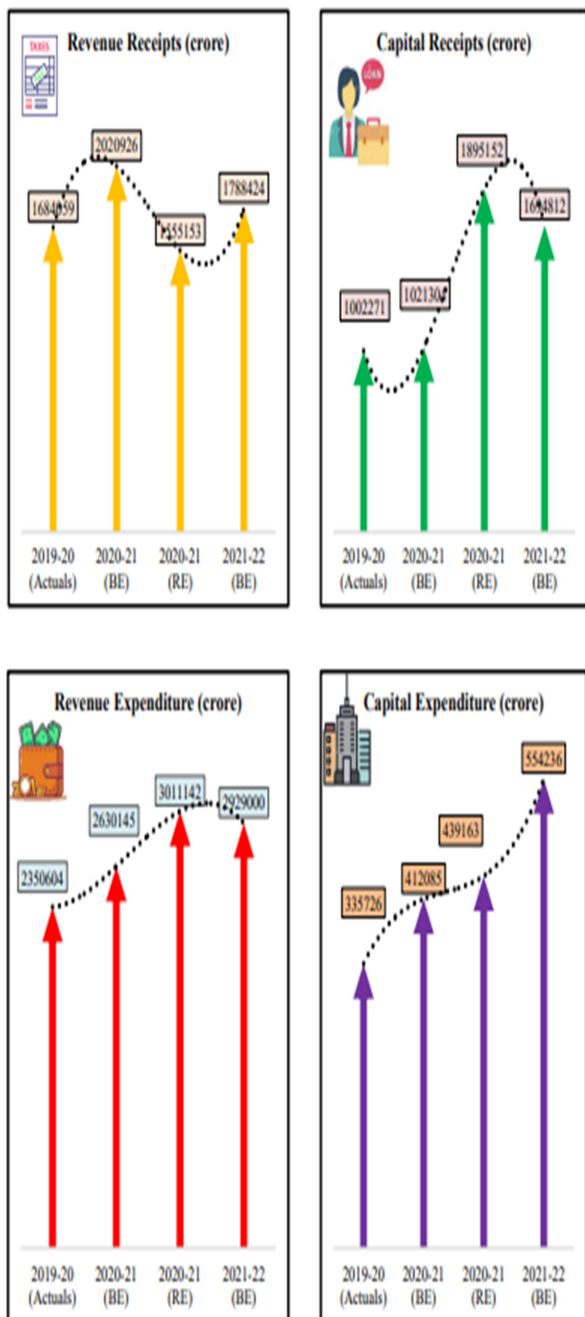
Sr. No.	Particulars	2019-20 (Actuals)	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)
1	Revenue Receipts	1684059	2020926	1555153	1788424
	2. Tax Revenue (Net to Centre)	1356902	1635909	1344501	1545396
	3. Non Tax Revenue	327157	385017	210652	243028
4	Capital Receipts ¹	1002271	1021304	1895152	1694812
	5. Recovery of Loans	18316	14967	14497	13000
	6. Other Receipts	50304	210000	32000	175000
	7. Borrowings and Other Liabilities ²	933651	796337	1848655	1506812
8	Total Receipts (1+4)	2686330	3042230	3450305	3483236
9	Total Expenditure (10+13)	2686330	3042230	3450305	3483236
	10. On Revenue Account of which	2350604	2630145	3011142	2929000
	11. Interest Payments	612070	708203	692900	809701
	12. Grants in Aid for creation of capital assests	185641	206500	230376	219112
	13. On Capital Account	335726	412085	439163	554236
14	Revenue Deficit (10-1)	666545	609219	1455989	1140576
		(3.3)	(2.7)	(7.5)	(5.1)
15	Effective Revenue Deficit (14-12)	480904	402719	1225613	921464
		(2.4)	(1.8)	(6.3)	(4.1)
16	Fiscal Deficit [9-(1+5+6)]	933651	796337	1848655	1506812
		(4.6)	(3.5)	(9.5)	(6.8)
17	Primary Deficit (16-11)	321581	88134	1155755	697111
		(1.6)	(0.4)	(5.9)	(3.1)

