

Summary of the Budget 2021-22

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PART-A

The Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman presented the Union Budget 2021-22 in Parliament today, which is the first budget of this new decade and also a digital one in the backdrop of unprecedented COVID-19 crisis. Laying a vision for AatmaNirbhar Bharat, she said this is an expression of 130 crore Indians who have full confidence in their capabilities and skills. She said that Budget proposals will further strengthen the Sankalp of Nation First, Doubling Farmer's Income, Strong Infrastructure, Healthy India, Good Governance, Opportunities for youth, Education for All, Women Empowerment, and Inclusive Development among others. Additionally, also on the path to fast-implementation are the 13 promises of Budget 2015-16-which were to materialize during the AmrutMahotsav of 2022, on the 75th year of our Independence. They too resonate with this vision of AatmaNirbharta, she added.

The Budget proposals for 2021-22 rest on 6 pillars.

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

1. Health and Wellbeing

There is substantial increase in investment in Health Infrastructure and the Budget outlay for Health and Wellbeing is **Rs 2,23,846 crore** in BE 2021-22 as against this year's BE of **Rs 94,452 crore**, an increase of 137 percentage.

The Finance Minister announced that a new centrally sponsored scheme, **PM AatmaNirbhar Swasth Bharat Yojana**, will be launched with an outlay of about Rs 64, 180 crore over 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 main interventions under the scheme are:**

1.
 - a. Support for 17,788 rural and 11,024 urban Health and Wellness Centers
 - b. Setting up integrated public health labs in all districts and 3382 block public health units in 11 states;
 - c. Establishing critical care hospital blocks in 602 districts and 12 central institutions;
 - d. Strengthening of the National Centre for Disease Control (NCDC), its 5 regional branches and 20 metropolitan health surveillance units;
 - e. Expansion of the Integrated Health Information Portal to all States/UTs to connect all public health labs;
 - f. Operationalisation of 17 new Public Health Units and strengthening of 33 existing Public Health Units at Points of Entry, that is at 32 Airports, 11 Seaports and 7 land crossings;
 - g. Setting up of 15 Health Emergency Operation Centers and 2 mobile hospitals; and
 - h. Setting up of 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.

Vaccines

Provision of Rs 35,000 crore made for Covid-19 vaccine in BE 2021-22.

The Pneumococcal Vaccine, a Made in India product, presently limited to only 5 states, will be rolled out across the country aimed at averting 50,000 child deaths annually.

Nutrition

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

Universal Coverage of Water Supply and Swachh Bharat Mission

The Finance Minister announced that the JalJeevan Mission (Urban), will be launched for universal water supply in all 4,378 Urban Local Bodies with 2.86 crore 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 crore. Moreover, the Urban Swachh Bharat Mission will be implemented with a total financial allocation of Rs 1,41,678 crore over a period of 5 years from 2021-2026. Also to tackle the burgeoning problem of air pollution, government proposed to provide an amount of Rs. 2,217 crore for 42 urban centres with a million-plus population in this budget. A voluntary vehicle scrapping policy to phase out old and unfit vehicles was also announced. Fitness tests have been proposed in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles

2. Physical and Financial Capital and Infrastructure

AatmaNirbhar Bharat-Production Linked Incentive Scheme

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. To achieve all of the above, PLI schemes to create manufacturing global champions for an AatmaNirbhar 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. This initiative will help bring scale and size in key sectors, create and nurture global champions and provide jobs to our youth.

Textiles

Similarly, 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. This will create world class infrastructure with plug and play facilities to enable create global champions in exports. 7 Textile Parks will be established over 3 years.

Infrastructure

The National Infrastructure Pipeline (NIP) which the Finance Minister announced in December 2019 is the first-of-its-kind, whole-of-government exercise ever undertaken. The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects. Around 217 projects worth Rs 1.10 lakh crore under some key infrastructure Ministries have been completed.

Infrastructure financing - Development Financial Institution (DFI)

Dwelling on the infrastructure sector, Smt Sitharaman said that 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, a Bill to set up a DFI will be introduced. Government has provided a sum of Rs 20,000 crore to capitalise 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.

Asset Monetisation

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 monetisation are:

- a. 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.
- b. Railways will monetize Dedicated Freight Corridor assets for operations and maintenance, after commissioning.
- c. The next lot of Airports will be monetised for operations and management concession.
- d. Other core infrastructure assets that will be rolled out under the Asset Monetization Programme are: (i) NHAI Operational Toll Roads (ii) Transmission Assets of PGCIL (iii) Oil and Gas Pipelines of GAIL, IOCL and HPCL (iv) AAI Airports in Tier II and III cities, (v) Other Railway Infrastructure Assets (vi) Warehousing Assets of CPSEs such as Central Warehousing Corporation and NAFED among others and (vii) Sports Stadiums.

