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Union Budget 2021-2022[1]

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Hon'ble Speaker,

I present the Budget for the year 2021-2022.

I. Introduction

HONOURABLE SPEAKER, the preparation of this Budget was undertaken in circumstances like never before. We knew of calamities that have affected a country or a region within a country, but what we have endured with COVID-19 through 2020 is sui generis.

When I presented the Budget 2020-21, we could not have imagined that the global economy, already in throes of a slowdown, would be pushed into an unprecedented contraction.

We could not have also imagined then that our people as those in other countries would have to endure the loss of near and dear ones and suffer hardships brought about due to a health crisis.

The risk of not having a lockdown was far too high. Within 48 hours of declaring a three-week-long complete lockdown, the Prime Minister announced the Pradhan Mantri Garib Kalyan Yojana, valued at ₹ 2.76 lakh crores – this provided, free food grain to 800 million people, free cooking gas for 80 million families for months, and cash directly to over 400 million farmers, women, elderly, the poor and the needy.

Even as a large section of citizens stayed home, milk, vegetable, and fruit-suppliers, health and sanitary workers, truck drivers, railways and public transport workers, bank employees, electricity workers, our annadatas, police, firemen, and the armed forces, all had to go about their work as normal,

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1 Reproduced from the speech of Finance Minister before the Parliament of India on February 1st, 2021.

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but with the additional anxiety of the virus hanging over them. We recognise this, and I think I speak on behalf of everybody in this august House, when I express my heartfelt gratitude to these men and women, for how they were able to carry out their work and duty, to provide for the nation's basics, over those crucial months.

Speaker Sir, for public good, Honourable Members of Parliament and Members of Legislative Assemblies too offered their salaries.

In May 2020, the government announced the AtmaNirbhar Bharat package (ANB 1.0). To sustain the recovery, further into the year, we also rolled out two more AtmaNirbhar Bharat packages (ANB 2.0 and ANB 3.0). Total financial impact of all AtmaNirbhar Bharat packages including measures taken by RBI was estimated to about ₹ 27.1 lakh crores which amounts to more than 13% of GDP.

As a government, we kept a watch on the situation and were proactive in our responses. The government, led by the Prime Minister, stretched its resources to deliver for most vulnerable sections of our society – the poorest of the poor, the Dalits, Tribals, the elderly, the migrant workers, and our children. The PMGKY, the three ANB packages, and announcements made later were like five mini-budgets in themselves.

The AtmaNirbhar Packages accelerated our pace of structural reforms. Redefinition of MSMEs, Commercialisation of the Mineral Sector, Agriculture and Labour Reforms, Privatisation of Public Sector Undertakings, One Nation One Ration Card, and Production Linked Incentive Schemes are some of the notable reforms carried out during this period. Faceless Income Tax Assessment, DBT and Financial Inclusion are the others.

Today, India has two vaccines available, and has begun medically safeguarding not only her own citizens against COVID-19, but also those of 100 or more countries. It is added comfort to know that two or more vaccines are also expected soon.

Honourable Prime Minister launched the vaccination drive by crediting and thanking our scientists. We are ever grateful for the strength and rigour of their efforts.

Having said that, we are all reminded time and again that our fight against COVID-19 continues into 2021.

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)

In this spirit, I can't help but recall the joy that we, as a cricket-loving nation, felt after Team India's recent spectacular success in Australia. It has reminded us of all the qualities that we as a people, particularly our youth, epitomise of having abundant promise and the unsuppressed thirst to perform and succeed.

Today, data shows that India now has one of the lowest death rate of 112 per million population and one of the lowest active cases of about 130 per million. This has laid the foundation to the revival we are seeing now in the economy.

This Budget will be the first of this new decade. This Budget will also be a digital Budget and that has happened with all your support.

So far, only three times has a Budget followed a contraction in the economy. All such contractions were as a result of situations typical to India. This time, the contraction in our economy is due to a global pandemic, just like in several other countries.

Having said that, I want to confidently state that our Government is fully prepared to support and facilitate the economy's reset. This Budget provides every opportunity for our economy to raise and capture the pace that it needs for sustainable growth.

2021 is the year of many important milestones for our history. I mention a few of these: It is the 75th year of Independence; 60 years of Goa'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.

