



Summary of **Union Budget 2021**

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- The Union Minister for Finance presented the Union Budget 2021-22. The Budget proposals will further strengthen the Sankalp of Nation First, Doubling Farmer's Income, Strong Infrastructure, Healthy India, Good Governance, Opportunities for youth, Education for All, Women Empowerment, and Inclusive Development among others.
- Additionally, also on the path to fast-implementation are the 13 promises of Budget 2015-16-which were to materialize during the Amrut Mahotsav of 2022, on the 75th year of our Independence. They too resonate with this vision of AatmaNirbharta, she added.

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

Pillars of the Union Budget 2021-22:

- **Health and Wellbeing**
- **Physical & Financial Capital, and Infrastructure**
- **Inclusive Development for Aspirational India**
- **Reinvigorating Human Capital**
- **Innovation and R&D**
- **Minimum Government and Maximum Governance**

Health and Wellbeing

- There is substantial increase in investment in Health Infrastructure and the Budget outlay for Health and Wellbeing is Rs 2,23,846 crore
- Focus on strengthening three areas: Preventive, Curative, and Wellbeing
- Steps being taken for improving health and wellbeing
- New centrally sponsored scheme, PM Atma Nirbhar Swasth Bharat Yojana, will be launched with an outlay of about Rs 64, 180 crore over 6 years.
- This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases.

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

- National Institution for One Health
- 4 regional National Institutes for Virology
- Expansion of the Integrated Health Information Portal to all States/UTs to connect all public health labs
- Regional Research Platform for WHO South-East Asia Region
- 9 Biosafety Level III laboratories

Nutrition

- Mission Poshan 2.0
- 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

- 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

- 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
- Bioremediation of all legacy dump sites

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:
- 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



Monetizing assets

- National Monetization Pipeline to be launched.
- National Monetization Pipeline of potential Brownfield infrastructure assets will be launched. An Asset Monetization dashboard will also be created for tracking the progress and to provide visibility to investors.

Railway Infrastructure

- National Rail Plan for India (2030): to create a 'future ready' Railway system by 2030
- Introduction of Vista Dome LHB coach on tourist routes to give a better travel experience to passengers.
- 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

Urban Infrastructure

- Raising the share of public transport in urban areas by expansion of metro rail network and augmentation of city bus service
- 'MetroLite' and 'MetroNeo' technologies provide metro rail systems at much lesser cost with similar experience in Tier-2 cities and peripheral areas of Tier-1 cities.

Power Infrastructure

- The past 6 years have seen a number of reforms and achievements in the power sector with the addition of 139 Giga Watts of installed capacity, connecting an additional 2.8 crore households and addition of 1.41 lakh circuit km of transmission lines.
- A comprehensive National Hydrogen Energy Mission 2021-22 to be launched.

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

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

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

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 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.
- IPO of LIC in 2021-22
- New policy for Strategic Disinvestment approved; CPSEs except in four strategic areas to be privatized.

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.

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Inclusive Development for Aspirational India

- Under the pillar of Inclusive Development for Aspirational India, the Finance Minister announced to cover Agriculture and Allied sectors, farmers' welfare and rural India, migrant workers and labour, and financial inclusion.

Agriculture

- Ensured MSP at minimum 1.5 times the cost of production across all commodities.
- SWAMITVA Scheme to be extended to all States/UTs.
- 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
- 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

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
- 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

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

Reinvigorating Human Capital

- School Education
- 15,000 schools to be strengthened by implementing all NEP components.
- 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.
- 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:
- Focus on creation of robust infrastructure facilities for tribal students
- Revamped Post Matric Scholarship Scheme for welfare of SCs