Roads and Highways Infrastructure

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. By March 2022, Government would be awarding another 8,500 kms and complete an additional 11,000 kms of national highway corridors. To further augment road infrastructure, more economic corridors are also being planned. She also provided an enhanced outlay of Rs. 1,18,101 lakh crore for Ministry of Road Transport and Highways, of which Rs.1,08,230 crore is for capital, the highest ever.

Railway Infrastructure

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.

For Passenger convenience and safety the following measures are proposed:

- a. Introduction of aesthetically designed Vista Dome LHB coach on tourist routes to give a better travel experience to passengers.
- b. The safety measures undertaken in the past few years have borne results. To further strengthen this effort, high density network and highly utilized network routes of Indian railways will be provided with an indigenously developed automatic train protection system that eliminates train collision due to human error.
- c. Budget also provided a record sum of Rs. 1,10,055 crore, for Railways of which Rs. 1,07,100 crore is for capital expenditure.

Urban Infrastructure

Government will work towards raising the share of public transport in urban areas through expansion of metro rail network and augmentation of city bus service. 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 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 with the addition of 139 Giga Watts of installed capacity, connecting an additional 2.8 crore households and addition of 1.41 lakh circuit km of transmission lines.

Expressing a serious concern over the viability of Distribution Companies, the Finance Minister proposed to launch a revamped reforms-based result-linked power distribution sector scheme with an outlay of Rs. 3,05,984 crore over 5 years. The scheme will provide assistance to DISCOMS for Infrastructure creation including pre-paid smart metering and feeder separation, upgradation of systems, etc., tied to financial improvements.

Ports, Shipping, Waterways

Major Ports will be moving from managing their operational services on their own to a model where a private partner will manage it for them. For the purpose the budget proposes to offer more than Rs. 2,000 crore by 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 crore 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.

Petroleum & Natural Gas

Smt Sitharaman said that the government has kept fuel supplies running across the country without interruption during the COVID-19 lockdown period. Taking note of the crucial nature of this sector in people's lives, the following key initiatives are being announced:

- a. Ujjwala Scheme which has benefited 8 crore households will be extended to cover 1 crore more beneficiaries.
- b. Government will add 100 more districts in next 3 years to the City Gas Distribution network.
- c. A gas pipeline project will be taken up in Union Territory of Jammu & Kashmir.
- d. 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.

Financial Capital

The Finance Minister proposed 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. The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC.

Increasing FDI in Insurance Sector

She 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. 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.

Disinvestment and Strategic Sale

In spite of COVID-19, Government has kept working towards strategic disinvestment. The Finance Minister said a number of transactions namely BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachallspat Nigam limited among others would be completed in 2021-22. Other than IDBI Bank, Government propose 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.

In a very important announcement, the Finance Minister said that in the AtmaNirbhar Package, she had announced to come out with a policy of strategic disinvestment of public sector enterprises and said that the Government has approved the said policy. The policy provides a clear roadmap for disinvestment in all non-strategic and strategic sectors. Government has kept four areas that are strategic where bare minimum CPSEs will be maintained and rest privatized. In the non-strategic sectors, CPSEs will be privatized, otherwise shall be closed. She said that to fast forward the disinvestment policy, NITI Aayog will work out on the next list of Central Public Sector companies that would be taken up for strategic disinvestment. Government has estimated Rs. 1,75,000 crore as receipts from disinvestment in BE 2020-21 .

3. Inclusive Development for Aspirational India

Under the pillar of Inclusive Development for Aspirational India, the Finance Minister announced to cover Agriculture and Allied sectors, farmers' welfare and rural India, migrant workers and labour, and financial inclusion.

Agriculture

Dwelling on agriculture, she said that the Government is committed to the welfare of farmers. The MSP regime has undergone 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 case of wheat, the total amount paid to farmers in 2013-2014 was Rs. 33,874 crore. In 2019-2020 it was Rs. 62,802 crore, and even better, in 2020-2021, this amount, paid to farmers, was Rs. 75,060 crore. 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, the amount paid in 2013-14 was Rs. 63,928 crore. In 2019-2020, this increased to Rs.1,41,930 crore. Even better, in 2020-2021, this is further estimated to increase to Rs. 172,752 crore. The farmers benefitted increased from 1.24 crore in 2019-20 to 1.54 crore in 2020-21.