Honourable Speaker, before I commence Part A of the Budget, I want to take a moment to acknowledge how isolating and distancing seemed like insurmountable challenges for a country like ours that has people coming together in times of crises. It hurt us in many ways. I bow my head in respect to every citizen, for the endurance shown in facing what was an undeniably a tough year for all our physical and mental well- being.

II. Part A

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

AtmaNirbharta is not a new idea. Ancient India was largely selfreliant, and equally, a business epicentre of the world.

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

We are already part of International groupings such as the G20 and BRICS. The Coalition for Disaster Resilient Infrastructure and the International Solar alliance are realities today due to India's efforts.

The proposals in Part A 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 we had made in the Budget of 2015-16 which were to materialise during the Amrut Mahotsav of 2022, on the 75th year of our Independence. They too resonate with this vision of AtmaNirbharta.

The Budget proposals for 2021-2022 rest on 6 pillars.

i. Health and Wellbeing
ii. Physical & Financial Capital, and Infrastructure
iii. Inclusive Development for Aspirational India
iv. Reinvigorating Human Capital
v. Innovation and R&D
vi. Minimum Government and Maximum Governance

2.1 *Health and Wellbeing*

Even at the outset, I would like to say that the investment on Health Infrastructure in this Budget has increased substantially. Progressively, as institutions absorb more, we shall commit more.

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

2.1.1 *Health Systems*

A new centrally sponsored scheme, PM AtmaNirbhar Swasth Bharat Yojana, will be launched with an outlay of about ₹ 64,180 crores 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:

- Support for 17,788 rural and 11,024 urban Health and Wellness Centers
- Setting up integrated public health labs in all districts and 3382 block public health units in 11 states;
- Establishing critical care hospital blocks in 602 districts and 12 central institutions;
- 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;
- 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;

— Setting up of 15 Health Emergency Operation Centers and 2 mobile hospitals; and

— 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.

2.1.2 *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.

2.1.3 *Universal Coverage of Water Supply*

The World Health Organisation has repeatedly stressed the importance of clean water, sanitation, and clean environment, as a pre requisite to achieving universal health.

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.

2.1.4 *Swachch Bharat, Swasth Bharat*

For further swachhta of urban India, we intend to focus on complete faecal sludge management and waste water treatment, source segregation of garbage, reduction in single-use plastic, reduction in air pollution by effectively managing waste from construction-and-demolition activities and bio-remediation of all legacy dump sites. 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.

2.1.5 *Clean Air*

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

2.1.6 *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. 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. Details of the scheme will be separately shared by the Ministry.

2.1.7 *Vaccines*

The Pneumococcal Vaccine, a Made in India product, is presently limited to only 5 states will be rolled out across the country. This will avert more than 50,000 child deaths annually.

I have provided ₹35,000 crores for Covid-19 vaccine in BE 2021-22. I am committed to provide further funds if required.

The Budget outlay for Health and Wellbeing is ₹2,23,846 crores in BE 2021-22 as against this year's BE of ₹94,452 crores an increase of 137 percentage. The details of the same are at Annexure I of the Speech.

III. Physical and Financial Capital and Infrastructure

3.1 *AtmaNirbhar Bharat – Production Linked Incentive scheme (PLI)*

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 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. This initiative will help bring scale and size in key sectors, create and nurture global champions and provide jobs to our youth.

3.1.1 *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. 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.

3.1.2 *Infrastructure*

The National Infrastructure Pipeline (NIP) which I announced in December 2019 is the first-of-its-kind, whole-of-government exercise ever undertaken by Government of India. 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.

The NIP is a specific target which this government is committed to achieving over the coming years. It will require a major increase in funding both from the government and the financial sector. In this Budget, I propose to take concrete steps to do this, in three ways:

Firstly, by creating the institutional structures; secondly, by a big thrust on monetizing assets, and thirdly by enhancing the share of capital expenditure in central and state budgets.

3.1.2 *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 capitalise this institution. The ambition is to have a lending portfolio of at least ₹ 5 lakh crores for this DFI in three years time.

Debt Financing of InVITs and REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations. This will further ease access of finance to InVITS and REITs thus augmenting funds for infrastructure and real estate sectors.

