



# UNION BUDGET 2021-22

## Union Budget 2021-22

*Budget Announcements on Major Sectors*



# Key Highlights of Union Budget 2021-22

## 6 pillars of the Union Budget 2021-22

Health and Wellbeing

Physical & Financial Capital, and Infrastructure

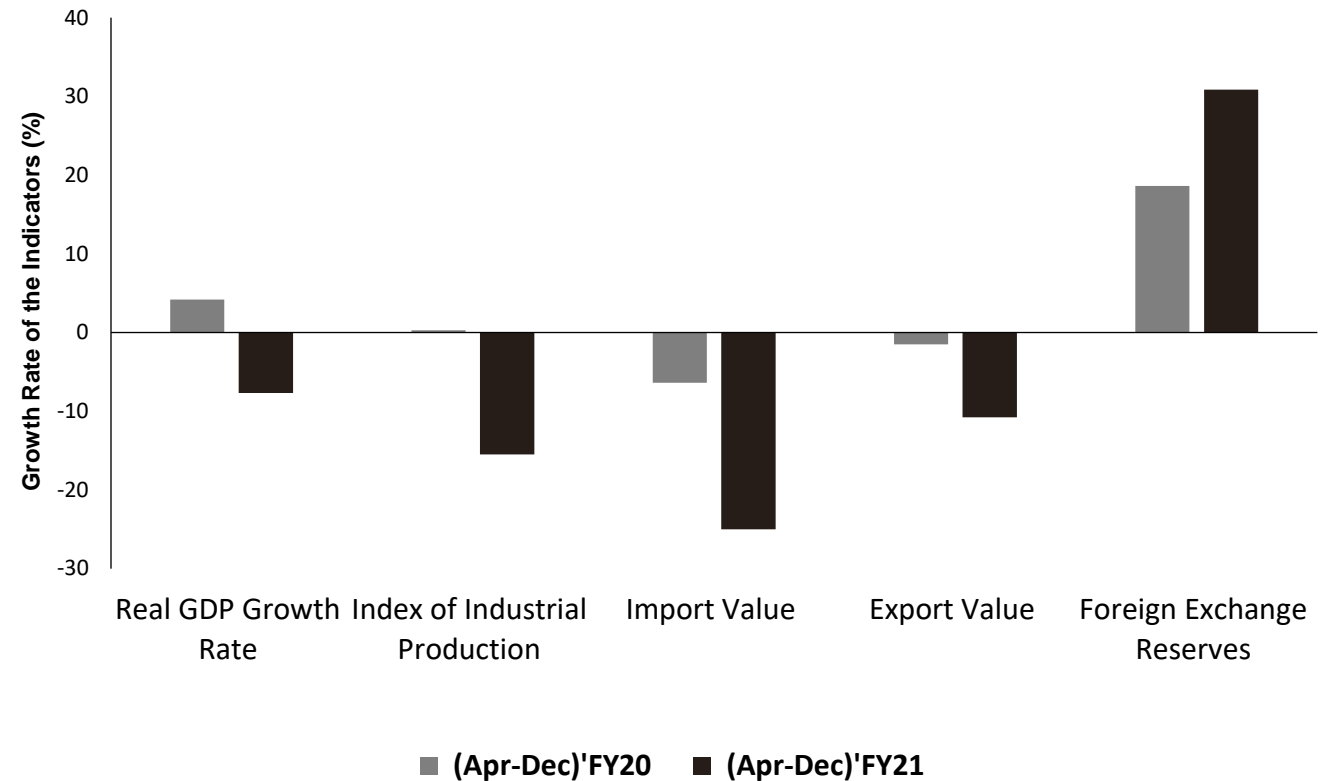
Inclusive Development for Aspirational India