In the same vein, in case of pulses, the amount paid in 2013-2014 was ` 236 crore. In 2019-20 it increased to Rs. 8,285 crore. Now, in 2020-2021, it is at Rs.10,530 crore, a more than 40 times increase from 2013-14.

The receipts to cotton farmers have seen a stupendous increase from Rs. 90 crore in 2013-14 to Rs. 25,974 crore (as on 27th January 2021).

Early this year, Honourable Prime Minister had launched SWAMITVA Scheme. Under this, a record of rights is being given to property owners in villages. Up till now, about 1.80 lakh property-owners in 1,241 villages have been provided cards and the Finance Minister proposed during FY21-22 to extend this to cover all states/UTs.

To provide adequate credit to our farmers, Government has enhanced the agricultural credit target to Rs. 16.5 lakh crore in FY22. Similarly, the allocation to the Rural Infrastructure Development Fund increased from Rs. 30,000 crore to Rs. 40,000 crore. The Micro Irrigation Fund, with a corpus of Rs.5,000 crore has been created under NABARD will be doubled.

In an important announcement to boost value addition in agriculture and allied products and their exports, the scope of 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.

Around 1.68 crore farmers are registered and Rs. 1.14 lakh crore of trade value has been carried out through e-NAMs. Keeping in view the transparency and competitiveness that e-NAM has brought into the agricultural market, 1,000 more mandis will be integrated with e-

NAM. The Agriculture Infrastructure Funds would be made available to APMCs for augmenting their infrastructure facilities.

Fisheries

Finance Minister proposed substantial investments in the development of modern fishing harbours and fish landing centres. To start with, 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity.

Migrant Workers and Labourers

Government has launched the One Nation One Ration Card scheme through which beneficiaries can claim their rations anywhere in the country. 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. The remaining 4 states and UTs will be integrated in the next few months.

Government proposes to conclude a process that began 20 years ago, with the implementation of the 4 labour codes. For the first time globally, social security benefits will extend to gig and platform workers. Minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation. Women will be allowed to work in all categories and also in the night-shifts with adequate protection. At the same time, compliance burden on employers will be reduced with single registration and licensing, and online returns.

Financial Inclusion

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 crore to this sector – more than double of this year's BE.

4. Reinvigorating Human Capital

The Finance Minister said that the National Education Policy (NEP) announced recently has had good reception, while adding that more than 15,000 schools will be qualitatively

strengthened to include all components of the National Education Policy. She also announced that 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states. She 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. For accessible higher education in Ladakh, Government proposed to set up a Central University in Leh.

Scheduled Castes and Scheduled Tribes Welfare

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

Skilling

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.

5. Innovation and R&D

The Finance Minister said that in her Budget Speech of July 2019, She had announced the National Research Foundation and added that the NRF outlay will be of Rs. 50,000 crore, over 5 years. It will ensure that the overall research ecosystem of the country is strengthened with focus on identified national-priority thrust areas.

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 New Space India Limited (NSIL), 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.

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.

6. Minimum Government, Maximum Governance

Dwelling on the last of the six pillars of the Budget, the Finance Minister proposed to take a number of steps to bring reforms in Tribunals in the last few years for speedy delivery of justice and proposes to take further measures to rationalised the functioning of Tribunals. Government has introduced the National Commission for Allied Healthcare Professionals Bill in Parliament, with a view to ensure transparent and efficient regulation of the 56 allied healthcare professions. She also announced that 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 crore allocated in the year 2021-2022.

On Fiscal position, she underlined that the pandemic's impact on the economy resulted in a weak revenue inflow. Once the health situation stabilised, and the lockdown was being slowly lifted, Government spending was ramped up so as to revive domestic demand. As a result, against an original BE expenditure of Rs. 30.42 lakh crore for 2020-2021, RE estimates are Rs. 34.50 lakh crore and quality of expenditure was maintained. The capital expenditure, estimated in RE is Rs. 4.39 lakh crore in 2020-2021 as against Rs. 4.12 lakh crore in BE 2020-21.

The Finance Minister said fiscal deficit in RE 2020-21 is pegged at 9.5% of GDP and it has been funded through Government borrowings, multilateral borrowings, Small Saving Funds and short term borrowings. She added that the Government would need another Rs 80,000 crore for which it would be approaching the markets in these 2 months. The fiscal deficit in BE 2021-2022 is estimated to be 6.8% of GDP. The gross borrowing from the market for the next year would be around 12 lakh crore.