3.1.3 *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:

— 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. Similarily, transmission assets of a value of ₹7,000 crores will be transferred to the PGCIL InvIT.

— Railways will monetise Dedicated Freight Corridor assets for operations and maintenance, after commissioning.

— The next lot of Airports will be monetised for operations and management concession.

— 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.

3.1.4 *Sharp Increase in Capital Budget*

In the BE 2020-21, we had provided ₹4.12 lakh crores for Capital Expenditure. It was our effort that in spite of resource crunch we should spend more on capital and we are likely to end the year at around ₹4.39 lakh crores which I have provided in the RE 2020-21. For 2021-22, I propose a sharp increase in capital expenditure and thus have provided ₹5.54 lakh crores which is 34.5% more than the BE of 2020-21. Of this, I have kept a sum of more than ₹44,000 crores in the Budget head of the Department of Economic Affairs to be provided for projects/programmes/departments that show good progress on Capital Expenditure and are in need of further funds. Over and above this expenditure, we would also be providing more than ₹2 lakh crores to States and Autonomous Bodies for their Capital Expenditure.

We will also work out specific mechanisms to nudge States to spend more of their budget on creation of infrastructure.

3.2.1 *Roads and Highways Infrastructure*

More than 13,000 km length of roads, at a cost of ₹3.3 lakh crores, has already been awarded under the ₹5.35 lakh crores Bharatmala Pariyojana project of which 3,800 kms have been constructed. By March 2022, we 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. Some are:

— 3,500 km of National Highway works in the state of Tamil Nadu at an investment of ₹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 ₹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 ₹25,000 crores including upgradation of existing road-Kolkata – Siliguri.
— National Highway works of around ₹19,000 crores are currently in progress in the State of Assam. Further works of more than ₹34,000 crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

Some of the flagship corridors and other important projects that would see considerable activity in 2021-22 are in Annexure-II.

I am also providing an enhanced outlay of ₹1,18,101 lakh crores for Ministry of Road Transport and Highways, of which ₹1,08,230 crores is for capital, the highest ever.

3.2.2 *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.

The following additional initiatives are proposed:

— 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.
— We will undertake 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. Detailed Project Reports will be undertaken in the first phase.

— 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.

For Passenger convenience and safety the following measures are proposed:

— We will introduce the aesthetically designed Vista Dome LHB coach on tourist routes to give a better travel experience to passengers.
— 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.
— I am providing a record sum of ₹1,10,055 crores, for Railways of which ₹1,07,100 crores is for capital expenditure.

3.2.3 *Urban Infrastructure*

We 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 '18,000 crores 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. The scheme will boost the automobile sector, provide fillip to economic growth, create employment opportunities for our youth and enhance ease of mobility for urban residents.

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.

Central counterpart funding will be provided to:

— Kochi Metro Railway Phase-II of 11.5 km at a cost of ₹1957.05 crores.
— Chennai Metro Railway Phase-II of 118.9 km at a cost of ₹63,246 crores.
— Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of ₹14,788 crores.
— Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of ₹5,976 crores and ₹2,092 crores respectively.

3.2.4 *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.

The distribution companies across the country are monopolies, either government or private. There is a need to provide choice to consumers by promoting competition. A framework will be put in place to give consumers alternatives to choose from among more than one Distribution Company.

The viability of Distribution Companies is a serious concern. A revamped reforms-based result-linked power distribution sector scheme will be launched with an outlay of ₹3,05,984 crores 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.

Prime Minister, while speaking at the 3rd Re-inVest Conference in November 2020, had announced plans to launch a comprehensive National Hydrogen Energy Mission. It is now proposed to launch a Hydrogen Energy Mission in 2021-22 for generating hydrogen from green power sources.

3.2.5 *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, 7 projects worth more than ₹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 ₹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.

India has enacted Recycling of Ships Act, 2019 and acceded to the Hong Kong International Convention. 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. This is expected to generate an additional 1.5 lakh jobs for our youth.

3.2.6 *Petroleum & Natural Gas*

Our 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:

- Ujjwala Scheme which has benefited 8 crores households will be extended to cover 1 crores more beneficiaries.
- We will add 100 more districts in 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.

3.3 *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.

