



IASBABA'S
BUDGET
2021-22
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Key Highlights of Union Budget 2021-22

PART-A

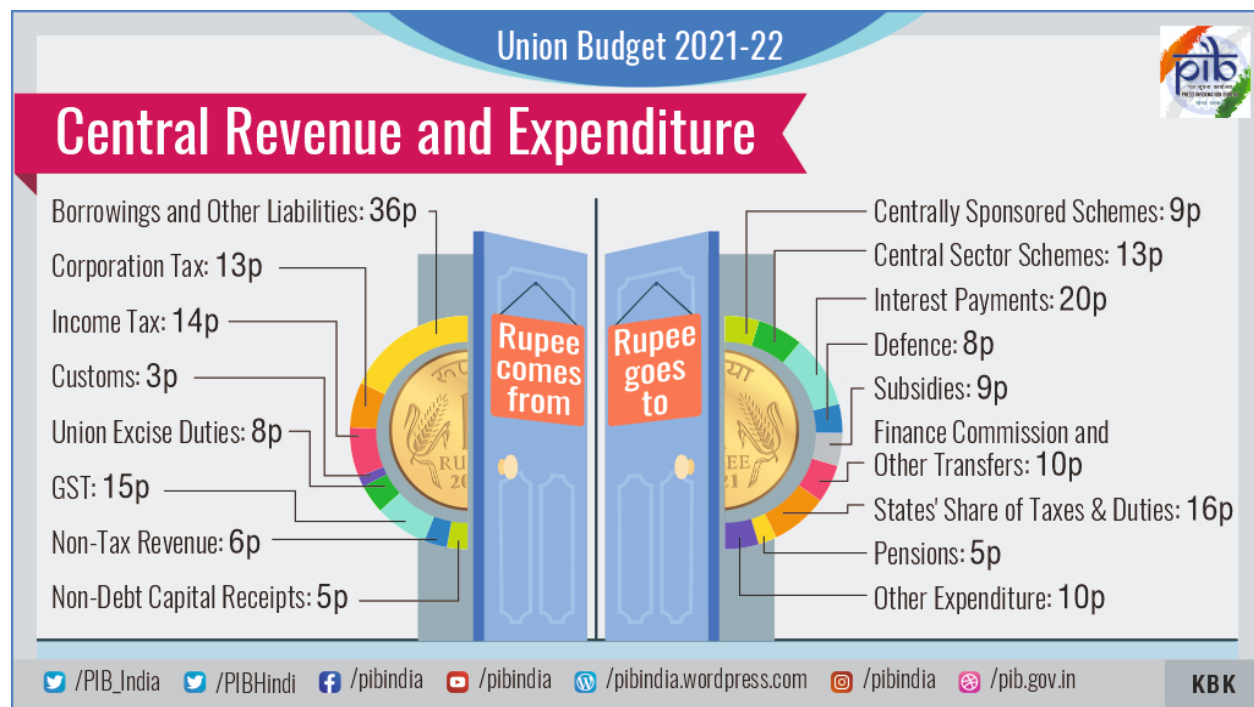
Presenting the first ever digital Union Budget, Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman stated that India's fight against COVID-19 continues into 2021 and that this moment in history, when the political, economic, and strategic relations in the post-COVID world are changing, is the dawn of a new era – one in which India is well-poised to truly be the land of promise and hope.

The Union Budget for 2021-22 proposals for this financial year rest on six pillars that are:

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

According to the Minister, Budget proposals will strengthen the Sankalp of Nation First, Doubling Farmers Income, Strong Infrastructure, Healthy India, Good Governance, Opportunities for youth, Education for All, Women Empowerment, and Inclusive Development among others.