Smt Sitharaman announced that the Government plan to continue the path of fiscal consolidation, and intend to reach a fiscal deficit level below 4.5% of GDP by 2025-2026 with a fairly steady decline over the period. "We hope to achieve the consolidation by first, increasing the buoyancy of tax revenue through improved compliance, and secondly, by increased receipts from monetisation of assets, including Public Sector Enterprises and land", she said.

In accordance with the views of the 15th Finance Commission, Government is allowing a normal ceiling of net borrowing for the states at 4% of GSDP for the year 2021-2022.

The FRBM Act mandates fiscal deficit of 3% of GDP to be achieved by 31st March 2020-2021. The effect of this year's unforeseen and unprecedented circumstances has necessitated the submission of a deviation statement under Sections 4 (5) and 7 (3) (b) of the FRBM Act which the Finance Minister laid on the Table of the House as part of the FRBM Documents.

On 9th December 2020, the 15th Finance Commission submitted its final report, covering the period 2021-2026 to the Rashtrapati. The Government has laid the Commission's report, along with the explanatory memorandum retaining the vertical shares of the states at 41%. On the Commission's recommendation, the Budget provided Rs. 1,18,452 crore as revenue deficit grant to 17 states in 2021-22.

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.

DIRECT TAX PROPOSALS

The Finance Minister provided relief to senior citizens in filing of income tax returns, reduced time limit for income tax proceedings announced setting up of the Dispute Resolution Committee, faceless ITAT, relaxation to NRIs, increase in exemption limit from audit and relief for dividend income. She also announced steps to attract foreign investment into infrastructure, relief to affordable housing and rental housing, tax incentives to IFSC, relief to small charitable trusts, and steps for incentivizing Start-ups in the country.

Smt. Nirmala Sitharaman, in her Budget speech, said that post-pandemic, a new world order seems to be emerging and India will have a leading role therein. She said in this scenario, our tax system has to be transparent, efficient and should promote investment and employment in the country. The Minister said that at the same time, it should put minimum burden on our tax payers. She said that a series of reforms had been introduced by the Government for the benefit of tax payers and economy, including slashing of corporate tax rate, abolition of dividend distribution tax, and increasing of rebate for small tax payers. In the year 2020, the income tax return filers saw a dramatic increase to 6.48 crore from 3.31 crore in 2014.

The Budget seeks to reduce compliance burden on senior citizens who are of 75 years of age and above. Such senior citizens having only pension and interest income will be exempted from filing their income tax return. The paying Bank will deduct the necessary tax on their income. The Budget proposes to notify rules for removing the hardship of non-Resident Indians returning to India on the issue of their accrued incomes in their foreign retirement account. The Budget proposes to make dividend payment to REIT/InvIT exempt from TDS. For Foreign Portfolio Investors, the Budget proposes deduction of tax on dividend income at lower treaty rate. The Budget provides that advanced tax liability on dividend income shall arise only after the declaration or payment of dividend. The Minister said that this was being done as the amount of dividend income cannot be estimated correctly by the shareholders for paying advance tax.

The Finance Minister proposed to extend the eligibility period for claim of additional deduction for interest of Rs. 1.5 lakh paid for loan taken for purchase of an affordable house to 31st March, 2022. In order to increase the supply of affordable houses, she also announced extension of eligibility period for claiming tax holiday for affordable housing projects by one more year to 31st March, 2022. For promoting supply of affordable rental housing for the migrant workers, the Minister announced a new tax exemption for the notified affordable rental housing projects.

In order to incentivize start ups in the country, Smt. Sitharaman announced extension in the eligibility for claiming tax holiday for start ups by one more year till 31st March, 2022. In order to incentivize funding of start ups, she proposed extending the Capital Gains exemption for investment in start ups by one more year till 31st March, 2022.

The Finance Minister said that delay in deposit of the contribution of employees towards various welfare funds results in permanent loss of interest/income for the employees. In order to ensure timely deposit of employee's contribution to these funds by the employers, she announced that late deposit of employee's contribution shall never be allowed as deduction to the employer.

In order to reduce compliance burden, the Budget provides reduction in the time-limit for reopening of income tax proceeding for three years from the present six years. In serious tax evasion cases, where there is evidence of concealment of income of Rs. 50 lakh or more in a year, the assessment can be reopened upto 10 years but only after the approval of the Principal Chief Commissioner.

Stating the resolve of the Government to reduce litigation in the taxation system, the Finance Minister said that the Direct Tax Vivad se Vishwas Scheme announced by the Government has been received well. Until 30th January, 2021, over one lakh ten thousand tax payers have opted to settle tax dispute of over Rs. 85 thousand crores under the Scheme. To

further reduce litigation of small tax payers, she proposed to constitute a Dispute Resolution Committee. Anyone with a taxable income upto Rs. 50 lakh and disputed income upto Rs. 10 lakh shall be eligible to approach the Committee. She also announced setting up of National Faceless Income Tax Appellate Tribunal Centre.

