



CLEARLY EXPLAINED!

UNION BUDGET 2021-22

Very important for GDs, PIs, WATs



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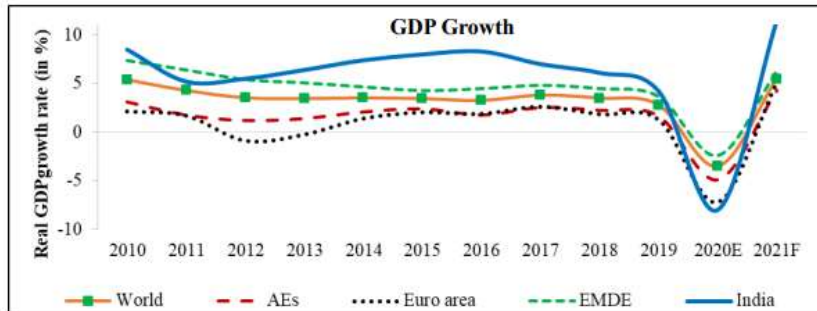


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Important Facts: Budget 2021-22

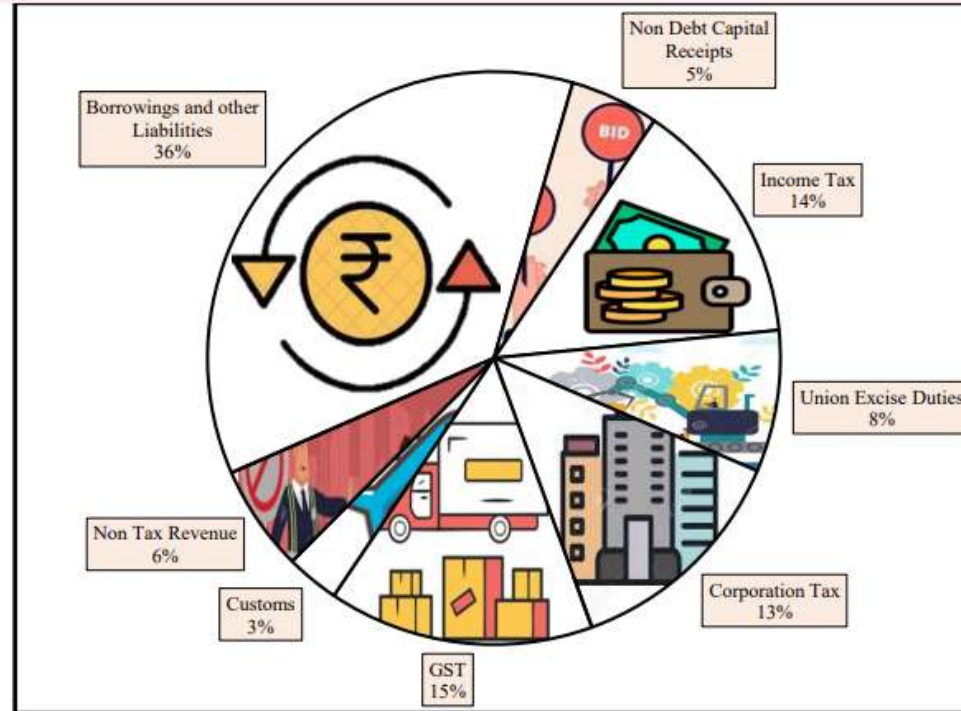
1. This year's budget was a digital Budget and was presented using a 'Made In India' tablet.
2. Pradhan Mantri Garib Kalyan Yojana, valued at Rs. 2.76 lakh crores – this provided, free food grain to 800 million people, free cooking gas for 80 million families for months, and cash directly to over 400 million farmers, women, elderly, the poor and the needy.
3. AtmaNirbhar Bharat packages including measures taken by RBI was estimated to about Rs. 27.1 lakh crores which amounts to more than 13% of GDP.