Reinvigorating Human Capital

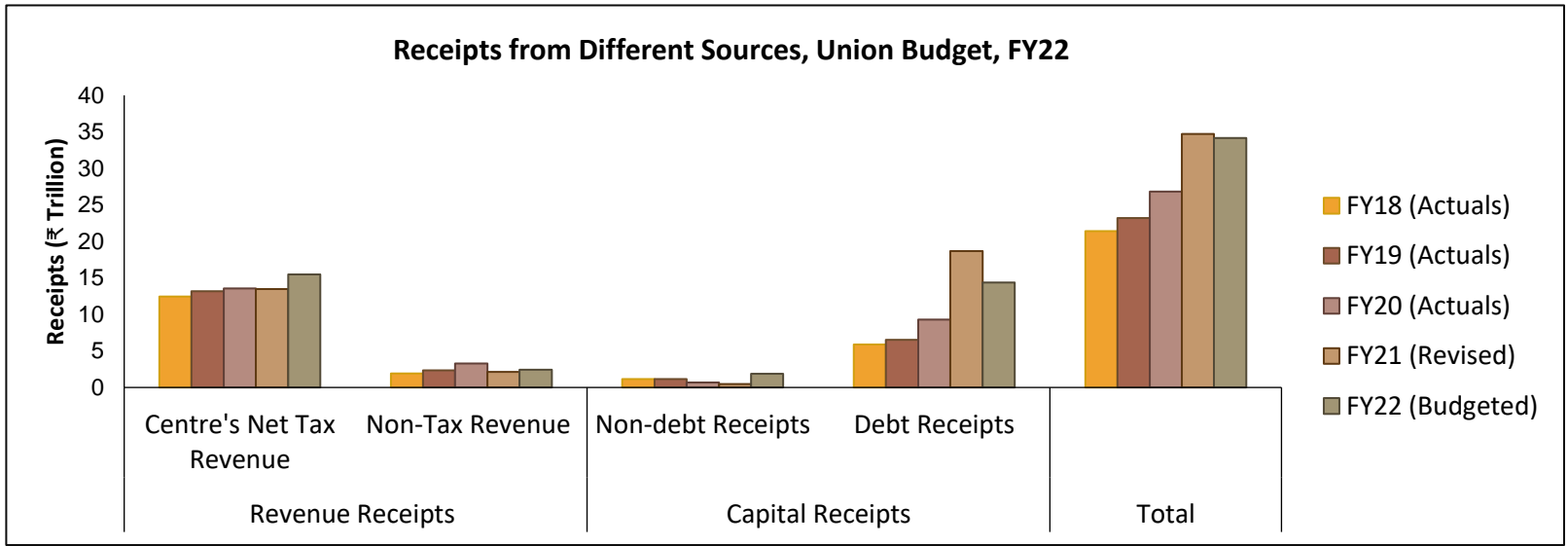
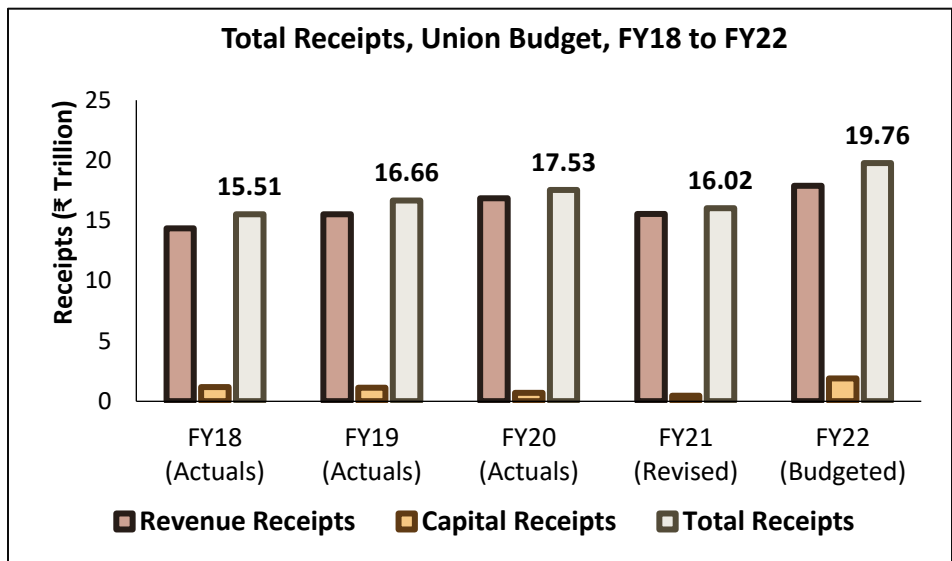