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

To instill confidence amongst the participants in the Corporate Bond Market during times of stress and to generally enhance secondary market liquidity, it is proposed to create a permanent institutional framework. The proposed body would purchase investment grade debt securities both in stressed and normal times and help in the development of the Bond market.

In the budget of 2018-19, Government had announced its intent to establish a system of regulated gold exchanges in the country. For the purpose, SEBI will be notified as the regulator and Warehousing Development and Regulatory Authority will be strengthened to set up a commodity market eco system arrangement including vaulting, assaying, logistics etc in addition to warehousing.

Towards investor protection, I propose to introduce an investor charter as a right of all financial investors across all financial products.

To give a further boost to the non-conventional energy sector, I propose to provide additional capital infusion of ₹1,000 crores to Solar Energy Corporation of India and ₹1,500 crores to Indian Renewable Energy Development Agency.

3.3.1 *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.

3.3.2 *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.

3.3.3 *Recapitalization of PSBs*

To further consolidate the financial capacity of PSBs, further recapitalization of ₹20,000 crores is proposed in 2021-22.

3.3.4 *Deposit Insurance*

Last year, Government had approved an increase in the Deposit Insurance cover from ₹1 lakh to ₹5 lakhs for bank customers. I shall be moving amendments to the DICGC Act, 1961 in this Session itself to streamline the provisions, so that if a bank is temporarily unable to fulfil its obligations, the depositors of such a bank can get easy and time-bound access to their deposits to the extent of the deposit insurance cover. This would help depositors of banks that are currently under stress.

To improve credit discipline while continuing to protect the interest of small borrowers, for NBFCs with minimum asset size of ₹100 crores, the minimum loan size eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 is proposed to be reduced from the existing level of ₹50 lakhs to ₹20 lakhs.

3.3.5 *Company Matters*

The decriminalizing of the procedural and technical compoundable offences under the Companies Act, 2013, is now complete. I now propose to next take up decriminalization of the Limited Liability Partnership (LLP) Act, 2008.

Sir, I propose to revise 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". This will benefit more than two lakh companies in easing their compliance requirements.

As a further measure which directly benefits Start-ups and Innovators, I propose to incentivize the incorporation of 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.

To ensure faster resolution of cases, NCLT framework will be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced.

During the coming fiscal 2021-22, we will be launching 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.

3.3.6 *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, we propose to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22. This would require legislative amendments and I propose to introduce the amendments in this Session itself.

In 2021-22 we would also bring the IPO of LIC for which I am bringing the requisite amendments in this Session itself.

In the AtmaNirbhar Package, I had announced that we will come out with a policy of strategic disinvestment of public sector enterprises. I am happy to inform the House that the Government has approved the said policy. The policy provides a clear roadmap for disinvestment in all nonstrategic and strategic sectors. We have kept four areas that are strategic where bare minimum CPSEs will be maintained and rest privatized. In the remaining sectors all CPSEs will be privatized. The main highlights of the policy are mentioned at Annexure-III.

To fast forward the disinvestment policy, I am asking NITI to work out on the next list of Central Public Sector companies that would be taken up for strategic disinvestment.

To similarly incentivise States to take to disinvestment of their Public Sector Companies, we will work out an incentive package of Central Funds for States.

Idle assets will not contribute to AtmaNirbhar Bharat. The non-core assets largely consist of surplus land with government Ministries/Departments and Public Sector Enterprises. Monetizing of land can either be by way of direct sale or concession or by similar means. This requires special abilities and for this purpose, I propose to use a Special Purpose Vehicle in the form of a company that would carry out this activity.

In order to ensure timely completion of closure of sick or loss making CPSEs, we will introduce a revised mechanism that will ensure timely closure of such units.

I have estimated ₹1,75,000 crores as receipts from disinvestment in BE 2021-22.

3.3.7 *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.

On the recommendation of the Fifteenth Finance Commission, we have undertaken a detailed exercise to rationalise and bring down the number of Centrally Sponsored Schemes. This will enable consolidation of outlays for better impact.

The Government is committed to the development of Multi-State Cooperatives and will provide all support to them. To further streamline the 'Ease of Doing Business' for Cooperatives, I propose to set up a separate Administrative Structure for them.

IV. Inclusive Development for Aspirational India

Honourable Speaker Sir, under this pillar, I will cover Agriculture and Allied sectors, farmers' welfare and rural India, migrant workers and labour, and financial inclusion.

