



Ministry of Finance

# Key Highlights of Union Budget 2021-22

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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:

## **6 pillars of the Union Budget 2021-22:**

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

### **1. 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:

#### **v. 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**



- **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

#### v. 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

#### v. 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

#### v. 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

v. **Clean Air**

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

v. **Scrapping Policy**

- **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**

2. **Physical and Financial Capital and Infrastructure**

v. **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**

v. **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**

v. **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

- i. **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

- ii. **Big thrust on monetizing assets**

- **National Monetization Pipeline** to be launched
- Important **asset monetization** measures:
  - a. 5 operational toll roads worth **Rs. 5,000 crore** being transferred to the **NHAIInvIT**
  - b. Transmission assets worth **Rs. 7,000 crore** to be transferred to the **PGCILInvIT**
  - c. **Dedicated Freight Corridor** assets to be monetized by Railways, for operations and maintenance, after commissioning
  - d. Next lot of **Airports** to be monetized for operations and management concession
  - e. 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**

- iii. **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




- v. **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
  - **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

#### v. **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  **Visa Dome LHB coach**  **tourist routes** for  **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

#### v. Urban Infrastructure

- 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.

#### v. 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

#### v. 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**

- Extention of **Ujjwala Scheme** to cover **1 crore more beneficiaries**
- 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

#### v. **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

#### v. **Increasing FDI in Insurance Sector**

- To increase the permissible **FDI limit from 49% to 74%** and allow foreign ownership and control with safeguards

#### v. **Stressed Asset Resolution**

- Asset Reconstruction Company Limited and Asset Management Company to be set up

#### v. **Recapitalization of PSBs**

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

#### v. **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



## v. 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,
  - 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**

## v. 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**

## v. 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





### 3. Inclusive Development for Aspirational India

#### v. 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:

(in Rs. crore)

	2013-14	2019-20	2020-21
<b>Wheat</b>	Rs. 33,874	Rs. 62,802	Rs. 75,060
<b>Rice</b>	Rs. 63,928	Rs. 1,41,930	Rs. 172,752
<b>Pulses</b>	Rs. 236	Rs. 8,285	Rs. 10,530

- **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

#### v. 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

#### v. 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

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

#### 4. **Reinvigorating Human Capital**

##### v. **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

##### v. **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

##### v. **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

#### v. **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





***SKILLING.jpg***

## 5. 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



## 6. 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
  - **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

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

- 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

### **Net borrowing of the States:**

- Net borrowing for the states allowed at **4% of GSDP for the year 2021-2022** as per recommendation of 15<sup>th</sup> 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 15<sup>th</sup> 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**

#### **1. 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 30<sup>th</sup> January 2021

#### **Relaxation to NRIs:**

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

#### **Incentivising Digital Economy:**

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

#### **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 31<sup>st</sup> March, 2022**

## **2. 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:**

- **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 1<sup>st</sup> October 2021 by reviewing more than 400 exemptions





- **New customs duty exemptions** to have validity up to the 31<sup>st</sup> 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 31<sup>st</sup> 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

#### **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**

- **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

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**RM/AS/AUK/KA/PJ**

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