



# Financial Focus

**BUDGET 2021-22 WILL ENHANCE INDIA'S MANUFACTURING CAPACITIES AND BOOST TRADE COMMERCE SECRETARY**

MS. NIRMALA SITHARAMAN TALK'S

Now, just as it had happened after the two World Wars, there are signs that the political, economic, and strategic relations in the post COVID world are changing. This moment in history is the dawn of a new era - one in which India is well-poised to truly be the land of promise and hope. **"Faith is the bird that feels the light and sings when the dawn is still dark"**.

-Rabindranath Tagore (Fireflies - A Collection of Aphorisms)

2021 is the year of many important milestones for our history. I mention a few of these: It is the 75<sup>th</sup> year of Independence; 60 years of God's accession to India; 50 years of the 1971 India-Pakistan War; it will be the year of the 8th Census of Independent India; it will also be India's turn at the BRICS Presidency; the year for our Chandrayaan-3 Mission; and the Haridwar Maha Kumbh.

In Part A, I wish to lay a vision for AtmaNirbhar Bharat

AtmaNirbhar Bharat is an expression of 130 Crores Indians who have full confidence in their capabilities and skills.

The Budget proposals for 2021-2022 rest on 6 pillars

1. Health and Wellbeing

Taking a holistic approach to Health, we focus on strengthening three areas: Preventive, Curative, and Wellbeing

Health Systems: A new centrally sponsored scheme, **PM AtmaNirbhar Swasth Bharat Yojana**, will be launched with an outlay of about 64,180 Crores over 6years.

UNION BUDGET  
2021-2022



**Budget 2021 is based on 6 pillars -**

1. Health and Well Being,
2. Physical and Financial Infrastructure,
3. Inclusive Development for Aspirational India,
4. Reinvigorating Human Capital,
5. Innovation and R&D,
6. Minimum Government and Maximum Governance



## Nutrition

To strengthen nutritional content, delivery, outreach, and outcome, we will merge the Supplementary Nutrition Programme and the Poshan Abhiyan and launch the Mission Poshan 2.0. We shall adopt an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts

## Universal Coverage of Water Supply

The Jal Jeevan Mission (Urban), will be launched. It aims at 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 2,87,000 Crores.

## Swachh Bharat, Swasth Bharat

The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of 1,41,678 Crores over a period of 5 years from 2021-2026.

## Clean Air

To tackle the burgeoning problem of air pollution, I propose to provide an amount of 2,217 Crores for 42 urban centers with a million-plus population in this budget.

## Scrapping Policy:

We are separately announcing a voluntary vehicle scrapping policy, to phase out old and unfit vehicles. This will help in encouraging fuel-efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill

## Vaccines

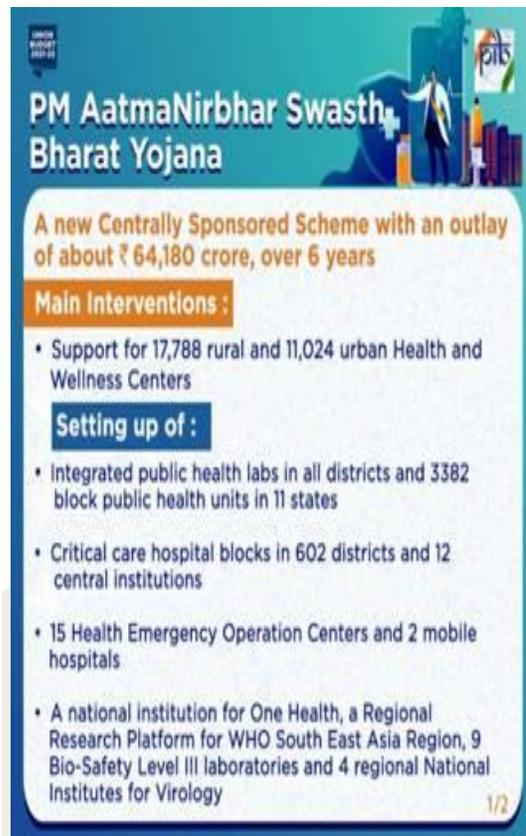
The Budget outlay for Health and Wellbeing is 2,23,846 Crores in BE2021-22 as against this year's BE of 94,452 Crores an increase of 137percentage.

### 2. Physical and Financial Capital and Infrastructure AtmaNirbhar Bharat – Production Linked Incentive scheme (PLI)

To achieve all of the above, PLI schemes to create manufacturing global champions for an AtmaNirbhar Bharat have been announced for 13 sectors. For this, the government has committed nearly 1.97 lakh Crores, over 5 years starting FY 2021-22.