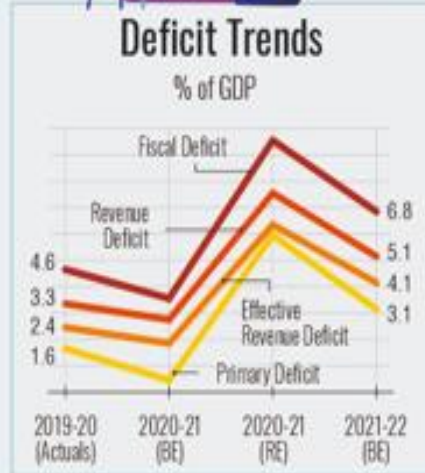
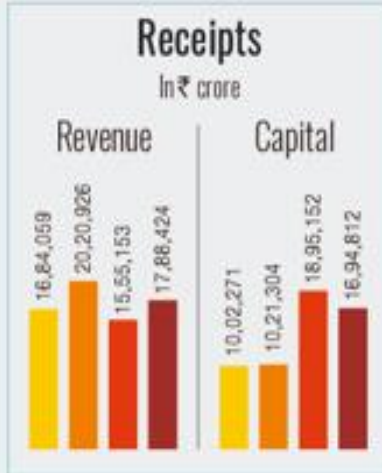
BUDGET AT A GLANCE



Union Budget 2021-22



At a Glance



● 2019-20 (Actuals) ● 2020-21 (BE) ● 2020-21 (RE) ● 2021-22 (BE)

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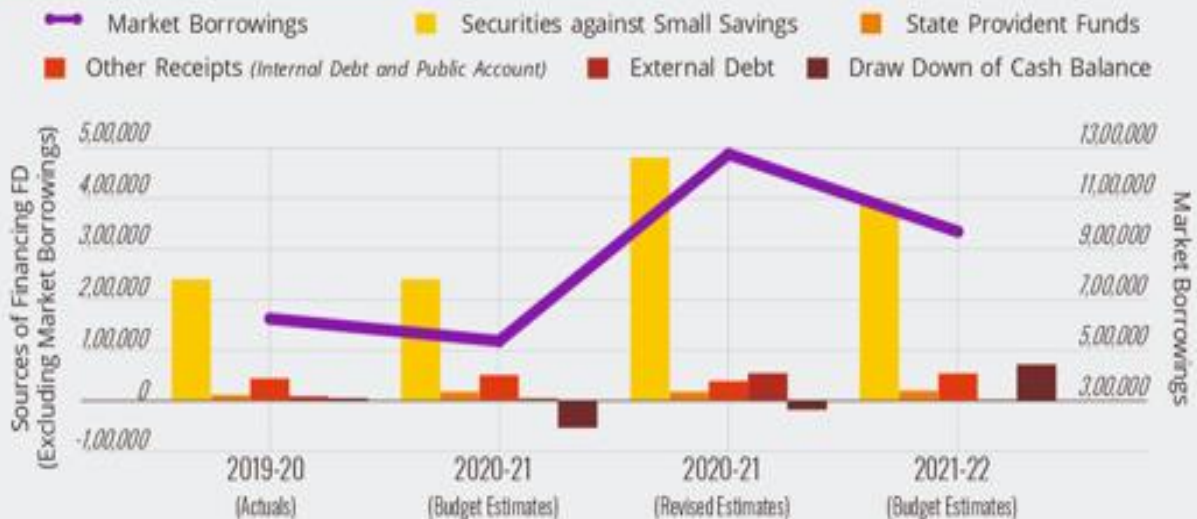
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Union Budget 2021-22