V Shaped Recovery



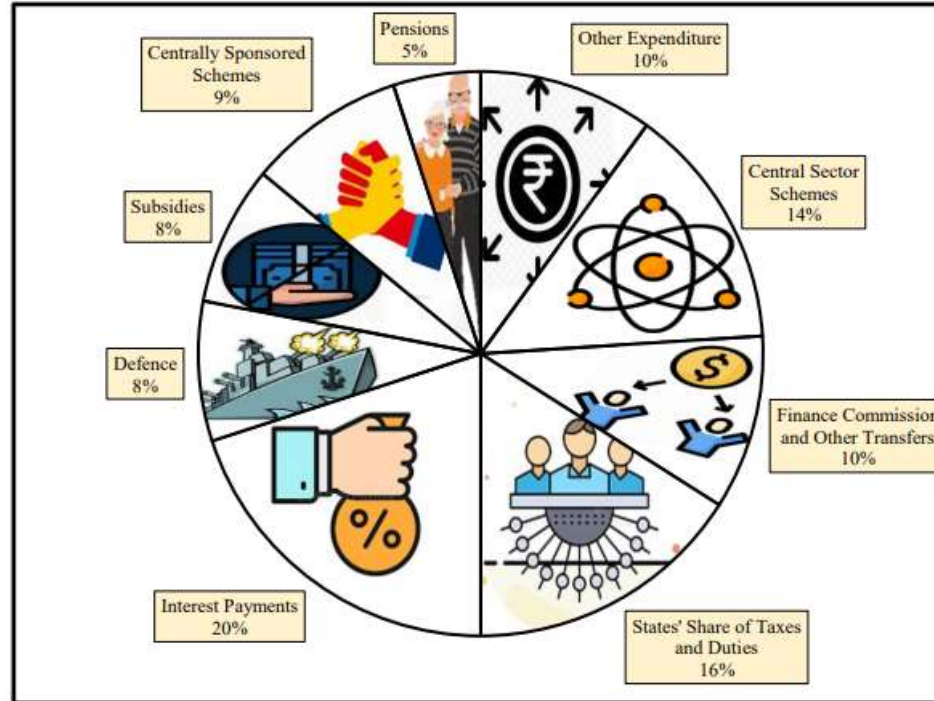
Important Facts: Budget 2021-22

Rupee comes in



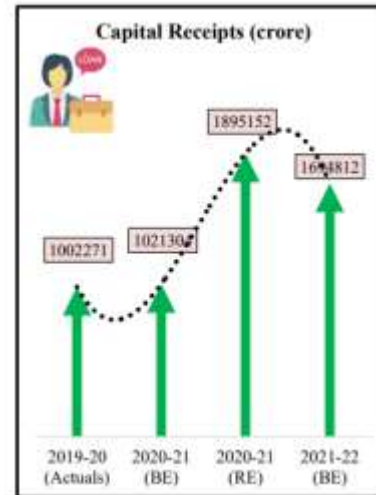
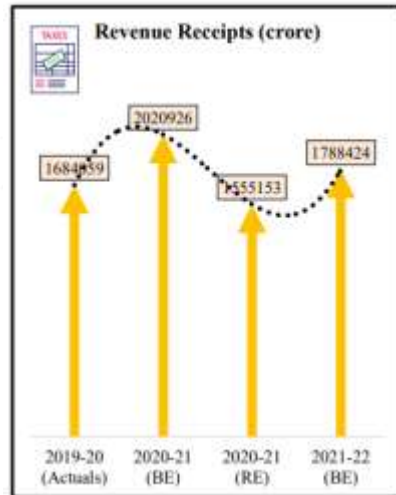
Important Facts: Budget 2021-22

Rupee goes out



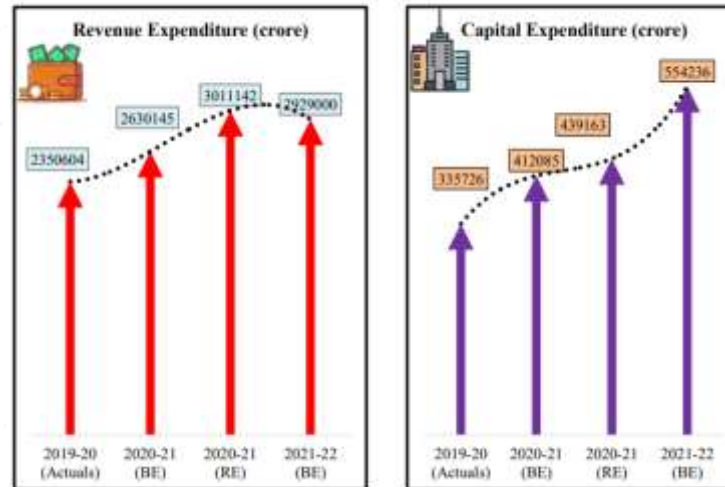
Important Facts: Budget 2021-22

- Government receipts are divided into two groups—**Revenue Receipts and Capital Receipts**.
- All Government receipts which either create liability or reduce assets are treated as **capital receipts**.
- The receipts which neither create liability nor reduce assets of Government are called **revenue receipts** (proceeds through taxes, interests and dividends on govt. investments).