To incentivize digital transaction and to reduce the compliance burden of the person who is carrying almost all of the transactions digitally, the Budget proposes to increase the limit for tax audit for persons who are undertaking 95 per cent of their transaction digitally from Rs. 5 Crore to Rs. 10 Crore.

To attract foreign investment into infrastructure sector, the Budget proposes to relax certain conditions relating to prohibition on private funding, restriction on commercial activities and direct investment in infrastructure. In order to allow funding of infrastructure by issue of zero coupon bonds, the Budget proposes to make notified infrastructure debt funds eligible to raise funds by issuing tax efficient zero coupon bonds.

In order to promote International Financial Services Centre (IFSC) in GIFT City, the Budget proposes more tax incentives.

The Budget proposes that details of capital gains from listed securities, dividend income and interest from banks, post office etc. will also be pre-filled to ease filing of returns. Details of salary income, tax payment, TDS etc already come pre-filled in returns.

In order to reduce compliance burden on the small charitable trust running educational institutions and hospitals, the Budget proposes to increase the limit on annual receipts for these trusts from present Rs.1 Crore to Rs. 5 Crore for non-applicability of various compliances.

INDIRECT TAX PROPOSALS

On the issue of Indirect Tax proposals, the Minister said that record GST collections have been made in the last few months. She said several measures have been taken to further simplify the GST. The capacity of GSTN system has been announced. Deep analytics and artificial intelligence have been deployed to identify tax evaders and fake billers, launching special drives against them. The Finance Minister assured the House that every possible measure shall be taken to smoothen the GST further and remove anomalies such as the inverted duty structure.

With respect to the custom duty policy, the Finance Minister said that it has the twin objectives of promoting domestic manufacturing and helping India get on to global value change and export better. She said that the thrust now has to be on easy access to raw materials and exports of value added products. In this regard, she proposed to review 400 old exemptions in the custom duty structure this year. She announced that extensive consultation will be conducted and from 1st October, 2021, a revised custom duty structure free of distortions will be put in place. She also proposed that any new custom duty exemptions henceforth will have validity upto to the 31st March following 2 years of the date of its issue.

The Finance Minister announced withdrawal of a few exemptions on parts of chargers and sub-parts of mobile phones further some parts of mobiles will move from “NIL” rate to a moderate 2.5 per cent. She also announced reducing custom duty uniformly to 7.5 per cent on semis, flat, and long products of non-alloy and stainless steel. She also announced exempting duty on steel scrap for a period upto 31st March 2022.

Stressing on the need to rationalize duty on raw material inputs to man-made textile, the Finance Minister announced bringing nylon chain on par with polyester and other man-made fibers. Announcing 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. She also announced calibration of customs duty rate on chemical to encourage domestic value addition and to remove inversions. The Minister also announced rationalization of custom duty on gold and silver.

The Finance Minister said that a phased manufacturing plan for solar cells and solar panels will be notified to build up domestic capacity. She announced raising duty on solar inverter from 5 per cent to 20 percent and on solar lanterns from 5 per cent to 15 per cent.

The Finance Minister in her Budget speech said that there is immense potential in manufacturing heavy capital equipment domestically and the rate structure will be comprehensively reviewed in due course. However, she announced revision in duty rates on certain items immediately including tunnel boring machine and certain auto parts.

The Budget proposes certain changes to benefit MSMEs which include increasing duty on steel screws, plastic builder wares and prawn feed. It also provide for rationalizing exemption on import of duty free items as an incentives to exporters of garments leather and handicraft items. It also provides withdrawing exemption on imports of certain kind of leather and raising custom duty on finished synthetic gem stones.

To benefit farmers, the Finance Minister announced raising custom duty on cotton, raw silk and silk yarn. She also announced withdrawing end-use based concessions on denatured

ethyl alcohol. The Minister also proposed an Agriculture Infrastructure and Development Cess on a small number of items. She said “while applying the cess, we have taken care not to put additional burden on consumers on most items.

Regarding rationalization of procedures and easing of compliance, the Finance Minister proposed certain changes in the provisions relating to ADD and CVD levies. She also said that to complete customs investigation, definite time-lines are being prescribed. The Minister said that the Turant Custom Initiative rolled out in 2020 has helped in putting a check of misuse of FTAs.

RM/BB/YB/SNC