

Post Budget Highlights

Detail Report to Follow

01-Feb-2021

Budget stands on six pillars-health and wellness, physical and financial capital and infrastructure, inclusive development for aspiring India, To infuse new life into human capital, innovation and R&D, and minimum government and maximum governance

Covid – Vaccine

- India has two COVID19 vaccines made available and two more will be made accessible soon.
- Rs 35,000 crore more allocated to Covid 19 vaccines in 2021-22; committed to providing more funds

Govt Finances

- FY21 fiscal deficit at 9.5%. As part of this, the government will borrow another Rs 80,000 crore in the next two months of this year alone.
- For FY22, the fiscal deficit is pegged at 6.8% of GDP. The fiscal deficit will be reduced to 4.5% by FY26.
- A bill to set up DFI providing Rs 20,000 crore will also be introduced to launch the National Asset Monetisation Pipeline to fund new infra projects
- Proposes capital expenditure at Rs 5.54 lakh crore, 34% higher than last year

Divestment

- The FY22 divestment target at Rs 1.75 lakh crore is lower than FY21 at Rs 2.1 lakh crore.
- All divestments announced so far will be carried out in 2021-22

Taxation & Administrative Reforms

- No change in income tax slabs
- Citizens of age 75 years and above who have only Pension and Interest income – Need not file Income Tax Returns
- A faceless Income Tax Appellate Tribunal (ITAT) for providing online resolution.
- The 'tax audit limit' under Section 44AB has been increased from Rs.10 crores to Rs.5 crores where 95% of business transactions are done in digital mode.

- The 'advance tax liability' on dividend income shall rise only after the declaration or payment of dividend.
- The deduction - for home loan for affordable housing (under section 80EEA) is to be extended to loans taken up to 31st March 2022.
- The affordable housing projects can avail tax holiday until 31 March 2022.
- Advance tax on Dividend income shall be computed post receipt of dividend income
- Vivad Se Viswas Scheme Last Date of filing extended to 28th February, 2021.
- To review over 400 old exemptions in indirect taxes; to begin extensive consultation from October 2021
- Govt proposes to ease norms to attract more foreign investment in infrastructure sector; FDI in insurance companies hiked to 74%
- Delayed contribution to EPF by employers will not be allowed as a deduction to employers
- Tax holiday and exemption on capital gains on investment in startups extended by 1 year.
- Tax incentives for the IFSC and tax holiday for aircraft leasing and rental companies.
- Interest income on annual EPF contribution above Rs. 2.5 lakh to taxed.
- For ULIPs on or after Feb 1, 2021, the maturity proceeds of policies with an annual premium of more than Rs 2.5 lakh will be taxable on a par with equity-linked mutual fund schemes. However the amount received on death shall continue to remain exempt without any limit on the annual premium.

Customs Duty Changes

- Exemption duty on steel scrap up to March 2022; customs duty on naphtha cut to 2.5%
- Rationalising customs duties on gold and silver, says FM in Budget for 2021-22
- Customs duty on cotton increased to 10%, silk to 15%
- Customs duty on solar lanterns cut to 5%

Industry

- PLI schemes to create manufacturing global champions for an AtmaNirbhar Bharat have been announced for 13 sectors.

- For this, the government has committed nearly Rs.1.97 lakh crores, over 5 years starting FY 2021-22.
- An amount of Rs. 1.97 lakh crores, over 5 years, starting this FY to nurture global manufacturing champions and increase jobs for the youth
- Proposed a mega-investment textile park to be launched along with 7more textile parks to be established over the next 3 years.

Agriculture & Water

- Govt. has announced the launch of the Jal Jeevan Mission (Urban). 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 Rs 2,87,000 crores.
- To provide adequate credit to farmers, Govt. has enhanced the agricultural credit target to Rs 16.5 lakh crores in FY22. It will be to increase focus on animal husbandry, dairy and fisheries.
- The Micro Irrigation Fund with a corpus of Rs 5,000 crores has been created under NABARD, which has been doubled in the current budget.
- To benefit farmers Govt. has raised customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%.

Auto Scrappage policy

- The voluntary vehicle scrapping policy aims to remove inefficient vehicles so as to reduce vehicular pollution and oil import bills.

Banking & insurance

- Increasing permissible limit of FDI from current 49% to 74% in Insurance sector.
- The FM announced plans to set up a new asset reconstruction company (ARC) and asset management company (AMC) as part of a strategy to clean up banks' balance sheets.
- Rs.20,000 Cr has been allocated for PSU Bank recapitalization.
- The government will look to privatise two public sector banks, along with IDBI Bank and one insurance company.

