

UNION BUDGET OF INDIA

2021-22

Dear Reader,

Union Finance Minister, Smt. Nirmala Sitharaman in the Parliament today i.e; 1st February, 2021 presented the Union Budget for the Financial Year 2021-22. A brief of key points have been presented for quick reading.



The Budget proposals for 2021-22 rest on 6

pillars:

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

Hope this issue will find you and your near & dear in good health

Regards

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BUDGET AT A GLANCE (IN CRORES ₹)

Union Finance Minister, Smt. Nirmala Sitharaman in the Parliament today presented the Union Budget for the Financial Year 2021-22. Key numbers of the budget are as follows:

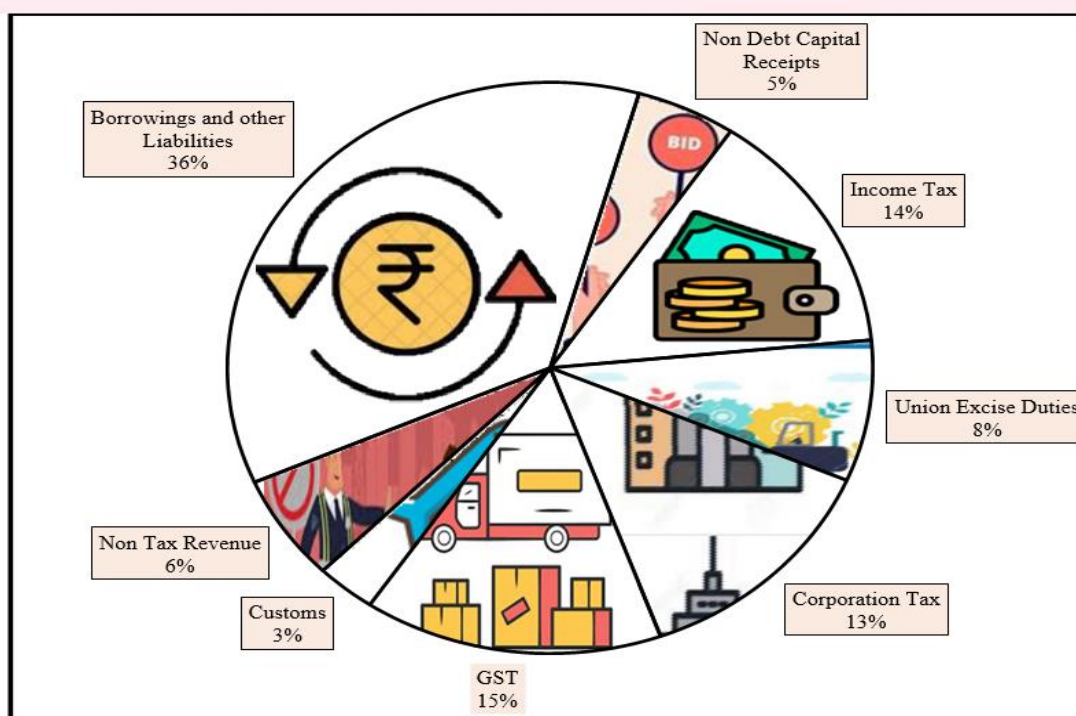
Year	Revenue Receipts	Capital Receipts	Revenue Expenditure	Capital Expenditure
2019-20 (A)	16,84,059	10,02,271	23,50,604	3,35,726
2020-21 (BE)	20,20,926	10,21,304	26,30,145	4,12,085
2020-21 (RE)	15,55,153	18,95,152	30,11,142	4,39,163
2021-22 (BE)	17,88,424	16,94,812	29,29,000	5,54,236