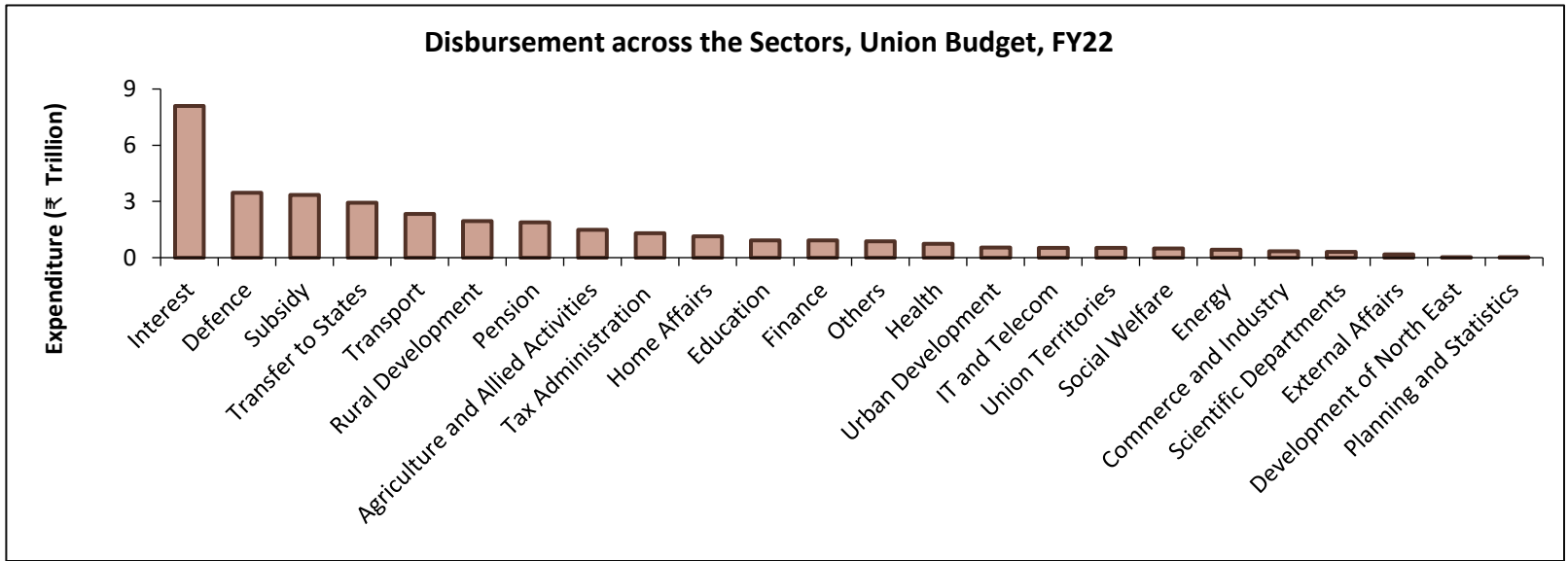
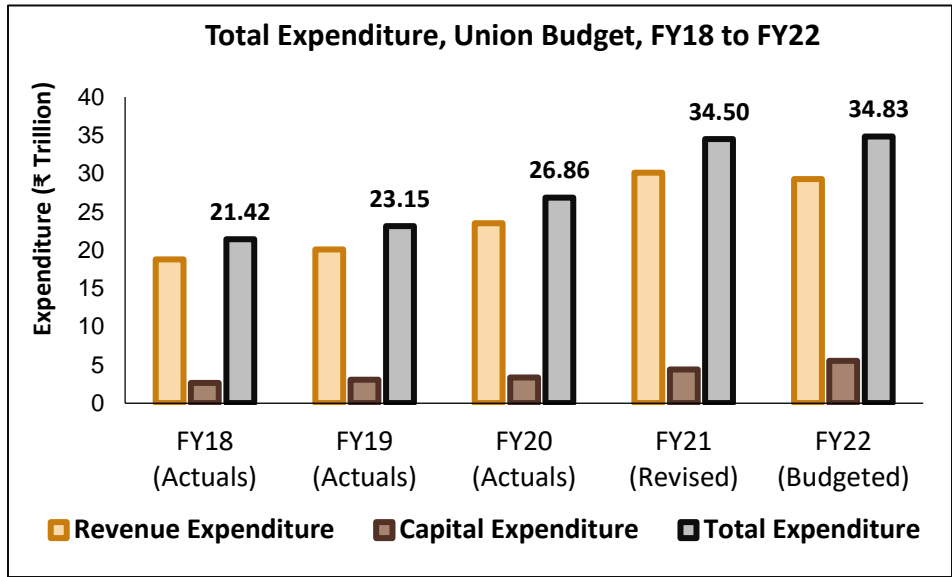
Innovation and R&D