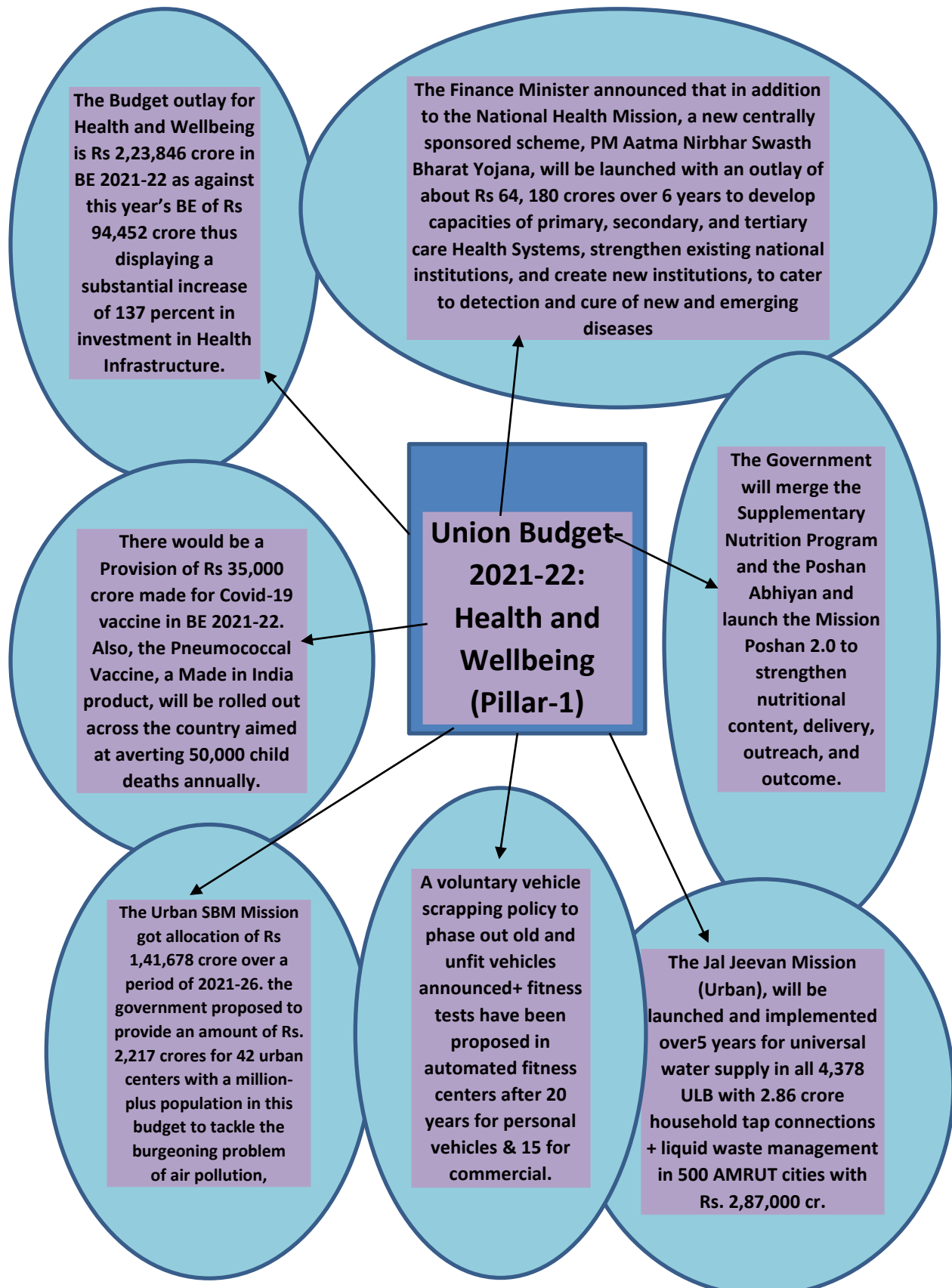


Sources of Deficit Financing

In ₹ crore



Union Budget-2021-22: Health and Wellbeing (Pillar-1)



Union Budget-2021-22: Physical and Financial Capital and Infrastructure (Pillar 2)

The Finance Minister said that for a USD 5 trillion economy, our manufacturing sector has to grow in double digits on a sustained basis. Our manufacturing companies need to become an integral part of global supply chains, possess core competence and cutting-edge technology.

Aatma Nirbhar Bharat-Production Linked Incentive (PLI) Scheme to create manufacturing global champions for an Aatma Nirbhar Bharat have been announced for 13 sectors. For this, the government has committed nearly Rs.1.97 lakh crore in the next 5 years starting FY 2021-22.

A scheme of Mega Investment Textiles Parks (MITRA) will be launched in addition to the PLI scheme to enable the textile industry to become globally competitive. 7 Textile Parks will be established over 3 years. This will create world class infrastructure with plug and play facilities to enable creation of global champions in exports.

Union Budget-2021-22: Physical and Financial Capital (Pillar 2)

An Asset Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization.

To further consolidate the financial capacity of PSBs, further recapitalization of `20,000 crores is proposed in 2021-22. Also, The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC.

Government proposes to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22. In 2021-22, Government would also bring the IPO of LIC for which the requisite amendments will be made in this Session itself.

AtmaNirbhar Package provides a clear roadmap for disinvestment in all non-strategic and strategic sectors. Government has estimated Rs. 1,75,000 crores as receipts from disinvestment in BE 2020-21. The Minister also 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.