* A – Actuals

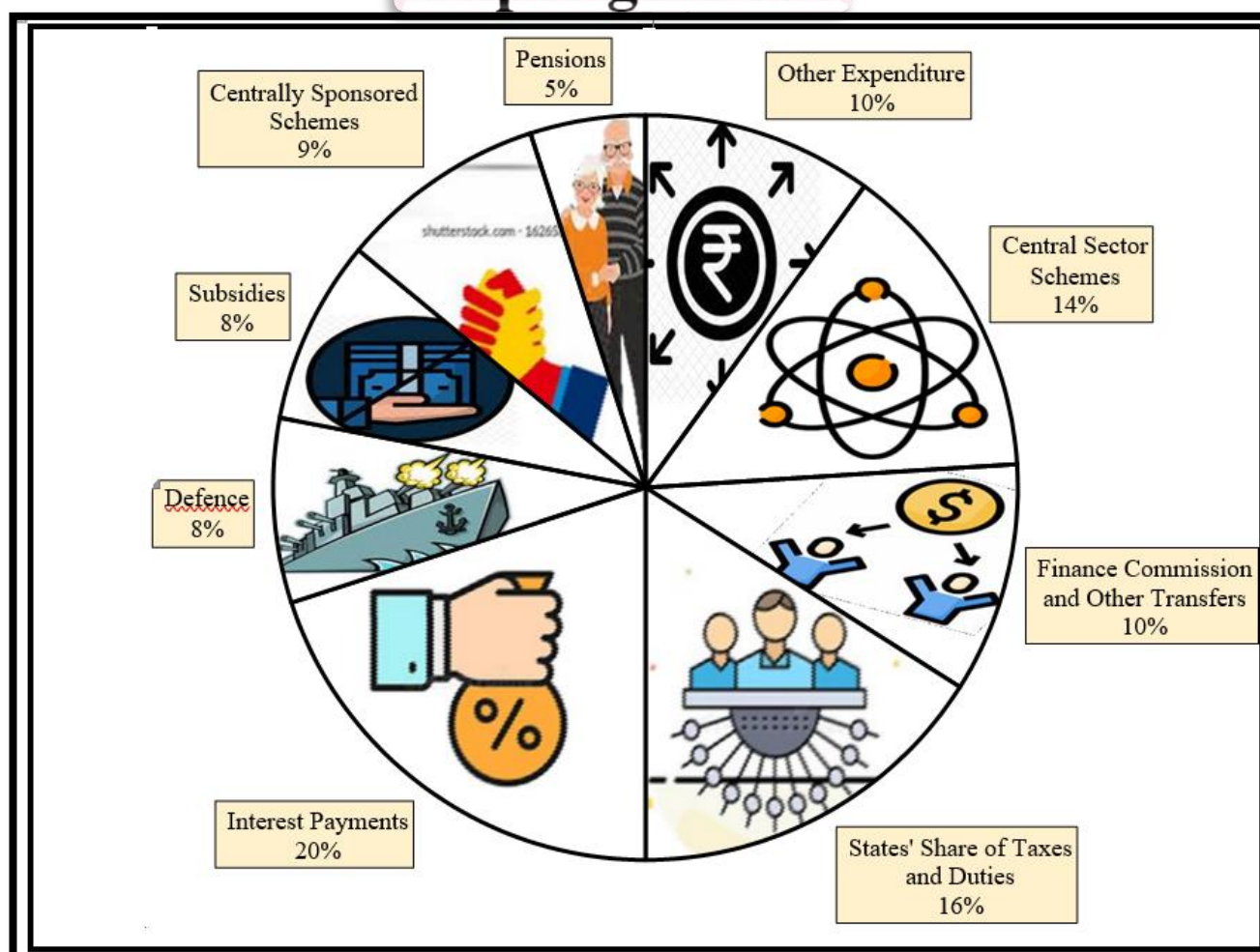
* BE – Budget Estimates

* RE – Revised Estimates

Rupee comes in



Rupee goes out



PART A - TAX PROPOSALS

DIRECT TAX

- Senior citizens who are of 75 years of age and above having **only pension and interest income**, will be exempted from filing their income tax return
- Budget proposes that details of capital gains from listed securities, dividend income and interest from banks, post office etc. will also be **pre-filled in returns**
- Budget proposed a **National Faceless Income Appellate Tribunal Centre**
- **RELIEF TO SMALL TRUSTS**
- Budget proposes to increase the limit on annual receipts for small charitable trusts running educational institutions and hospitals, from present **Rs.1 Crore to Rs. 5 Crore** for non-applicability of various compliances
- Budget proposes to increase the limit for tax audit for persons who are undertaking **95 per cent** of their transaction digitally **from Rs. 5 Crore to Rs. 10 Crore**
- Budget provides reduction in the time-limit for reopening of income tax proceedings to **three years from the present six years**
- **Late deposit of employee's contribution** shall never be allowed as deduction to the employer
- Budget proposed extending the Capital Gains exemption for investment in start-ups by one more year till 31st March, 2022
- Budget proposed to extend the eligibility period for claim of additional deduction for interest of Rs. 1.5 lakh on loan taken for purchase of an affordable house to 31st March, 2022
- Anyone with **taxable income up to Rs. 50 lakh** and **disputed income up to Rs. 10 lakh**, shall be eligible to approach the **Dispute Resolution Committee** which will be faceless to ensure efficiency, transparency and accountability



INDIRECT TAX

- Smt. Nirmala Sitharaman announced that from 1st October, 2021, a revised custom duty structure free of distortions will be put in place. any new custom duty exemptions henceforth will have validity up to the 31st March following 2 years of the date of its issue.