Minimum Government and Maximum Governance

## Economic Performance at a Glance, India, between Apr-Dec'FY20 to Apr-Dec'FY21



# Highlights of Expenditure and Receipts



# Fiscal Performance

The government proposes to spend ₹ **34.83 Trillion** in FY22, which is **14.5%** greater than the budget estimates of FY21.

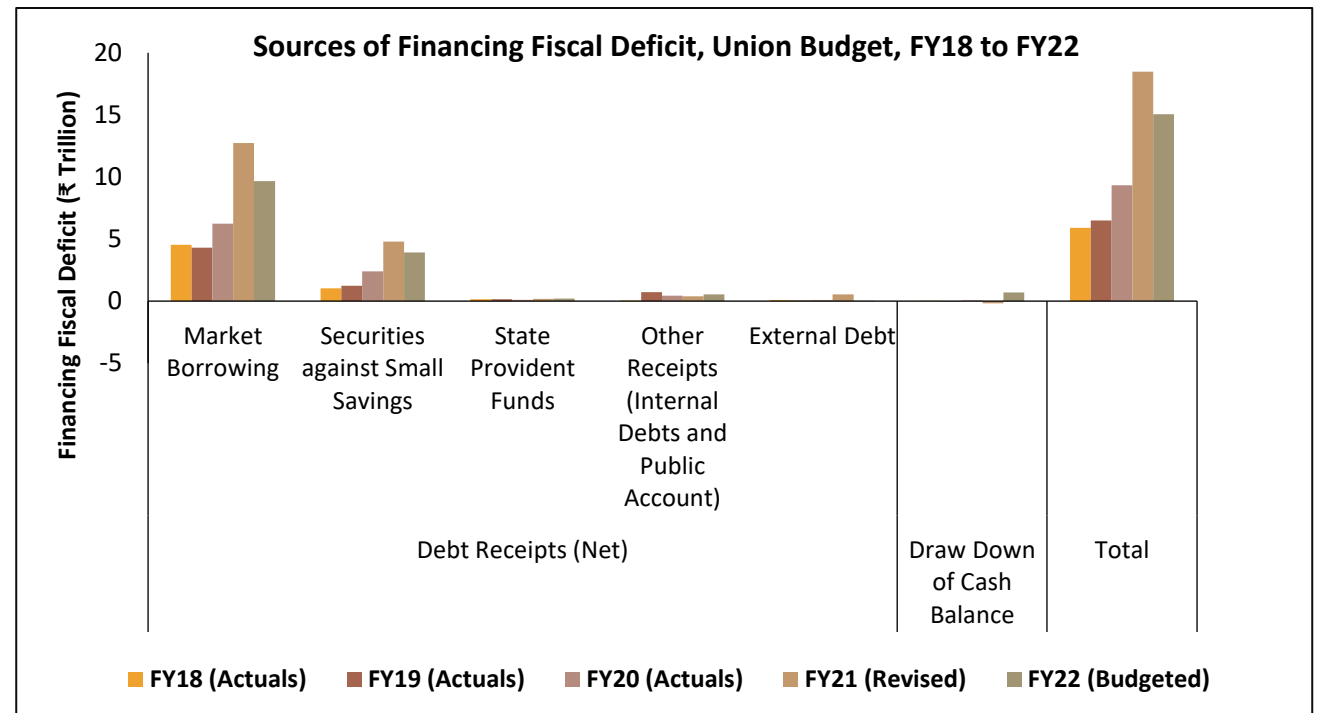
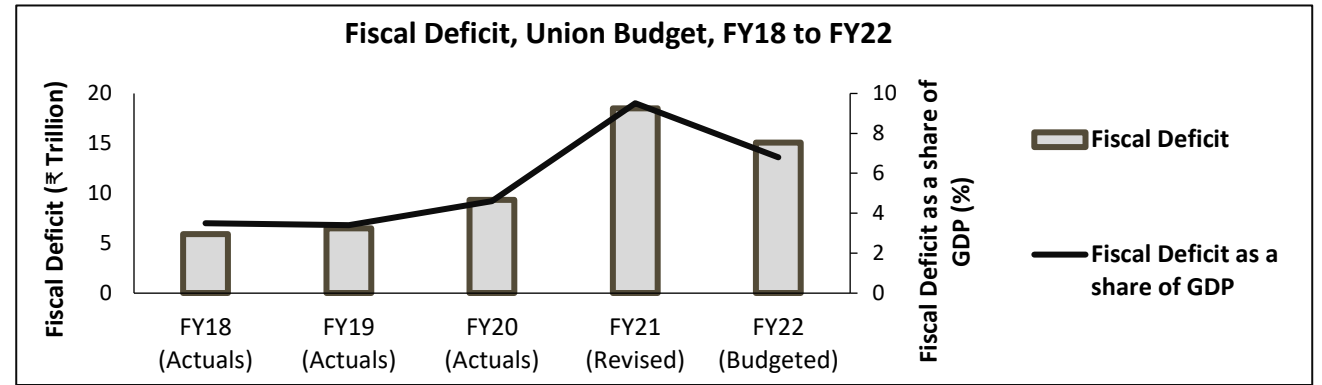
Between FY18 and FY22, the budget expenditure has increased at the CAGR of **12.93%**.

The receipts (other than borrowings) are expected to be ₹ **19.76 Trillion** in FY22 which is **11.9%** lower than the previous fiscal.

Between FY18 and FY22, the receipt amount has increased at the CAGR of **6.25%**.

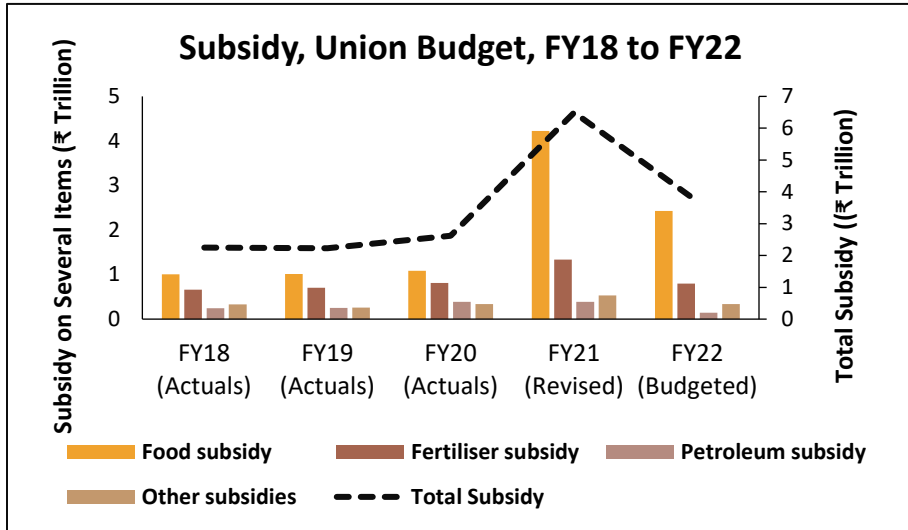
Fiscal deficit is targeted at **6.8%** of GDP in FY22, down from the revised estimate of **9.5%** in FY21. The government aims to reduce fiscal deficit to **4.5%** of GDP by FY26.