## Textiles

To enable the textile industry to become globally competitive, attract large investments and boost employment generation, a scheme of Mega Investment Textiles Parks (MITRA) will be launched in addition to the PLI scheme.



**PM AatmaNirbhar Swasth Bharat Yojana**

A new Centrally Sponsored Scheme with an outlay of about ₹ 64,180 crore, over 6 years

**Main Interventions :**

- Support for 17,788 rural and 11,024 urban Health and Wellness Centers

**Setting up of :**

- Integrated public health labs in all districts and 3382 block public health units in 11 states
- Critical care hospital blocks in 602 districts and 12 central institutions
- 15 Health Emergency Operation Centers and 2 mobile hospitals
- A national institution for One Health, a Regional Research Platform for WHO South East Asia Region, 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology

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Ministry of Health & Family Welfare  
Government of India

**UNION BUDGET 2021-22**

As part of Budget 2021-22, India allocated

**Rs 35,000 Crore**  
for **COVID-19 Vaccine**

Our country is safeguarding citizens against **COVID-19** and also citizens in other countries by sending millions of doses

BUDGET 2021-22

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## Infrastructure

The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects. Around 217 projects worth 1.10 lakh Crores under some key infrastructure Ministries have been completed

**Infrastructure financing** - Development Financial Institution (DFI): Infrastructure needs long term debt financing. A professionally managed Development Financial Institution is necessary to act as a provider, enabler and catalyst for infrastructure financing. Accordingly, I shall introduce a Bill to set up a DFI. I have provided a sum of 20,000 Crores to capitalize this institution. The ambition is to have a lending portfolio of at least 5 lakh Crores for this DFI in three years' time.

Monetizing operating public infrastructure assets is a very important financing option for new infrastructure construction. A "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. Some important measures in the direction of monetization are:

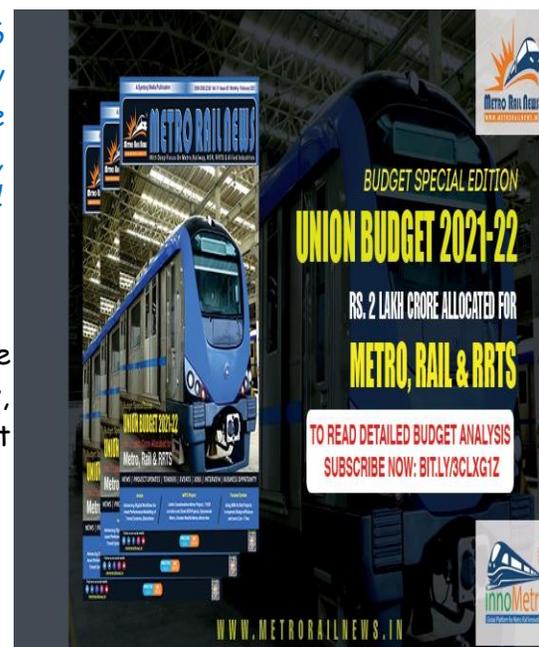
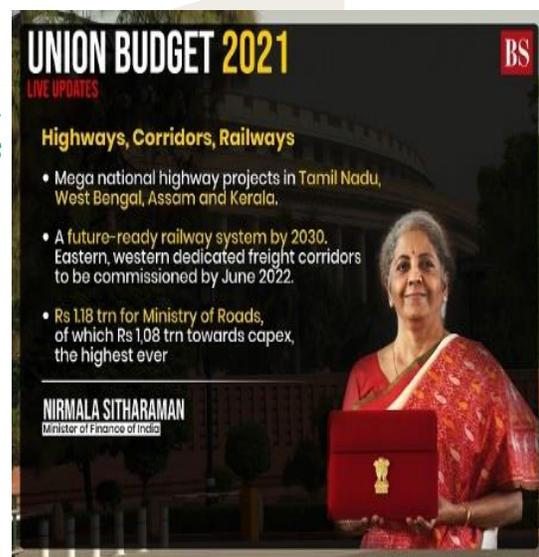
- National Highways Authority of India and PGCIL each have sponsored one InvIT that will attract international and domestic institutional investors. Five operational roads with an estimated enterprise value of 5,000 Crores are being transferred to the NHAI InvIT. Similarly, transmission assets of a value of 7,000 Crores will be transferred to the PGCIL InvIT
- Railways will monetize Dedicated Freight Corridor assets for operations and maintenance, after commissioning
- The next lot of Airports will be monetized for operations and management concession

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., 'Metro Lite' and 'Metro Neo' 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.