Important Facts: Budget 2021-22

- Government expenditures – 2 groups—**Revenue Expenditure & Capital Expenditure.**
- An expenditure which neither creates assets nor reduces liability is called Revenue Expenditure, e.g., salaries of employees, interest payment on past debt, subsidies, pension, etc.
- An expenditure which either creates an asset (e.g., school building) or reduces liability (e.g., repayment of loan) is called capital expenditure.



01.



PART-A

Vision for AtmaNirbhar Bharat



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6 PILLARS OF BUDGET 2021-22

A yellow horizontal bar with a circular connector on the left side, containing the text 'Health and Wellbeing'.

Health and Wellbeing

A yellow horizontal bar with a circular connector on the left side, containing the text 'Physical & Financial Capital, and Infrastructure'.

Physical & Financial Capital, and Infrastructure

A yellow horizontal bar with a circular connector on the left side, containing the text 'Inclusive Development for Aspirational India'.

Inclusive Development for Aspirational India

A yellow horizontal bar with a circular connector on the left side, containing the text 'Reinvigorating Human Capital'.

Reinvigorating Human Capital

A yellow horizontal bar with a circular connector on the left side, containing the text 'Innovation and R&D'.

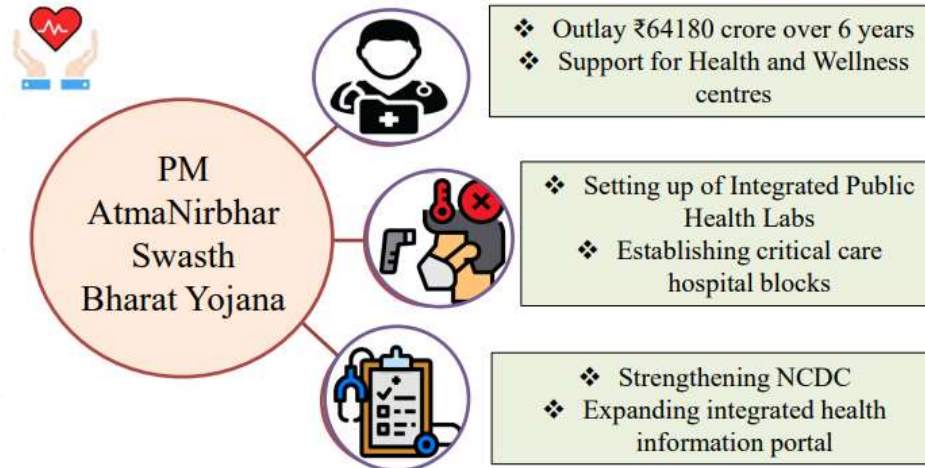
Innovation and R&D

A yellow horizontal bar with a circular connector on the left side, containing the text 'Minimum Government and Maximum Governance'.

Minimum Government and Maximum Governance

1. HEALTH AND WELL BEING

- A new centrally sponsored scheme, **PM AtmaNirbhar Swasth Bharat Yojana**.
- It will have an outlay of about Rs. 64,180 crores over 6 years.
- The scheme will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions.

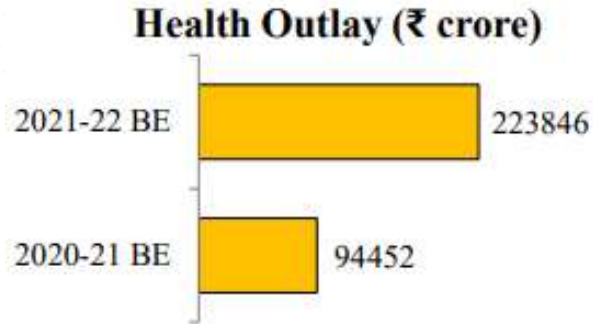


1. HEALTH AND WELL BEING

- Supplementary Nutrition Programme and Poshan Abhiyan to be merged and launched as **Mission Poshan 2.0**.
- **Jal Jeevan Mission (Urban)** will be launched with an aim to provide 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.
- It will be implemented over 5 years, with an outlay of Rs. 2,87,000 crores.
- The **Urban Swachh Bharat Mission 2.0** will be implemented with a total financial allocation of Rs. 1,41,678 crores over a period of 5 years from 2021-2026.
- Focus on complete faecal sludge management and waste water treatment.
- Rs. 2,217 crores for 42 urban centres with a million-plus population in this budget to fight **air pollution**.
- Voluntary vehicle scrapping policy to phase out old and unfit vehicles.