Between FY18 and FY22, the fiscal deficit has increased at the CAGR of **26.36%**.



# Subsidy and Taxation

Subsidy



- In FY22, the total expenditure on subsidies is estimated to be ₹ 3.7 Trillion which is 43% lower than the revised estimate of the same in FY21.
- This arrangement has might been taken to reduce government's fiscal deficit.

Year	Year-on-Year Growth Rate (%)
FY18 (Actuals)	-42.54
FY19 (Actuals)	-40.63
FY20 (Actuals)	-63.97
FY21 (Revised)	-37.01
FY22 (Budgeted)	-42.98

Taxation

## Some of the Key Proposals

Corporate tax rate slashed to make it among the lowest in the world

Burden of taxation on **small taxpayers** eased by increasing rebates

**National Faceless Income Tax Appellate Tribunal Centre** to be established

**Time limit for re-opening cases** reduced to 3 years from 6 years

**Serious tax evasion cases**, with evidence of concealment of income of ₹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 ₹50 lakh and disputed income up to ₹10 lakh

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

**Infrastructure Debt Funds** made eligible to raise funds by issuing **Zero Coupon Bonds**

Additional deduction of interest, up to ₹1.5 lakh, for loan taken to buy an affordable house extended for loans taken till March 2022

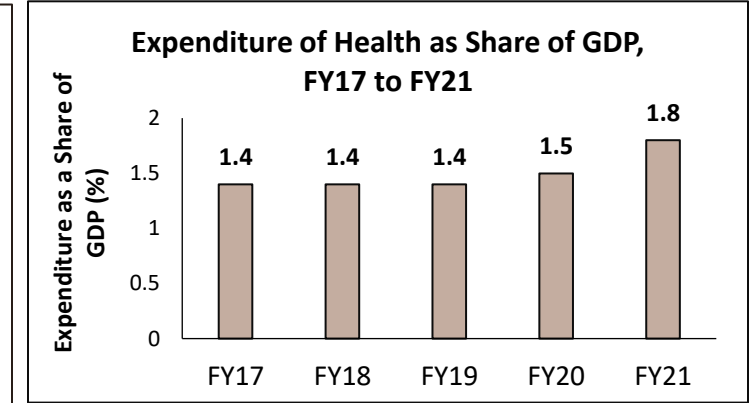
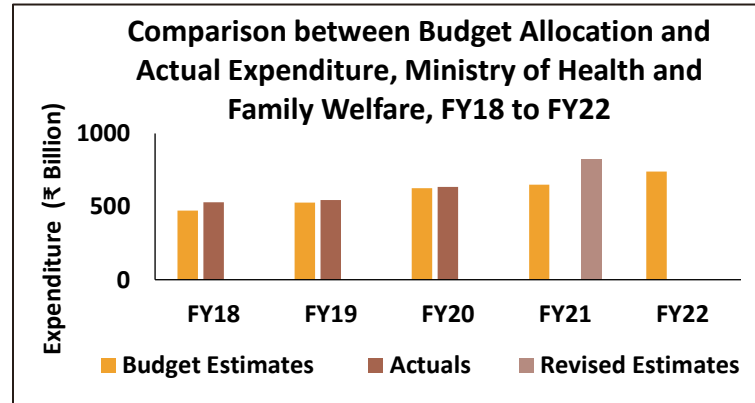
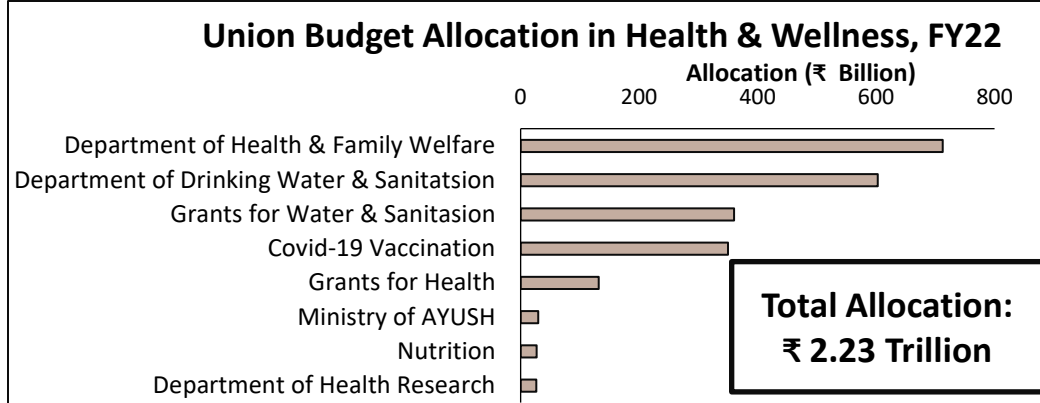
**Tax holiday for capital gains** from incomes of aircraft leasing companies