Union Budget-2021-22: Physical and Financial Capital and Infrastructure (Pillar 2)

By March 2022, the Government would be awarding another 8,500 kms and completing an additional 11,000 kms of national highway corridors. The Minister also provided an enhanced outlay of Rs. 1,18,101 lakh crores for the Ministry of Road Transport and Highways, of which Rs.1,08,230 crore is for capital, the highest ever.

A professionally managed Development Financial Institution is necessary to act as a provider, enabler and catalyst for infrastructure financing. Accordingly, a Bill to set up a DFI will be introduced. Government has provided a sum of Rs 20,000 crore to capitalize this institution and the ambition is to have a lending portfolio of at least Rs 5 lakh crore for this DFI in three years' time. Finance Minister proposed to launch a revamped reforms-based result-linked power distribution sector scheme with an outlay of Rs. 3,05,984 crores over 5 years.

Finance Minister announced that more than 13,000 km length of roads, at a cost of Rs 3.3 lakh crore, has already been awarded under the Rs. 5.35 lakh crore Bharatmala Pariyojana project of which 3,800 kms have been constructed. 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 Rs. 1624 crore will be provided over 5 years.

National Highways Authority of India and PGCIL each have sponsored one InvIT that will attract international and domestic institutional investors. Five operational roads with an estimated enterprise value of Rs 5,000 crore are being transferred to the NHAI InvIT. Similarly, transmission assets of a value of Rs 7,000 crore will be transferred to the PGCIL InvIT.

Union Budget-2021-22: Infrastructure (Pillar 2)

A new scheme will be launched at a cost of Rs. 18,000 crore to support augmentation of public bus transport services. 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. Two new technologies i.e., 'MetroLite' and 'MetroNeo' will be deployed to provide metro rail systems at much lesser cost with the same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.

Indian Railways have prepared a National Rail Plan for India – 2030. The Plan is to create a 'future ready' Railway system by 2030. Bringing down the logistic costs for our industry is at the core of our strategy to enable 'Make in India'. It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022. Ujjwala Scheme which has benefited 8 crore households will be extended to cover 1 crore more beneficiaries. Government will add 100 more districts in the next 3 years to the City Gas Distribution network. A gas pipeline project will be taken up in Union Territory of Jammu & Kashmir. An independent Gas Transport System Operator will 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.

Union Budget-2021-22: Inclusive Development for Aspirational India (Pillar 3)

Rural Infrastructure Development Fund to be enhanced to Rs. 40,000 crores from Rs. 30,000 crores

To double the Micro Irrigation Fund to Rs. 10,000 crores

Ensured MSP 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 Rs. 16.5 lakh crore in FY22 – animal husbandry, dairy, and fisheries to be the focus areas

One Nation One Ration Card plan is under implementation by 32 states and UTs, reaching about 69 crore beneficiaries – that's a total of 86% beneficiaries covered.

Government proposes to conclude a process that began 20 years ago, with the implementation of the 4 labour codes.

Union Budget-2021-22: Inclusive Development for Aspirational India (Pillar 3)

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

Around 1.68 crore farmers registered and Rs. 1.14 lakh crore of trade value carried out through e-NAMs; 1,000 more mandis to be integrated with e-NAM to bring transparency and competitiveness.

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. Moreover, a number of steps were taken to support the MSME sector and in this Budget, Government has provided Rs. 15,700 crores to this sector – more than double of this year's BE.

Union Budget-2021-22: Reinvigorating Human Capital (Pillar 4)

More than 15,000 schools will be qualitatively strengthened to include all components of the National Education plus 100 new Sainik Schools will be set up in partnership with NGOS/private schools/states. Policy.

The Minister also proposed to set up a Higher Education Commission of India, as an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding along with Central University in Leh.

Union Budget-2021-22: Reinvigorating Human Capital (Pillar 4)

Government has set a target of establishing 750 Eklavya model residential schools in tribal areas with an increase in unit cost of each such school from Rs. 20 crores to Rs. 38 crores, and for hilly and difficult areas, to Rs. 48 crores.

Under the revamped Post Matric Scholarship Scheme for the welfare of Scheduled Castes, the Central Assistance was enhanced and allocated Rs. 35,219 crore for 6 years till 2025-2026, to benefit 4 crore SC students.

