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UNION BUDGET 2021

Highlights



UNION BUDGET 2021

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Theme No: 351: **UNION BUDGET 2021**

“When learning is purposeful, creativity blossoms. When creativity blossoms, thinking emanates. When thinking emanates, knowledge is fully lit. When knowledge is lit, economy flourishes.”

- Dr. A.P.J. Abdul Kalam

Union Finance Minister Nirmala Sitharaman on February 1, 2021 presented the first ever digital Union Budget. Being the budget during the pandemic, the budget was focussed on boosting, encouraging India towards being Aatmanirbhar (Self-Reliant). Finance Minister revised the expenditure target for FY 2021 at Rs 34.50 lakh crore, allocated Rs 2.23 Lakh crore for health, Rs 1.18 lakh crore for road infra, Rs 1.10 lakh crore for Railways, Outlay over Rs 3 lakh crore for power and set the divestment target for FY22 at Rs 1.75 lakh crore, among other things. As stated by FM, this year's budget was based on 6 pillars to ensure the overall development of the country.

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

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

1. **Health and Well Being**



- Focus on strengthening three areas: Preventive, Curative, and Wellbeing.
- A new scheme, titled PM Atma Nirbhar Swasthya Bharat Yojana, to be launched to develop primary, secondary and tertiary healthcare - Support for Health and Wellness centres, setting up of Integrated Public Health Labs, Establishing critical care hospital blocks, Strengthening of the National Centre for Disease Control (NCDC) and Expanding integrated health information portal.
- ₹35000 crore for Covid-19 Vaccine in 2021-22
- Supplementary Nutrition Programme and Poshan Abhiyan to be merged and launched as Mission Poshan 2.0 - to strengthen nutritional content, delivery, outreach, and outcome
- Introduction of National Commission for Allied Healthcare Professionals Bill
- Jal Jeevan Mission Urban aimed at better water supply nationwide Urban Swachh Bharat Mission 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 and Bio-remediation of all legacy dump sites
- Vehicle scrapping policy to phase out old and unfit vehicles – all vehicles to undergo fitness test in automated fitness centres every 20 years (personal vehicles), every 15 years (commercial vehicles)

2. Physical & Financial Capital and Infrastructure



Industry & Infrastructure

- Production Linked Incentive scheme (PLI) in 13 Sectors - To create and nurture manufacturing global champions for an AatmaNirbhar Bharat
- Mega Investment Textiles Parks (MITRA) scheme - 7 Textile Parks to be established over 3 years, Textile industry to become globally competitive, attract large investments and boost employment generation & exports
- National Infrastructure Pipeline (NIP) expanded to 7,400 projects
- Highway and road works announced in Kerala, Tamil Nadu, West Bengal and Assam
- National Asset Monetising Pipeline launched to monitor asset monetisation process
- National Rail Plan created to bring a future ready Railway system by 2030
- 100% electrification of Railways to be completed by 2023
- Metro services announced in 27 cities, plus additional allocations for Kochi Metro, Chennai Metro Phase 2, Bengaluru Metro Phase 2A and B, Nashik and Nagpur Metros
- National Hydrogen Mission to be launched to generate hydrogen from green power sources
- Ship recycling capacity to double by 2024
- Gas pipeline project to be set up in Jammu and Kashmir
- Pradhan Mantri Ujjwala Yojana (LPG scheme) to be extended to cover 1 crore more beneficiaries

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
- SEBI as regulator and greater role for Warehousing Development and Regulatory Authority for development of commodity market ecosystem
- To develop an investor charter as a right of all financial investors
- To set up Rs. 20,000 Crore Development Finance Institution (DFI) to accelerate investment in infra sector
- Capital infusion of Rs. 1,000 crore to Solar Energy Corporation of India and Rs. 1,500 crore to Indian Renewable Energy Development Agency
- Amending the Insurance Act, 1938 to increase the FDI limit with safeguards
- Asset Reconstruction Company Limited and Asset Management Company to resolve stressed assets problem of PSBs.
- Rs. 20,000 crore recapitalization of PSBs in 2021-22 to further consolidate the financial capacity
- 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
- 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)
- 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

3. Inclusive Development for Aspirational India



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
- 1,000 more Mandis to be integrated into the E-NAM market place
- PMCs to get access to the Agriculture Infrastructure Funds for augmenting infrastructure facilities
- 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

Employment

- A portal to be launched to maintain information on gig workers and construction workers
- Social security to be extended to gig and platform workers
- Margin capital required for loans via Stand-up India scheme reduced from 25% to 15% for SCs, STs and women

4. Reinvigorating Human Capital



Education

- 15,000 schools to be strengthened by implementing all NEP components. Shall act as exemplar schools in their regions for mentoring others
- Revamped Post Matric Scholarship Scheme for welfare of SCs
- 100 new Sainik Schools to be set up in partnership with NGOs/private schools/states
- Central University to come up in Leh for accessibility of higher education in Ladakh
- 750 Eklavya model residential schools in tribal areas

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.
- Partnership with UAE and Japan in area of skill development and recognition



5. Innovation and R & D

- National Research Foundation with outlay of ₹50,000 crore over 5 years
- National Language Translation Mission (NTLM) to make governance-and-policy related knowledge available in major Indian languages
- Rs. 1,500 crore for proposed scheme to promote digital modes of payment
- PSLV-CS51 to be launched by New Space India Limited (NSIL) carrying Brazil's Amazonia Satellite and some Indian satellites
- Deep Ocean Mission for ocean exploration and biodiversity conservation



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 transparency, efficiency, and proper governance reforms in the nursing profession.
- Proposed Conciliation Mechanism with mandate for quick resolution of contractual disputes with CPSEs.
- 3,768 crore allocated for first digital census in the history of India
- 300 crore grant to the Government of Goa for the diamond jubilee celebrations of the state's liberation from Portuguese
- 1,000 crore for the welfare of Tea workers especially women and their children in Assam and West Bengal through a special scheme



Tax Proposals

- Exemption from filing income tax returns for senior citizens (75 years and above) who only have pension and interest income.
- Reopening window for IT assessment cases reduced from 6 to 3 years. However, in case of serious tax evasion cases (Rs. 50 lakh or more), it can go up to 10 years
- Affordable housing projects to get a tax holiday for one year
- Compliance burden of small trusts whose annual receipts does not exceed Rs. 5 crore to be eased
- Rationalization of customs duty structure by eliminating outdated exemptions
- Support to MSMEs hit by recent sharp rise in iron and steel prices and relief to metal recyclers
- Rationalization of duties on raw material inputs to man-made textiles
- Rationalization of custom duty on gold and silver
- Agriculture Infrastructure and Development Cess proposed on certain items.

References: www.indiabudget.gov.in, www.thehindu.com, taxguru.in



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