¹ Includes drawdown of Cash Balance

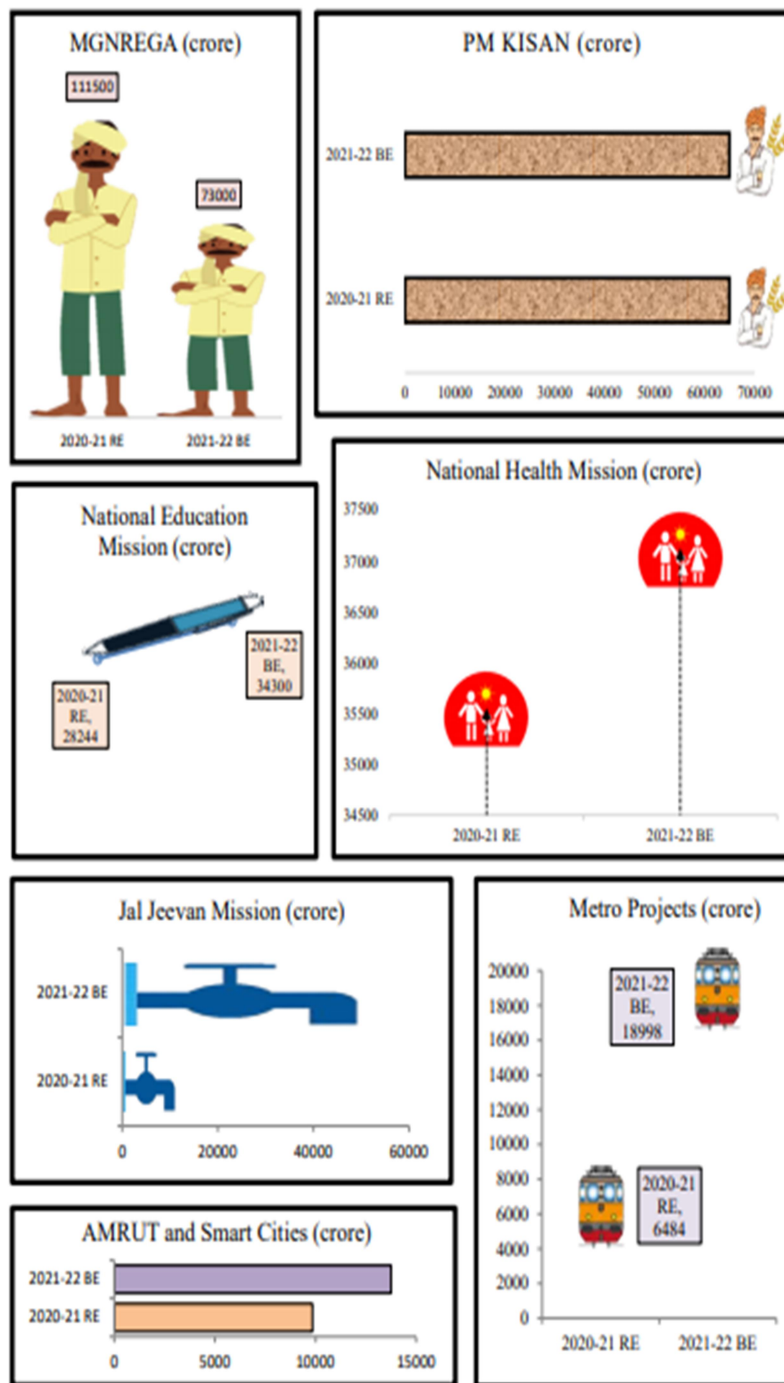
Notes:

- GDP for BE 2020-2021 has been projected at Rs. 22287379 crore assuming 14.4% growth over the estimated GDP of Rs. 19481975 crore for 2019-2020(RE)
- Individual items in this document may not sum up to the totals due to rounding off
- Figures in parenthesis are as a percentage of GDP