Use of **deep analytics** and **Artificial Intelligence** to identify tax evaders

Dividend payment to REIT/ InvIT exempt from TDS



# Healthcare & Wellness



- The budget estimate of FY22 for health and well-being is pegged at **₹ 2.23 Trillion** which is said to be a hike of **137%** than the previous fiscal.
- However, Ministry of Health and Family Welfare (MoHFW) which takes care of implementation of health schemes, and regulation of medical education and training in India has received **₹ 739 Billion** which is **8.22%** greater than the budget allocated amount of FY21 and **10.3%** lower than the revised estimate of the mentioned fiscal.

## Announcements in Healthcare Sector

- PM AtmaNirbhar Swasth Bharat Yojana** to be launched with an outlay of about **₹ 641 Billion** over 6 years. Main interventions under this scheme:
- 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
  - 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
  - Critical care hospital blocks in 602 districts and 12 central institutions
  - 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

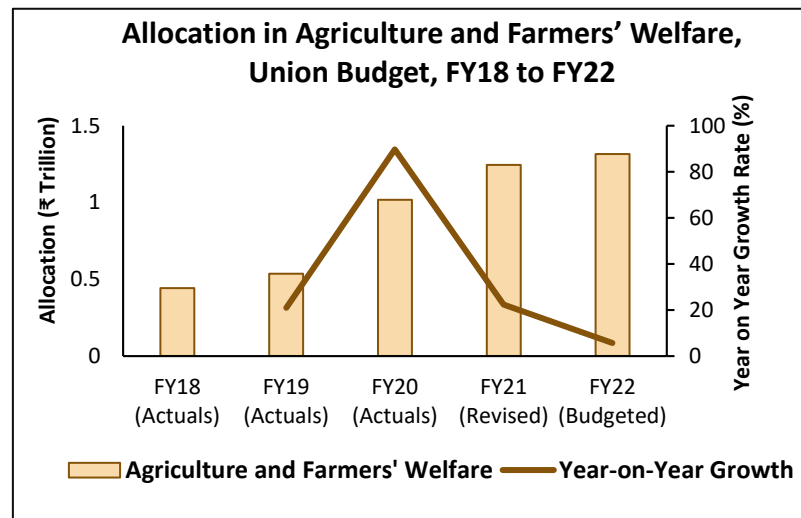
## Key proposals in Wellness Sector

- Nutrition**: **Mission Poshan 2.0** to be launched for strengthening nutritional outreach across the country.
- Universal Coverage of Water Supply**: **₹ 2.87 Trillion** over 5 years for **Jal Jeevan Mission (Urban)**
- Swachh Bharat, Swasth Bharat**: **₹ 1.41 Trillion** over 5 years for **Urban Swachh Bharat Mission 2.0**
- Clean Air**: **₹ 22.17 Billion** to tackle air pollution, for 42 urban centers with a million-plus population



# Agriculture and Innovation & R&D

## Agriculture



Ensured MSP (Minimum Support Price) at minimum 1.5 times the cost of production across all commodities.

**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 **₹16.5 Trillion** in FY22 - animal husbandry, dairy, and fisheries to be the focus areas

Rural Infrastructure Development Fund to be enhanced to **₹400 Billion** from **₹300 Billion**

To double the Micro Irrigation Fund to **₹100 Billion**

'**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 **₹1.14 Trillion** 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

## Innovation & R&D

### Modalities of **National Research Foundation** announced in Budget FY20 (II)

- **₹500 Billion** outlay over 5 years
- To strengthen overall research ecosystem with focus on national-priority thrust areas
- **₹15 Billion** 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