2. HEALTH AND WELL BEING

- The **Pneumococcal Vaccine**, a Made in India product, is presently limited to only 5 states will be rolled out across the country.
- Rs. 35000 crore for Covid-19 Vaccine in 2021-22.



2. Physical and Financial Capital and Infrastructure

AtmaNirbhar Bharat – Production Linked Incentive scheme (PLI)

- **PLI schemes** to create manufacturing global champions for an AtmaNirbhar Bharat have been announced for 13 sectors with amount committed nearly ₹1.97 lakh crore in next 5 years starting FY2021-22.
- **MITRA** (Mega Investment Textiles Parks) Scheme to create world class infrastructure for global players in **textile** sector leading to creation of 7 textile parks over 3 years.

Infrastructure:

- Setting up a **Development Financial Institution** to act as a provider, enabler and catalyst for infrastructure financing. It will be capitalized with Rs. 20000 crores.

2. Physical and Financial Capital and Infrastructure

National Infrastructure Pipeline:

- The National Infrastructure Pipeline (NIP) is a group of social and economic infrastructure projects in India over a period of five years announced by PM Modi in 2019.
- The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects.

Road & Highways:

- More than 13,000 km length of roads, at a cost of Rs. 3.3 lakh crores, has already been awarded under the Rs. 5.35 lakh crores **Bharatmala Pariyojana project** of which 3,800 kms have been constructed.
- Enhanced outlay of Rs. 1,18,101 lakh crores for Ministry of Road Transport and Highways.

2. Physical and Financial Capital and Infrastructure

National Rail Plan:

- Aims at developing adequate rail infrastructure by 2030 to cater to the projected traffic requirements up to 2050.
- The objective is to increase the modal share of rail in freight from current level of 27% to 45%.
- 100% electrification of Broad Gauge Routes by 2023.
- Indigenously developed automatic train protection system to be launched.
- Aesthetically designed Vista Dome LHB coach on tourist routes to give a better travel experience to passengers.
- A record sum of Rs. 1,10,055 crores, for Railways of which Rs. 1,07,100 crores is for capital expenditure.

2. Physical and Financial Capital and Infrastructure

Urban Infrastructure:

- A new scheme will be launched at a cost of Rs. 18,000 crores to support augmentation of public bus transport services.
- The scheme will facilitate deployment of innovative PPP models to enable private sector players to finance, acquire, operate and maintain over 20,000 buses.
- 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.

2. Physical and Financial Capital and Infrastructure

Power Infrastructure:

- 139 GW of installed capacity was added during 6 years connecting additional 2.8 crore households with addition of 1.41 lakh circuit km of transmission lines.
- Consumers to get alternatives to choose from among more than one Distribution Company.
- Launching a **Hydrogen Energy Mission** in 2021-22 for generating hydrogen from green power sources.

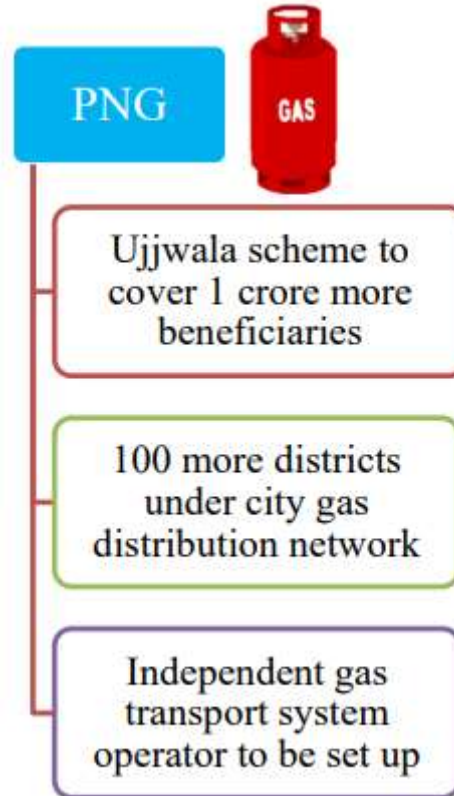
2. Physical and Financial Capital and Infrastructure

Port, Shipping and Waterways:

- PPP mode to be utilized for managing operational services of major ports.
- Recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) will be doubled by 2024.