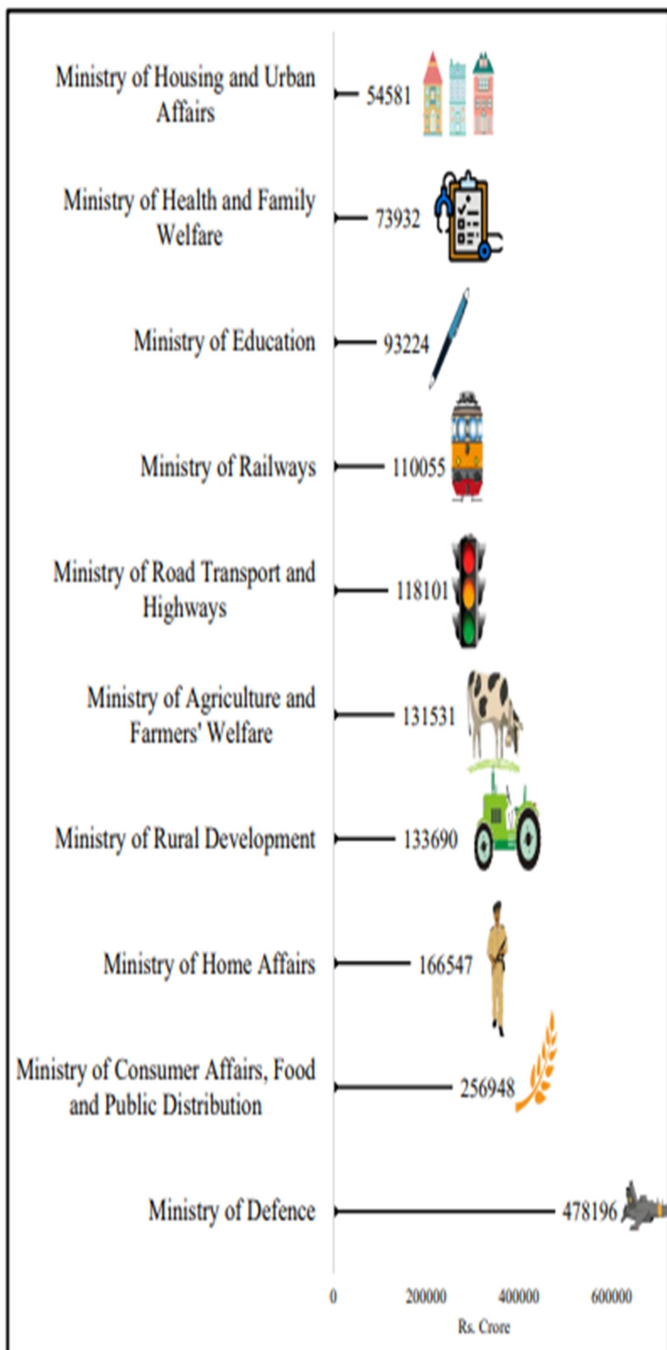
Budget at a Glance



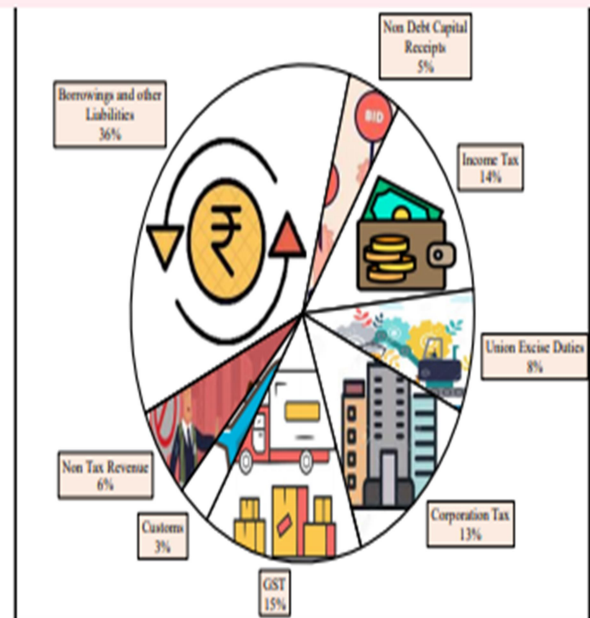
Allocation to major schemes



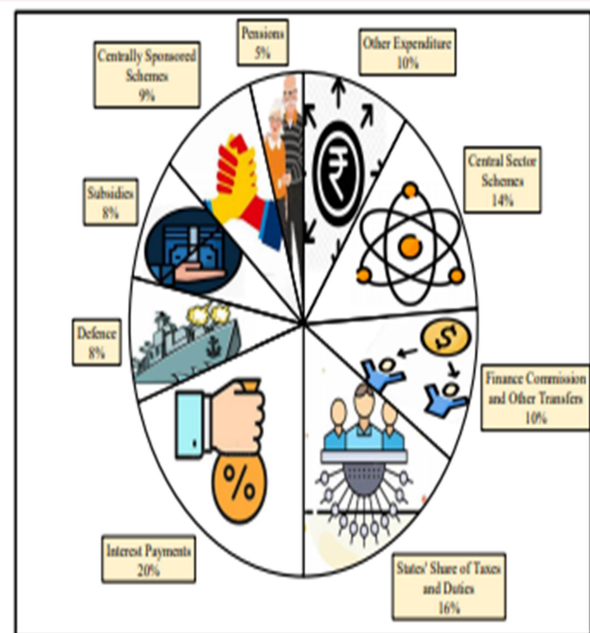
Major Allocations



Rupee comes in



Rupee goes out



SECTOR-WISE IMPACT



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Rural, Agriculture & Fisheries	
Particulars	Companies Impacted
Enhanced Agricultural credit to Rs.16.5 lakh crores	Avanti feed, Apex frozen food, Waterbase
Rural infrastructure development fund ↑ Rs.40000 crs	Shakti Pump, KSB, Crompton

Hospitals	
Particulars	Companies Impacted
Healthcare Spending stands at >2% of GDP	Apollo Hospitals, Narayana Hrudayalaya, Max Healthcare, Thyrocare

Infrastructure	
Particulars	Companies Impacted
Proposed allocation of Rs. 1.97 lakh crore Under PLI scheme	L&T, KNR Constructions, IRB Infra,NCC
11000 Kms Highway and Metros &RRT in 27 cities	Jindal Steel & Power, JSW Steel, Tata Steel, Hindalco, Vedanta,

PSU Banks	
Particulars	Companies Impacted
Establishment of Asset Reconstruction company	Almost all PSBs
Recapitalization of PSBs	

Railways	
Particulars	Companies Impacted
A capital expenditure of Rs.1, 10.055 crores has been allotted to Railways	BEML,KEC International, Kalpataru Power & Larsen & Toubro
The India Railways national rail plan future ready railway system by 2030.	

Textiles	
Particulars	Companies Impacted
7 Mega textile parks to be launched in 3 yrs	Century Textiles Ltd, Raymond Ltd, Arvind Ltd.Trident Ltd

Real Estate & Construction	
Particulars	Companies Impacted
Bill to set up Development Financial Institution	Godrej Properties Ltd, DLF Ltd, Oberoi Realty , Prestige Estates Projects

Cement	
Particulars	Companies Impacted
Urban Infrastructure and Real Estate to get more funds for Development	Ultratech, Dalmia Bharat, JK Cemnets,Birla Corp Star Cement

Automobile Sector	
Particulars	Companies Impacted
Setting up of vehicle scrappage infrastructure	Hero Motocorp, Bajaj Auto, TVS Motor, Tata Motors
Spending on Infra and Rural sector	Apollo Tyres, Amara Raja , Exide, Escorts, Maruti, Ashok Leyland

Education	
Particulars	Companies Impacted
Establish 100 Sainik Schools, 750 Ekalavya Schools	Positive for online technology education provider: NIIT Tech

Power	
Particulars	Companies Impacted
Power discom rescue scheme of Rs.3 lakh crores over five years	PFC, REC, NTPC,NHPC

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