## Power Infrastructure

The past 6 years have seen a number of reforms and achievements in the power sector. We have added 139 Giga Watts of installed capacity, connected an additional 2.8 Crores households and added 1.41 lakh circuit km of transmission lines

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 1624 Crores will be provided over 5 years. This initiative will enable greater training and employment opportunities for Indian seafarers besides enhancing Indian companies share in global shipping.

### Financial Capital

I propose to 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 Markets Code.

### Increasing FDI in Insurance Sector

I propose to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies 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 by setting up a New Structure

The high level of provisioning by public sector banks of their stressed assets calls for measures to clean up the bank books. 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.

	Sector	Expenditure (In Rs. Crore)
	Defence	471378
	Home Affairs	167250
	Agriculture and Farmers' Welfare	142762
	Consumer Affairs, Food and Public Distribution	124535
	Rural Development	122398
	Human Resource Development	99312
	Road Transport & Highways	91823
	Railways	72216
	Health & Family Welfare	67112
	Housing & Urban Affairs	50040



**UNION BUDGET 2021 :**  
**FDI LIMIT INCREASED TO**  
**74%**  
**IN INSURANCE SECTOR**

www.fdi.in



**Stressed Asset Resolution**

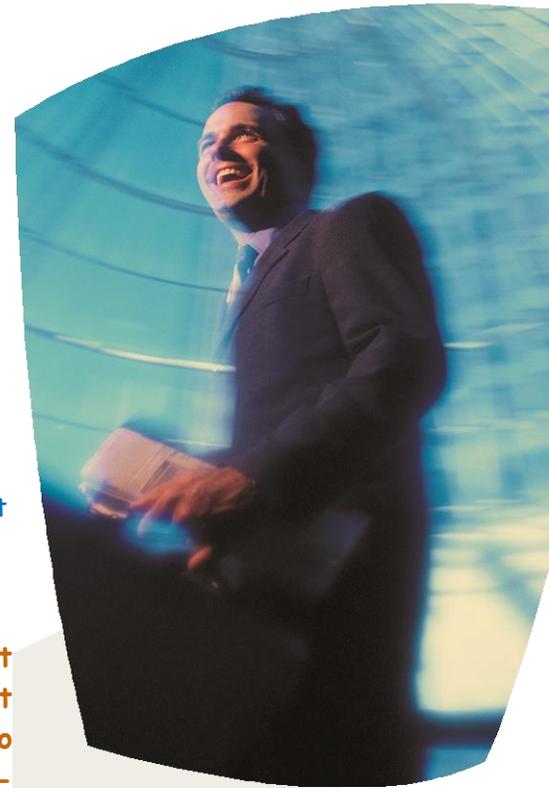
-  An Asset Reconstruction Company Limited and Asset Management Company would be set up
-  These would consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors
-  To further consolidate the financial capacity of public sector banks, further recapitalisation of Rs 20,000 crore announced in 2021-22



Revision of the definition under the Companies Act, 2013 for Small Companies by increasing their thresholds for Paid up capital from "not exceeding 50 Lakh" to "not exceeding 2 Crore" and turnover from "not exceeding 2 Crore" to "not exceeding 20 Crore. One Person Companies (OPCs) by allowing OPCs to grow without any restrictions on paid up capital and turnover, allowing their conversion

into any other type of company at any time,

**Reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and also allow Non-Resident Indians (NRIs) to incorporate OPCs in India**



## Disinvestment and Strategic Sale

In spite of COVID-19, we have kept working towards strategic disinvestment. A number of transactions namely 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. Other than IDBI Bank, budget proposes to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22

## GOVERNMENT FINANCIAL REFORMS

Under the Treasury Single Account (TSA) System autonomous bodies directly draw funds from the Government's account at the time of actual expenditure, saving interest costs. We will extend the TSA System for universal application from 2021-22.

### 3. Inclusive Development for Aspirational India

The MS Prone a sea change to assure price that is at least 1.5 times the cost of production across all commodities. The procurement has also continued to increase at a steady pace. This has resulted in increase in payment to farmers substantially.

In 2020-2021, this amount, paid to farmers, was 75,060 Crores. The number of wheat growing farmers that were benefitted increased in 2020-21 to 43.36 lakhs as compared to 35.57 lakhs in 2019-20.

For paddy, Even better, in 2020-2021, this is further estimated to increase to 172,752 Crores. The number of farmers benefitted increased from 1.24 Crores in 2019-20 to 1.54 Crores in 2020-21



### School Education

- 100 new Sainik Schools in partnership with NGOs/private schools/states will be set up
- In more than 15,000 schools all components of the National Education Policy will be implemented to make them exemplary in their regions

### Higher Education

- A Central University in Leh will be set up
- Higher Education Commission of India will be set up
- Glue grant to create umbrella structure for better synergy amongst various research institutions, universities, and colleges

To provide adequate credit to our farmers, I have enhanced the agricultural credit target to 16.5 lakh Crores in FY22. We will focus on ensuring increased credit flows to animal husbandry, dairy, and fisheries.