- Withdrawal of a few exemptions:

On parts of chargers and sub-parts of mobile phones further some parts of mobiles will move from "NIL" rate to a moderate 2.5 per cent

Also announced reducing custom duty uniformly to 7.5 per cent on semis, flat, and long products of non-alloy and stainless steel.

exempting duty on steel scrap for a period upto 31st March 2022

- Also announced raising duty on solar inverter from 5 per cent to 20 percent and on solar lanterns from 5 per cent to 15 per cent
- Raising custom duty on cotton to 10%, raw silk and silk yarn to 15%
- Withdrawing end-use based concessions on denatured ethyl alcohol
- Minister also proposed an Agriculture Infrastructure and Development Cess on a small number of items
- Finance Minister proposed certain changes in the provisions relating to ADD and CVD levies
- Announced revision in duty rates on certain items immediately including tunnel boring machine and certain auto parts



PART B – SIX PILLARS

HEALTH AND WELLBEING



➤ **PM Aatmanirbhar Swasth Bharat Yojana:**

- Launched with an outlay of about 64,180 crores over 6 years and will be in addition to the National Health Mission. The Objectives are:
- Developing capacities of primary, secondary, and tertiary care Health Systems, Setting up of Integrated Public Health Labs
- Establishing critical care hospital blocks
- Strengthening NCDC
- Expanding integrated health information portal



- Supplementary **Nutrition Programme** and the **Poshan Abhiyan** to be merged and launched into Poshan 2.0 to strengthen nutritional content, delivery, outreach, and outcome
- The **Jal Jeevan Mission (Urban)**, will be launched with an outlay of 2,87,000 crores and will be implemented over a period of 5 years. It aims at universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities.
- The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of 1,41,678 crores over a period of 5 years to focus on complete sludge management and waste water treatment etc.
- To tackle the burgeoning problem of air pollution, an amount of 2,217 crores has been proposed for 42 urban centres with a million-plus population in this budget.
- The Budget outlay for Health and Wellbeing is 2,23,846 crores in BE 2021-22 as against this year's BE of 94,452 crores an increase of **137 percentage**.
- The Pneumococcal Vaccine, a Made in India product, is presently limited to only 5 states will be rolled out across the country. This will avert more than 50,000 child deaths annually.

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:
- Creation of institutional structures
- Big thrust on monetizing assets
- Enhancing the share of 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:

➤ 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 Kilometres (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



➤ 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
- '**MetroLife**' 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.

➤ 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 crores 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
- 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 crores in 2021-22 to further consolidate the financial capacity of PSBs

➤ **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

➤ **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

- The MSP Regime has undergone a change to assure price that is **at least 1.5 times** the cost of production across all commodities.
- SWAMITVA Scheme to cover all States/UTs during FY 2021-22
- Government has enhanced the agricultural credit target to Rs. 16.5 lakh crore in FY22
- the allocation to the Rural Infrastructure Development Fund increased to Rs. 40,000 crores
- The Micro Irrigation Fund, with a corpus of Rs.5,000 crore has been created under NABARD will be doubled
- the scope of 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.
- The Agriculture Infrastructure Funds would be made available to APMCs for augmenting their infrastructure facilities.



- 1,000 more mandis will be integrated with e-NAM as the trade value carried out considerably increased with e-NAMs
- 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity
- Government has launched the One Nation One Ration Card scheme through which beneficiaries can claim their rations anywhere in the country
- Women will be allowed to work in all categories and also in the night-shifts with adequate protection
- To further facilitate credit flow, The Government proposed to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture
- Government has provided Rs. 15,700 crores to MSME sector – more than double of this year's BE
- compliance burden on employers will be reduced with single registration and licensing, and online returns.
- Minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation
- Social security benefits will extend to gig and platform workers

REINVIGORATING HUMAN CAPITAL

- 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states
- Proposed to set up a Higher Education Commission of India.
- Government proposed to set up a Central University in Leh.
- Government has set a target of establishing 750 Eklavya model residential schools in tribal areas
- Partnership with the United Arab Emirates (UAE). Government also has a collaborative Training Inter Training Programme (TITP) between India and Japan

INNOVATION AND R&D

- New initiative – National Language Translation Mission (NTLM)
- New Space India Limited (NSIL), a PSU under the Department of Space will execute the PSLV-CS51 launch
- Four Indian astronauts are being trained on Generic Space Flight aspects, in Russia



MINIMUM GOVERNMENT, MAXIMUM GOVERNANCE

- Finance Minister proposed to take a number of steps to bring reforms in Tribunals and measures to rationalize the functioning of Tribunals.
- Finance minister proposed to set up a Conciliation Mechanism for quick resolution of contractual disputes for those who deal with Government and carry out contracts.
- Finance Minister has allocated 3,768 crores for the forthcoming Census in the year 2021-2022.
- Finance Minister proposed a grant of 300 crores to the Government of Goa for the diamond jubilee celebrations of the state's liberation.
- Finance Minister propose to provide 1,000 crores for the welfare of Tea workers especially women and their children in Assam and West Bengal.