2. Physical and Financial Capital and Infrastructure

Petroleum & Natural Gas:



2. Physical and Financial Capital and Infrastructure

Financial Capital

- 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**.
- Towards investor protection, introducing an **investor charter** as a right of all financial investors across all financial products.
- Additional capital infusion of Rs. 1,000 crores to Solar Energy Corporation of India and Rs. 1,500 crores to Indian Renewable Energy Development Agency.
- FDI limit from **49% to 74%** in Insurance Companies and allow foreign ownership and control with safeguards. 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.
- To further consolidate the financial capacity of PSBs, further recapitalization of Rs. 20,000 crores is proposed in 2021-22.

2. Physical and Financial Capital and Infrastructure

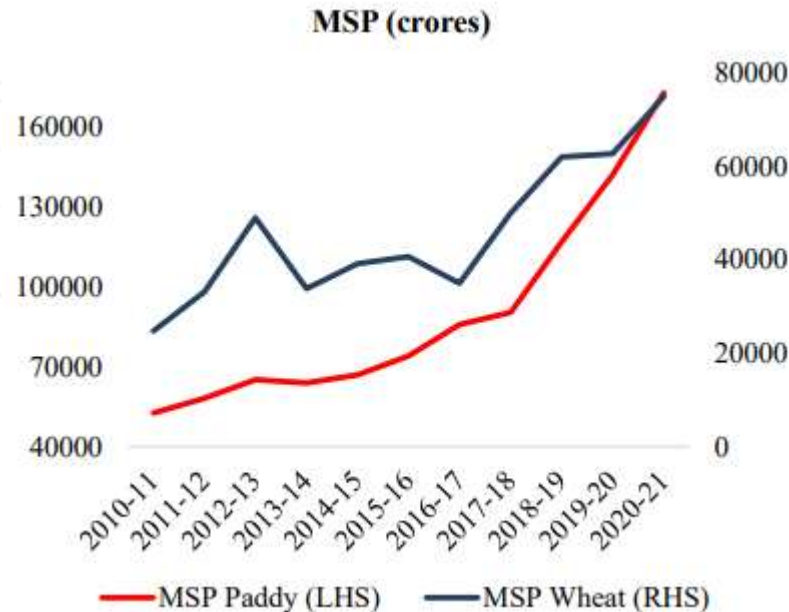
Disinvestments

- BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited among others would be completed in 2021-22.
- In 2021-22 we would also bring the **IPO of LIC**.
- Incentivize states to take to disinvestment of their Public Sector Companies.
- Estimated Rs. 1,75,000 crores as receipts from disinvestment in 2021-22.

3. Inclusive Development for Aspirational India

We will talk about Agriculture and Allied sectors, farmers' welfare and rural India, migrant workers and labour, and financial inclusion.

Agriculture:



3. Inclusive Development for Aspirational India

- Extending coverage of **SWAMITVA Scheme** to all states/UTs.
- Scope of '**Operation Green Scheme**' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.
- 1,000 more mandis will be integrated with e-NAM.

Fisheries:

- 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity.
- Multipurpose Seaweed Park to be established in Tamil Nadu to promote seaweed cultivation.

3. Inclusive Development for Aspirational India

Migrant Workers and Labourers:

- One nation one ration card scheme under implementation in 32 states and UTs.
- Minimum wages will apply to all categories of workers.
- Women will be allowed to work in all categories and also in the night-shifts with adequate protection.

4. Reinvigorating Human Capital

Education:

- More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy.
- 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.
- For accessible higher education in Ladakh, proposal to set up a Central University in Leh.
- 750 **Eklavya model** residential schools in our tribal areas.
- Amend the **Apprenticeship Act** with a view to further enhancing apprenticeship opportunities for our youth.
- Partnership with UAE and Japan in area of skill development and recognition.