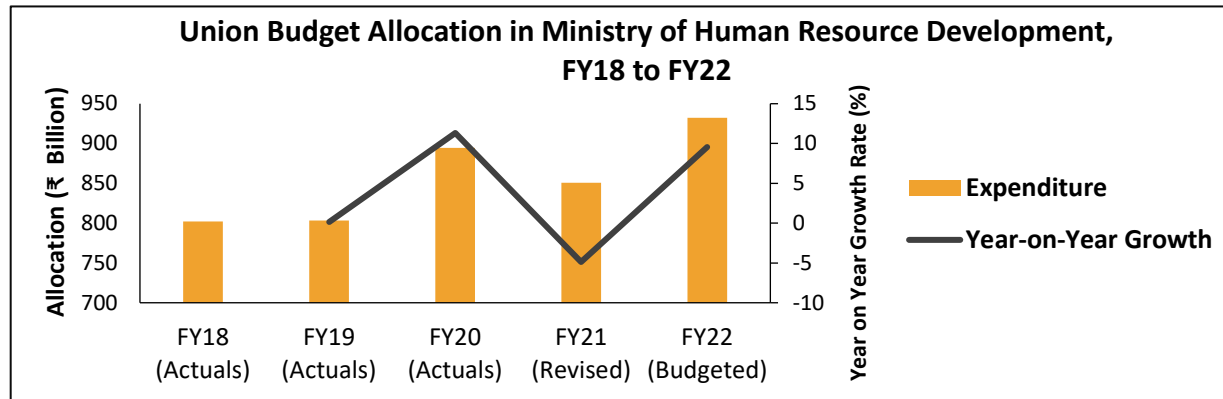
### **Gaganyaan** mission activities

- **4 Indian astronauts** being trained on Generic Space Flight aspects, in Russia
- **First unmanned launch** is slated for **December 2021**
- **₹ 40 Billion** over five years for **Deep Ocean Mission** survey exploration and conservation of deep sea biodiversity

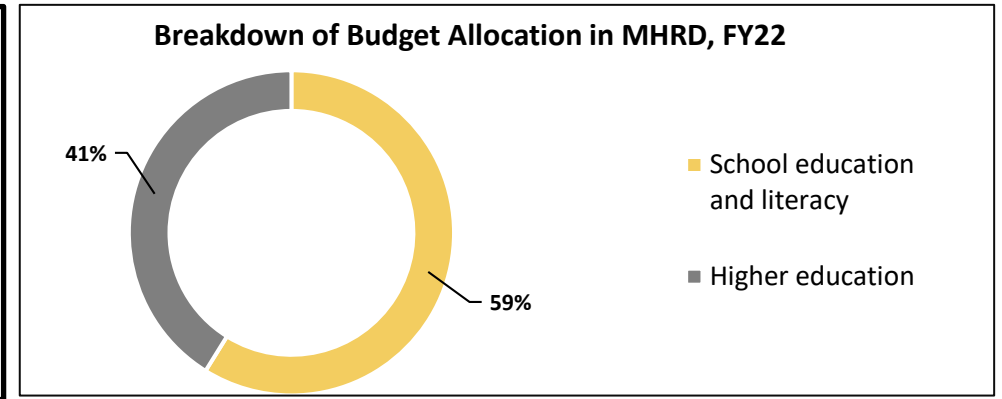




# Education & Skilling



The Ministry of Human Resource Development (MHRD) consists of two departments: (i) School education and literacy, and (ii) Higher education.



## Announcements

### School Education

- **15,000 schools** to be strengthened by implementing all NEP (National Education Policy) 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/state

### 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

### Scheduled Castes and Scheduled Tribes Welfare

- **750 Eklavya model residential schools** in tribal areas
- Revamped Post Matric Scholarship Scheme for welfare of SCs
- 4 crore SC students to benefit

### Skilling

- Proposed amendment to Apprenticeship Act to enhance opportunities for youth
- **₹ 30 Billion** 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





# Textiles, Automobile, Energy & Power

## Textiles

**Mega Investment Textiles Parks (MITRA)** will be launched in addition to the **PLI (Production-Linked Incentive)** scheme. Prospects of this scheme:

- 7 Textile Parks to be established over 3 years
- This will create world class infrastructure with plug and play facilities to enable create global champions in exports.
- To enable the textile industry to become globally competitive, attract large investments and boost employment generation

Changes in Customs duty raw materials and inputs like Caprolactam, Nylon Chips, Nylon fibre and yarn from **7.5%** to **5%** for reducing the production cost of domestic manufacturers.

## Automobile

- Voluntary vehicle scrapping policy, to phase out old and unfit vehicles.
- In this process, vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles.
- Customs duty on auto parts like ignition wiring sets, safety glass, parts of signalling equipment, etc. to be increased from **7.5%** and **10%** to **15%**.
- A new scheme will be launched at a cost of **₹180 Billion** 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.

## 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.
- Additional capital infusion of **₹10 Billion** to Solar Energy Corporation of India and **₹15 Billion** to Indian Renewable Energy Development Agency.

## Power

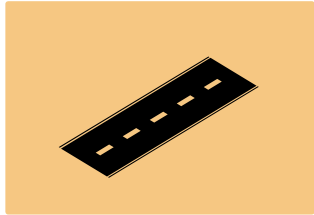
- Consumers to have alternatives to choose the Power Distribution Company.
- **₹ 3.06 Trillion** will be allocated over 5 years for a new power distribution sector scheme. A new power distribution sector scheme will be launched to provide assistance to DISCOMS for Infrastructure creation including pre-paid smart metering and feeder separation, upgradation of systems, etc., tied to financial improvements.
- A comprehensive **National Hydrogen Energy Mission 2021-22** to be launched for generating hydrogen from green power sources.