An initiative is underway, in partnership with the United Arab Emirates (UAE), to benchmark skill qualifications, assessment, and certification, accompanied by the deployment of certified workforce.

The Government also has a collaborative Training Inter Training Programme (TITP) between India and Japan to facilitate transfer of Japanese industrial and vocational skills, technique, and knowledge and the same would be taken forward with many more countries.

Rs. 3000 crores for realignment of existing National Apprenticeship Training Scheme (NATS) towards post-education apprenticeship, training of graduates and diploma holders in Engineering.

Union Budget-2021-22: Innovation and R&D (Pillar 5)

Government will undertake a new initiative – National Language Translation Mission (NTLM). This will enable the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.

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

Union Budget-2021-22: Innovation and R&D (Pillar 5)

NSIL is 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.

Gaganyaan mission:

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.

To better understand this realm, the Government will launch a Deep Ocean Mission with a budget outlay of more than Rs. 4,000 crores, over five years.

This Mission will cover deep ocean survey exploration and projects for the conservation of deep-sea

Union Budget-2021-22: Minimum Government, Maximum Governance (Pillar 6)

The forthcoming Census could be the first digital census in the history of India and for this monumental and milestone-marking task, Rs. 3,768 crores allocated in the year 2021-2022.

Rs. 300 crore grants to the Government of Goa for the diamond jubilee celebrations of the state's liberation from Portuguese.

Rs. 1,000 crores for the welfare of Tea workers especially women and their children in Assam and West Bengal through a special scheme

Union Budget-2021-22: Minimum Government, Maximum Governance (Pillar 6)

National Commission for Allied Healthcare Professionals introduced for efficient regulation of the 56 allied healthcare professions. Also, to bring about transparency, efficiency and governance reforms in the nursing profession, The National Nursing and Midwifery Commission Bill will be introduced by the government for passing.

To have ease of doing business for those who deal with Government or CPSEs, and carry out contracts, the Minister proposed a Conciliation Mechanism with mandate for quick resolution of contractual disputes with CPSEs.

PART-B

In Part B of the Budget Speech, the Union Minister Smt. Nirmala Sitharaman 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.

Union Budget-2021-22: Direct Tax Proposals

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.

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 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 Rs. 50 lakh and disputed income up to Rs. 10 lakhs

Union Budget-2021-22: Direct Tax Proposals

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 also announced.

Exemption limit of annual receipt revised from Rs.1 crore to Rs.5 crore for small charitable trusts running schools and hospitals

Eligibility for tax holiday claim for start-ups extended by one more year

Limit of turnover for tax audit increased to Rs. 10 crores from Rs. 5 crores 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 Rs. 1.5 lakh, for loan taken to buy an affordable house extended for loans taken till March 2022

Union Budget-2021-22: Indirect Tax Proposals

it has the twin objectives of promoting domestic manufacturing and helping India get on to global value chain and export better with the thrust now on easy access to raw materials and exports of value-added products

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

Duty exemption on steel scrap for a period up to 31st march 2022.

Anti-dumping duty (add) and countervailing duty (CVD) revoked on certain steel products

Duty on copper scrap reduced from 5% to 2.5%

Union Budget-2021-22: Indirect Tax Proposals

Raised duty on solar inverters from 5 per cent to 20 percent and on solar lanterns from 5 per cent to 15 per cent.

Tunnel boring machine to now attract a customs duty of 7.5%; and its parts a duty of 2.5%

Duty on certain auto parts increased to general rate of 15%

Duty on steel screws and plastic builder wares increased to 15%

Prawn feed to attract customs duty of 15% from earlier rate of 5%

Exemption on import of duty-free items rationalized to incentivize exporters of garments, leather, and handcraft items

Exemption on imports of certain kind of leathers withdrawn

Customs duty on finished synthetic gemstones raised to encourage domestic processing

Customs duty on cotton increased from nil to 10% and on raw silk and silk yarn from 10% to 15%.

uniform deduction of the BCD rates on Caprolactam, nylon chips and nylon fiber and yarn to 5 per cent, the Minister said this will help the textile industry, MSMEs and exports too.

Basic Customs Duty (BCD) on caprolactam, nylon chips and nylon fiber & yarn reduced to 5%, Duty on Naphtha reduced to 2.5%

The Minister also announced rationalization of custom duty on gold and silver.