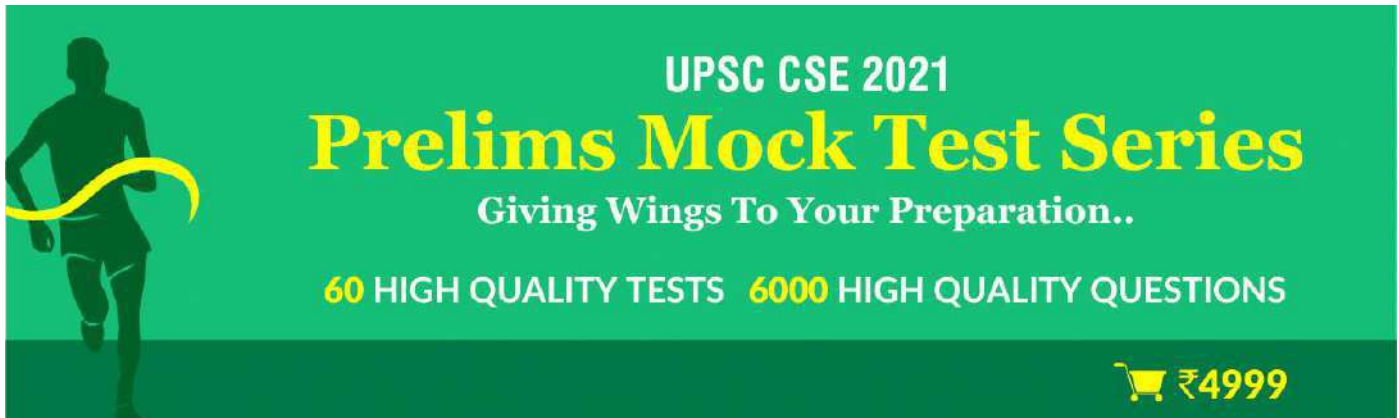
Skilling

- 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

Innovation and R&D

- The announced the National Research Foundation and added that the NRF outlay will be of Rs. 50,000 crore, over 5 years. It will ensure that the overall research ecosystem of the country is strengthened with focus on identified national-priority thrust areas.

- Government will undertake a new initiative – National Language Translation Mission (NTLM). This will enable

A green rectangular banner for 'UPSC CSE 2021 Prelims Mock Test Series'. On the left is a silhouette of a person running with a yellow swoosh. The text 'UPSC CSE 2021' is in white, 'Prelims Mock Test Series' is in large yellow letters, and 'Giving Wings To Your Preparation..' is in white. Below that, '60 HIGH QUALITY TESTS' and '6000 HIGH QUALITY QUESTIONS' are in white. At the bottom right is a shopping cart icon and '₹4999' in white.

the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.

- The New Space India Limited (NSIL), a PSU under the Department of Space will execute the PSLV-CS51 launch, carrying the Amazonia Satellite from Brazil, along with a few smaller Indian satellites.
- As part of the Gaganyaan mission activities, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia. The first unmanned launch is slated for December 2021.

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- 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
- Government plan to continue the path of fiscal consolidation, and intend to reach a fiscal deficit level below 4.5% of GDP by 2025-2026
- The FRBM Act mandates a fiscal deficit of 3% of GDP to be achieved by 31st March 2020-2021.
- The fiscal deficit in RE 2020-21 is pegged at 9.5% of GDP and it has been funded through Government borrowings, multilateral borrowings, Small Saving Funds and short term borrowings.
- The Government would need another Rs 80,000 crore for which it would be approaching the markets in these 2 months.
- The fiscal deficit in BE 2021-2022 is estimated to be 6.8% of GDP. The gross borrowing from the market for the next year would be around 12 lakh crore.

15th Finance Commission's report

- 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

- The government seeks to further simplify the Tax Administration, Litigation Management and ease the compliance of Direct Tax Administration.
- The indirect proposal focuses on custom duty rationalization as well as rationalization of procedures and easing of compliance.
- Vision of a transparent, efficient tax system to promote investments and employment in the country with minimum burden on taxpayers.
- The Finance Ministry provided relief to senior citizens in filing of income tax returns, reduced time limit for income tax proceedings announced setting up of the Dispute Resolution Committee, faceless ITAT, relaxation to NRIs, increase in exemption limit from audit and relief for dividend income.
- The government also announced steps to attract foreign investment into infrastructure, relief to affordable housing and rental housing, tax incentives to IFSC, relief to small charitable trusts, and steps for incentivizing Start-ups in the country.

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 reopening 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 reopened 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

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 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

- 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%

Gold and Silver

- Custom duty on gold and silver to be rationalized

Agriculture Products

- Withdrawal of end-use based concession on denatured ethyl alcohol
- Agriculture Infrastructure and Development Cess (AIDC) on a small number of items
- Turant Customs initiative, a Faceless, Paperless, and Contactless Customs measures
- New procedure for administration of Rules of Origin



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