Enhancing the allocation to the Rural Infrastructure Development Fund from 30,000 Crores to 40,000 Crores. The Micro Irrigation Fund, with a corpus of 5,000 Crores has been created under NABARD, proposal to double it by augmenting it by another 5,000 Crores.

To further extend the efforts towards the unorganized labor force migrant workers particularly, launching a portal that will collect relevant information on gig, building, and construction-workers among others. This will help formulate Health, Housing, Skill, Insurance, Credit, and food schemes for migrant workers

## 4. Reinvigorating Human Capital:

The National Education Policy (NEP) announced recently has had good reception.

### School Education

More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy. They shall emerge as exemplar schools in their regions, handholding and mentoring other schools to achieve the ideals of the Policy. 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.

### Higher Education Commission of India.

We would be introducing Legislation this year to implement the same. It will be an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding.

*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. We also have a collaborative Training Inter Training Programme (TITP) between India and Japan to facilitate transfer of Japanese INDUSTRIAL and vocational skills, technique, and knowledge. We will take forward this initiative with many more countries.*

## Key Winners

Sectors/Sub-sectors	Companies
<b>Autos</b>	Ashok Leyland, Tata Motors, M&M and Maruti
<b>Economic corridors</b>	IRB Infra, PNC Infra, Cummins, L&T, KNR, HG Infra, Action Construction Equipment
<b>Healthcare</b>	Ipca labs, Cipla, Sun Pharma, Torrent Pharma
<b>Insurance</b>	HDFC Life, ICICI Prudential, SBI Life and ICICI Lombard
<b>Metro railways</b>	BEML, Siemens, BHEL, L&T
<b>Ports</b>	Adani Ports & SEZ
<b>Private banks</b>	ICICI bank, Axis
<b>Railways</b>	IRCON, RITES, KEC International, ABB and Siemens
<b>REITs and InvITs funding</b>	Indgrid, IRB InvITs
<b>Roads</b>	NHAI, PGCIL InvITs
<b>Scrappage policy</b>	MSTC
<b>Textiles</b>	Raymond, KPR Mills, Century Textiles
<b>Urban infra/transport</b>	NBCC, Ahluwalia Contracts, J Kumar Infra, Capacite Infra
<b>Vehicle financing</b>	Shriram Transport Finance, Indostar Capital, Cholamandalam Finance
<b>Water infrastructure</b>	ION Exchange, Va Tech Wabag
<b>Power distribution</b>	KEC International, Kalpatru Power, Tata Power, ABB, Siemens India, Power Grid and NTPC
<b>Electronic goods manufacturers</b>	Amber Enterprises and Dixon Technologies
<b>Consumer discretionary</b>	Havells, Voltas
<b>Textiles</b>	KPR Mills, Century Textiles, Welspun India and Raymond

Source: Moneycontrol Research



## Direct tax proposals

Post-pandemic, a new world order seems to be emerging, one in which Asia is poised to occupy a prominent position and India will have a leading role therein. In this scenario, our tax system has to be transparent, efficient, and should promote investments and employment in OUR country. At the same time it should put minimum BURDEN on OUR tax payers

The fiscal deficit in RE 2020- 21 is pegged at 9.5% of GDP. We have funded this through Government borrowings, multilateral borrowings, Small Saving Funds and short term borrowings. We would need another 80,000 Crores for which we would be approaching the markets in these 2 months. To ensure that the economy is given the required push, our BE estimates for expenditure in 2021-2022, are 34.83 lakh Crores.

### Relief to Senior Citizens

Reduction in compliance burden on senior citizens who are 75 years of age and above. For senior citizens who only have pension and interest income are exempted from filing their income tax returns. The paying bank will deduct the necessary tax on their income.

### Setting up the Dispute Resolution Committee

To reduce litigation for small taxpayers, a Dispute Resolution Committee is going to be constructed, which will be face less to ensure efficiency, transparency and accountability. Anyone with a taxable income up to 50 lakh and disputed income up to 10 lakh shall be eligible to approach the Committee.

### Relaxation to NRI

When Non-Resident Indians return to India, they have issues with respect to their accrued incomes in their foreign retirement accounts. This is usually due to a mismatch in taxation periods. They also face difficulties in getting credit for Indian taxes in foreign jurisdictions. Hardship of double taxation is removed.