5. Innovation and R&D

- National Research Foundation with outlay of Rs. 50,000 crore over 5 years.
- Earmarking Rs. 1,500 crores for a proposed scheme that will provide financial incentive to promote digital modes of payment.
- **National Language Translation Mission (NTLM)** to enable the wealth of governance-and policy related knowledge on the Internet being made available in major Indian languages.
- Launch a **Deep Ocean Mission** with a budget outlay of more than Rs. 4,000 crores, over five years.
- As part of the **Gaganyaan mission activities**, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia

6. Minimum Government, Maximum Governance

- To have ease of doing business for those who deal with Government, and carry out contracts, I propose to set up a Conciliation Mechanism and mandate its use for quick resolution of contractual disputes.
- The forthcoming Census could be the first digital census in the history of India. For this monumental and milestone-marking task, Rs. 3,768 crores are allocated in the year 2021-2022.
- Allowing a normal ceiling of net borrowing for the states at 4% of GSDP for 2021-22.
- NSSF (National Small Savings Fund) loan to FCI (Food Corporation of India) for food subsidy to be replaced by making budget provisions.
- Rs. 1,18,452 crore as **Revenue Deficit grant** to 17 states in 2021-22 as against Rs. 74,340 crores to 14 States in 2020-21.

02.



PART-B TAXATIONS



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Important Points of Part-B

No change has been made to the income tax slabs of individuals in Union Budget 2021.

Relief to Senior Citizens:

- Finance Minister in the Union Budget 2021-22 announced that senior citizens (above 75 years) with only pension or interest as income will be exempted from filing I-T returns.

Reduction in Time for Income Tax Proceedings

- Reducing the time-limit for re-opening of Income Tax assessment to 3 years from the present 6 years, thus reducing the uncertainty for tax payers.

Setting up the Dispute Resolution Committee

- Constitution of a Dispute Resolution Committee for small tax payer, which will be faceless to ensure efficiency, transparency and accountability.
- Anyone with a taxable income up to Rs . 50 lakh and disputed income up to Rs. 10 lakh shall be eligible to approach the Committee.

Important Points of Part-B

Exemption from Audit

- Currently, if your turnover exceeds Rs. 1 crore, you have to get your accounts audited. Last year this limit was increased to Rs. 5 crore for those who carry out 95% of their transactions digitally.
- To further incentivize digital transactions and reduce compliance burden, I propose to increase this limit for tax audit for such persons from Rs. 5 crore to Rs. 10 crore.

Important Points of Part-B

Affordable Housing/Rental Housing

- The government extended the additional tax deduction of Rs 1.5 lakh on interest paid on housing loan for purchase of **affordable homes** by one more year to March 31, 2022, a move aimed at boosting demand in the sluggish real estate sector.
- The additional deduction of Rs 1.5 lakh over and above Rs 2 lakh was introduced in the 2019 budget. This was allowed for those buying homes for the first time and of up to Rs 45 lakh.

Pre-filing of Returns

- In order to ease compliance for the taxpayer, details of salary income, tax payments, TDS, etc. already come pre-filled in income tax returns. To further ease filing of returns, details of capital gains from listed securities, dividend income, and interest from banks, post office, etc. will also be pre-filled.

Important Points of Part-B

Relief to Small Trusts:

- Presently there is a blanket exemption to small charitable trusts, whose annual receipt does not exceed Rs.1 crore. However, in the Budget 2021-22 it has been proposed to increase the amount from Rs.1 crore to Rs.5 crores.

Labour Welfare

- Some employers deduct the contribution of employees towards Provident funds, superannuation funds, and other social security funds but do not deposit these contributions within the specified time. For the employees, this means a loss of interest or income.
- Late deposit of employee's contribution by the employer will not be allowed as deduction to the employer.

Important Points of Part-B

Incentives for Start-ups

- A startup company incorporated on or before March 31, 2022, undertaking eligible business will now be eligible to claim the prescribed tax rebate of 100 per cent of its profits.
- Further, in order to incentivize funding of the start-ups, extending the capital gains exemption for investment in start-ups by one more year - till 31st March, 2022.

Indirect Tax Proposals

Electronic and Mobile Phone Industry

- Increase in custom duty for up to 10% on mobile chargers and some sub-parts of phones, a move that can make handsets costlier by 3-4%.