Health

- PM AtmaNirbhar Swasth Bharat Yojna : Govt. has launched new scheme called PM AtmaNirbhar Swasth Bharat Yojna, with an outlay of Rs 64180cr over the next 6 years.
- This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases. This will be in addition to the National Health Mission.
- The Budget outlay for Health and Wellbeing is Rs 2,23,846 crores in BE 2021-22 as against Rs 94,452 crores with an sharp increase of 137% over previous year. Key allocation the scheme is as under:
- Govt. has provided Rs 35000cr for Covid-19 vaccine in the budget and further committed to provide further funds if required.
- Expenditure on health and family welfare has been increased from Rs 65012cr to Rs 71269cr.
- Allocation for drinking water & sanitation has been increased sharply from Rs 21518cr to Rs 60030cr.

Information Technology

- Government to launch data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0. This Version 3.0 will have additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.

Infrastructure, Cement and building material

- Professionally managed development financial institution (DFI) will be introduced with an allocation of 20,000cr
- 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 Rs.2,87,000 crores.
- The National Infrastructure Pipeline (NIP) has expanded to 7,400 projects.
- Around 217 projects worth Rs.1.10 lakh crores under some key infrastructure Ministries have been completed.
- By March 2022, government would be awarding another 8,500 kms and complete an additional 11,000 kms of national highway corridors.

- 3,500 km of National Highway works in the state of Tamil Nadu at an investment of Rs.1.03 lakh crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year
- 1,100 km of National Highway works in the State of Kerala at an investment of Rs.65,000 crores including 600 km section of Mumbai Kanyakumari corridor in Kerala.
- 675 km of highway works in the state of West Bengal at a cost of Rs.25,000 crores including upgradation of existing road-Kolkata-Siliguri.
- National Highway works of The State of Assam of more than Rs.34,000 crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.
- Additional deduction of interest, amounting to Rs.1.5 lakh, for loan taken to purchase an affordable house. Extend the eligibility of this deduction by one more year, to 31st March 2022. This deduction available for loans taken up till 31st March 2022, for the purchase of an affordable house.
- Affordable housing projects can avail a tax holiday for one more year – till 31st March, 2022.
- Affordable Rental Housing for migrant workers. Allow tax exemption for notified Affordable Rental Housing Projects.

Jewellery

- Announcement of raising of custom duty on Cut and Polished Cubic Zirconia, Synthetic Cut and Polished Stones to 15% from 7.5%
- Reduction of custom duty on following items:

Product	Earlier	Revised
Gold and Silver	12.5%	7.5%
Gold dore bar	11.85%	6.9%
Silver dore bar	11%	6.1%
Platinum, Pallidum, etc.	12.5%	10%
Waste & Scrap of Precious Met	12.5%	10%

National Rail mission

- 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 the current level of 27 per cent to 45 per cent.
- 100% electrification of Broad Gauge Routes by 2023
- Indigenously developed automatic train protection system to be launched

Oil & Gas

- Announcement to monetize the pipelines of GAIL (India) Ltd, Indian Oil Corp (IOC) and HPCL,
- Announces the strategic disinvestment of BPCL in 2021-22.
- Decreased Custom duty on Naptha from 4% to 2.5%,
- Government has proposed Agriculture Infra Cess of Rs 2.5/litre on petrol, Rs 4 on diesel. Basic excise duty and Special Additional excise Duty have been reduced – so impact on consumer will not be there.

Power

- 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
- Revamped reforms-based result-linked power distribution sector scheme will be launched with an outlay of ₹3,05,984 crore over 5 years
- Hydrogen energy mission will be launched

PNG

- Ujjwala scheme to cover 1 crore more beneficiaries
- 100 more districts under city gas distribution network
- Independent gas transport system operator to be set up

Railways and logistics

- It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022.
- The Sonnagar – Gomoh Section (263.7 km) of Eastern DFC will be taken up in PPP mode in 2021-22. Gomoh-Dankuni section of 274.3 km will also be taken up in short succession.
- Future dedicated freight corridor projects namely East Coast corridor from Kharagpur to Vijayawada, East-West Corridor from Bhusaval to Kharagpur to Dankuni and North-South corridor from Itarsi to Vijayawada.
- Broad Gauge Route Kilometers (RKM) electrified is expected to reach 46,000 RKM i.e., 72% by end of 2021 from 41,548 RKM on 1st Oct 2020. 100% electrification of Broad-Gauge routes will be completed by December, 2023.
- Announced Rs.1,10,055 crores, for Railways of which Rs.1,07,100 crores is for capital expenditure.

Shipping and ports

- 7 ports projects worth more than Rs.2,000 crores 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 Rs.1624 crores will be provided over 5 years.
- Around 90 ship recycling yards at Alang in Gujarat have already achieved HKC-compliant certificates. Efforts will be made to bring more ships to India from Europe and Japan. Recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) will be doubled by 2024.

Textile

- A scheme of Mega Investment Textiles Parks (MITRA) will be launched in addition to the PLI scheme.
- 7 Textile Parks will be established over 3 years.
- Announced reduction of the BCD rates on caprolactam, nylon chips and nylon fiber & yarn to 5% from 7.5%
- Announcement of raising customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%.

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