Achieve the consolidation by first, increasing the buoyancy of tax revenue through improved compliance, and secondly, by increased receipts from monetization of assets, including Public Sector Enterprises and land. The Contingency Fund of India is being proposed to be augmented from 500crores to 30,000 Crores through Finance Bill.

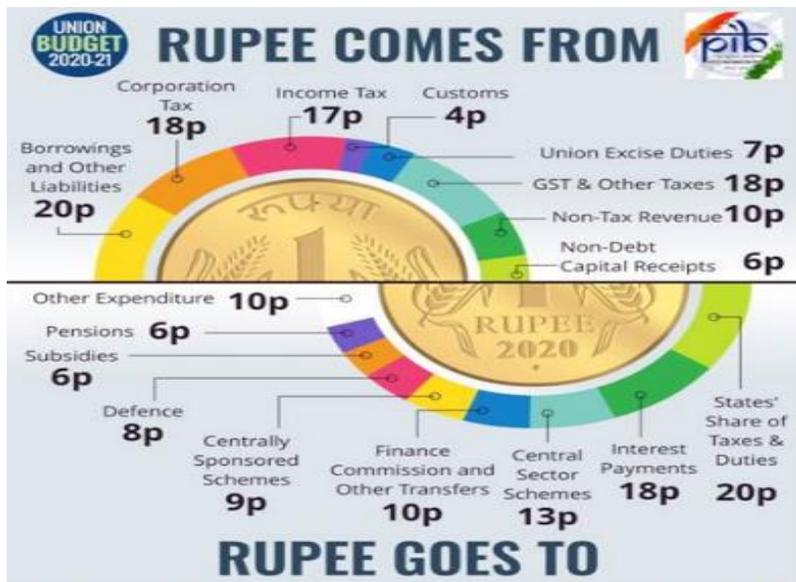
## 5. Innovation and R&D:

- To ensure that the overall research ecosystem of the country is strengthened, Finance Minister said that the National Research Foundation Outlay will be Rs 50,000 Crores for the next five years.
- National Language Translation Mission (NLTM) - an initiative will be taken by the Government to make the Government policies available in major Indian languages
- **Rs. 1,500 Crore** for proposed scheme to promote digital modes of payment
- The New Space India Limited, a PSU under the Department of Space will launce PSLV-CS51
- As part of the **Gaganyaan mission activities**, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia
- Government will launch a Deep Ocean Mission which cover deep ocean survey exploration and projects for the conservation of deep sea biodiversity, with a budget of Rs 4000 Crores over 5 years.

## 6. Minimum Government, Maximum Governance

## Indirect Tax Proposals GST

- To ensure transparent and efficient regulation of the 56 allied healthcare professions, **National Commission for Allied Healthcare Professionals** introduced.
- **The National Nursing and Midwifery Commission Bill** introduced for the same in nursing profession
- Rs. 3,768 Crore allocated for first digital census in the history of India
- Rs. 300 Crore grant to the Government of Goa for the diamond jubilee celebrations of the state's liberation from Portuguese
- Rs. 1,000 Crore for the welfare of Tea workers especially women and their children in Assam and West Bengal through a special scheme



### Interesting facts on Indian Budget

1. The first Union Budget of India was introduced on April 7, 1860 by the East India Company to the British Crown by **James Wilson, a Scottish Economist**.
2. The first Budget of independent India was introduced on November 26, 1947 by **R.K. Shanukham Chetty**, India's first Finance Minister.
3. The Budget was printed in English language only until 1955. **Since 1955-56**, it has been printed in English and Hindi both.
4. Former Finance Minister **Moraji Desai** holds the record for presenting the maximum number of Budgets, having done it on **10 occasions**.

### Electronic and Mobile Phone Industry

For greater domestic value addition, few exemptions on parts of chargers and sub-parts of mobiles are withdrawn. Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.

### Iron and Steel

Customs duty is going to reduce uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels. Further, Revoking ADD and CVD on certain steel products. Reducing duty on copper scrap from 5% to 2.5%.

### Chemicals

Calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions. Apart from other items. Reducing customs duty on Naptha to 2.5% to correct inversion

### 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 metal shave risen sharply. To bring it closer to previous levels, rationalizing custom duty on gold and silver.

### Renewable Energy

To encourage domestic production, we are raising duty on solar invertors from 5% to 20%, and on solar lanterns from 5% to 15%.

### Agriculture Products

To benefit farmers, we are raising customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%. We are also withdrawing end-use based concession on denatured ethyl alcohol. Currently, rates are being uniformly calibrated to 15% on items like maize bran, rice bran oil cake, and animal feed additives.