Iron and Steel

- Reducing Customs duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels.
- Exempting duty on steel scrap for a period up to 31st March, 2022. Reducing duty on copper scrap from 5% to 2.5%.

Indirect Tax Proposals

Gold and Silver

- Gold and silver presently attract a basic customs duty of 12.5%. Since the duty was raised from 10% in July 2019, prices of precious metals have risen sharply. To bring it closer to previous levels, GoI will be rationalizing custom duty on gold and silver.

Renewable Energy

- To encourage domestic production, GoI is raising duty on solar invertors from 5% to 20%, and on solar lanterns from 5% to 15%.

Capital Equipment and Auto Part

- Withdraw exemptions on tunnel boring machine. It will attract a customs duty of 7.5%; and its parts a duty of 2.5%. Raising customs duty on certain auto parts to 15%.

Indirect Tax Proposals

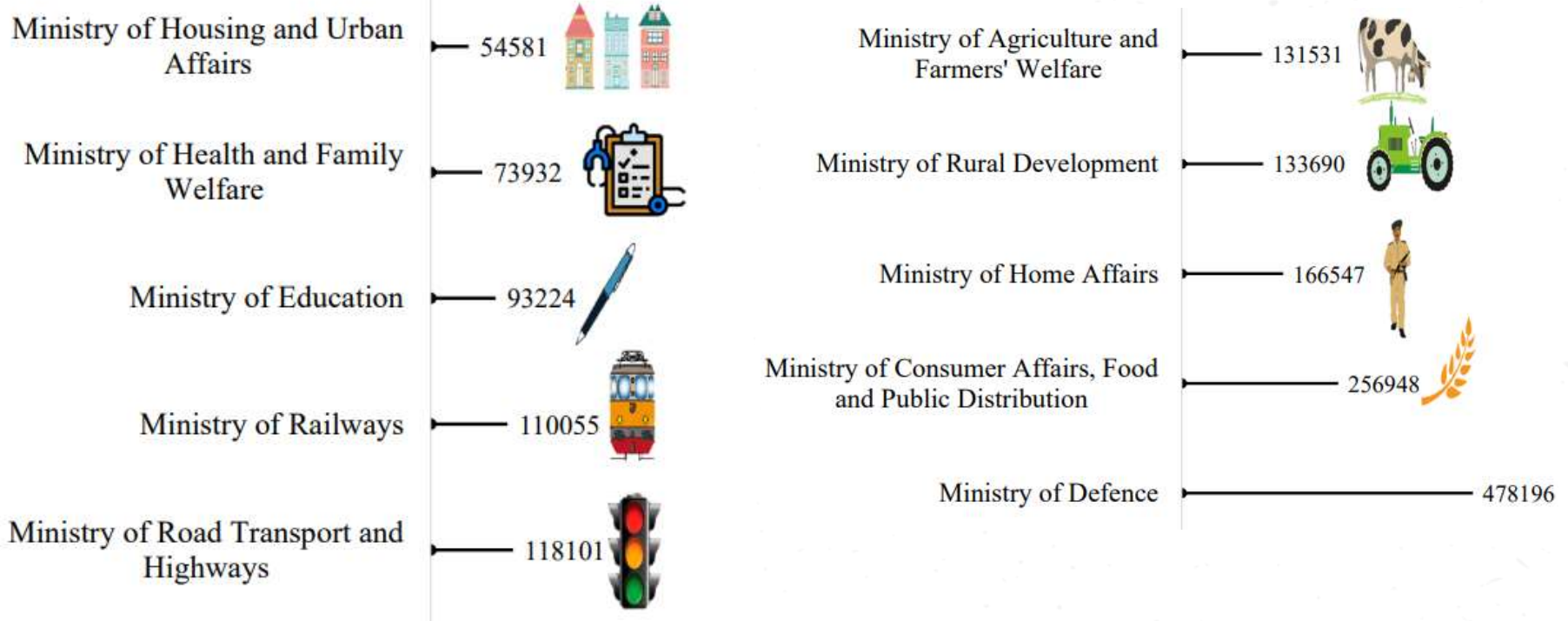
MSME

- Increasing duty of products which are manufactured by MSMEs so as to encourage local players.
- Products include, steel screws, plastic builder wares, prawn feed, garments, leather, and handicraft items.

Agriculture Products

- To benefit farmers, GoI is raising customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%.

Major Allocation (in crores)



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