## Petroleum & Natural Gas

- The petroleum subsidy has reduced by **65.6%** between the budget allocated amount of FY21 and FY22. The decision is going to affect the domestic LPG consumers massively.
- Extension of Ujjwala Scheme to cover **₹ 1 crore** more beneficiaries.
- Addition of 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.



# Infrastructure



- More than 13,000 km length of roads, at a cost of **₹3.3 Trillion**, has already been awarded under the **₹5.35 Trillion** Bharatmala Pariyojana project of which 3,800 kms have been constructed. By March 2022, another 8,500 kms to be awarded and complete an additional 11,000 kms of national highway corridors.
- To further augment road infrastructure, more economic corridors are also being planned in the States on Tamil Nadu, Kerala, West Bengal and Assam totaling to 6575 kms of National Highways Works at a total investment of **₹ 2.46 Trillion**.
- An enhanced outlay of **₹ 1.18 Trillion** for Ministry of Road Transport and Highways has been provided, of which **₹1.08 Trillion** is for capital and is the highest ever.



- Indian Railways have prepared a National Rail Plan for India – 2030. The Plan is to create a ‘future ready’ Railway system by 2030.
- Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022 to bring down the logistic costs for industry.
- Sonnagar-Gomoh section (263.7 km) of Eastern Dedicated Freight Corridor in PPP mode in 2021–22 to be followed by Gomoh-Dankuni section of 274.3 km.
- A record sum of **₹1.10 Trillion** allotted for Railways of which **₹1.07 Trillion** is for capital expenditure.



- 7 ports projects worth more than **₹20 Billion** will be offered by the Major Ports on Public Private Partnership mode in FY21-22.
- A scheme to promote flagging of merchant ships in India will be launched by providing subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs. An amount of **₹16.24 Billion** will be provided over 5 years.
- India has enacted Recycling of Ships Act, 2019 and acceded to the Hong Kong International Convention. Recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) will be doubled by 2024.



- **₹ 180 Billion** to support augmentation of public bus transport services to enable PPP for financing, acquiring, operating and maintaining over 20,000 buses.



# How to finance Infrastructure?

- Budgetary allocation of ₹ **5.54 Trillion** for infrastructure.
- Additional allocation of ₹ **2 Trillion** to states and autonomous bodies for their capital expenditure.
- Setting up of a development finance institution for infrastructure financing.
- Debt Financing of Infrastructure Investment Trusts (InVITs) and Real Estate Infrastructure Trusts (REITs) by foreign portfolio investors by amending laws suitably.
- Capital recycling for investing in new infrastructure by monetizing operating public infrastructure assets to be done through a 'National Monetization Pipeline' of potential brownfield infrastructure assets and monitoring progress – across roads, pipelines, warehouses, airports, transmission, railways and stadiums.
- An asset reconstruction company and asset management company to be set up.
- Special Purpose Vehicles to be created for monetization of non-core assets of Central Public Sector Enterprises, especially land.





- Development Finance Institution (DFI) to be set up with ₹ **200 Billion** to raise ₹ **5 Trillion** funding for infrastructure projects.
- A unified securities market code to be created to include the SEBI Act, Govt Securities Act and Depositors Act.
- FinTech hub to be established in Gujarat International Finance Tec-City under the IFSC.
- Investment grade bond fund purchase framework to be established to invest in corporate bonds during stressed times.
- SEBI to regulate gold exchanges.
- FDI in insurance to be increased to 74% with protection through a majority of board and management of Indian origin, 50% of board members being independent and retention of a percentage of profits. This will need a separate Parliament nod to amend the Insurance Act, 2015, which fixed it at 49% with no foreign control.
- In addition to IDBI, two PSBs and one general insurance company to be privatised.
- A possible strategic disinvestment of a PSU insurance company and IPO of LIC have been announced. The latter will require an amendment of the LIC Act.
- ARC and AMC to take over the management and sale of NPAs.
- Recapitalisation of PSBs to the extent of ₹**200 Billion** .
- Easy and time-bound access to the extent of deposit insurance of ₹ **5 lakh** during bank failure.
- Debt recovery for NBFCs with ₹ **1 Billion** of asset base reduced to ₹ **20 lakh** from the current ₹ **50 lakh** limit under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- Margin money under the Stand-Up India scheme reduced to **15%** from **25%** and allows for allied agricultural lending.
- MSME credit access of ₹ **157 Billion** provided.

*Note- Trillion: Lakh Crore | Billion: Hundred Crore*

*Source: Press Information Bureau, PRS Legislative Research, LSI Research*