4.1 *Agriculture*

Our 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 ₹33,874 crores. In 2019-2020 it was ₹62,802 crores, and even better, 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, the amount paid in 2013-14 was ₹63,928 crores. In 2019-2020 this increased ₹1,41,930 crores. 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.

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

The receipts to cotton farmers have seen a stupendous increase from ₹90 crores in 2013-14 to ₹25,974 crores (as on 27th January 2021). The details are in Annexure IV.

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. I now propose during FY21-22 to extend this to cover all states/UTs.

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.

We are 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, I propose to double it by augmenting it by another ₹5,000 crores.

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 crores farmers are registered and ₹1.14 lakh crores 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 Fund would be made available to APMCs for augmenting their infrastructure facilities.

4.2 *Fisheries*

I am proposing 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. We will also develop inland fishing harbours and fish-landing centres along the banks of rivers and waterways.

Seaweed farming is an emerging sector with potential to transform the lives of coastal communities. It will provide large scale employment and additional incomes. To promote seaweed cultivation, I propose a Multipurpose Seaweed Park to be established in Tamil Nadu.

4.3 *Migrant Workers and Labourers*

We have launched the One Nation One Ration Card scheme through which beneficiaries can claim their rations anywhere in the country. Migrant workers in particular benefit from this scheme – those staying away from their families can partially claim their ration where they are stationed, while their family, in their native places, can claim the rest. I am happy to inform you that One Nation One Ration Card plan is under implementation by 32 states and UTs, reaching about 69 crores beneficiaries – that's a total of 86% beneficiaries covered. The remaining 4 states and UTs will be integrated in the next few months.

To further extend our efforts towards the unorganised labour force migrant workers particularly, I propose to launch 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.

We will 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.

4.4 *Financial Inclusion*

To further facilitate credit flow under the scheme of Stand Up India for SCs, STs, and women, I propose to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture.

We have taken a number of steps to support the MSME sector. In this Budget, I have provided ₹15,700 crores to this sector, more than double of this year's BE.

V. Reinvigorating Human Capital

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

5.1 *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.

5.2 *Higher Education*

In Budget 2019-20, I had mentioned about the setting-up of 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.

Many of our cities have various research institutions, universities, and colleges supported by the Government of India. Hyderabad for example, has about 40 such major institutions. In 9 such cities, we will create formal umbrella structures so that these institutions can have better synergy, while also retaining their internal autonomy. A Glue Grant will be set aside for this purpose.

For accessible higher education in Ladakh, I propose to set up a Central University in Leh.

The other important projects to be taken up as part of NEP are listed at Annexure V.

5.3 *Scheduled Castes and Scheduled Tribes Welfare*

We have set ourselves a target of establishing 750 Eklavya model residential schools in our tribal areas. I propose to increase the unit cost of each such school from ₹20 crores to ₹38 crores, and for hilly and difficult areas, to ₹48 crores. This would help in creating robust infrastructure facilities for our tribal students.

We have revamped the Post Matric Scholarship Scheme, for the welfare of Scheduled Castes. I have also enhanced the Central Assistance in this regard. We are allotting ₹35,219 crores for 6 years till 2025-2026, to benefit 4 crores SC students.

5.4 *Skilling*

In 2016, we had launched the National Apprenticeship Promotion Scheme. The Government proposes to amend the Apprenticeship Act with a view to further enhancing apprenticeship opportunities for our youth. We will realign the existing scheme of National Apprenticeship Training Scheme (NATS) for providing post-education apprenticeship, training of graduates and diploma holders in Engineering. Over ₹3,000 crores will be provided for this.

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.

VI. Innovation and R&D

In my Budget Speech of July 2019, I had announced the National Research Foundation. We have now worked out the modalities and the NRF outlay will be of ₹50,000 crores, over 5 years. It will ensure that the overall research ecosystem of the country is strengthened with focus on identified national-priority thrust areas.

There has been a manifold increase in digital payments in the recent past. To give a further boost to digital transactions, I earmark ₹1,500 crores for a proposed scheme that will provide financial incentive to promote digital modes of payment.

We 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.

Our oceans are a storehouse of living and non-living resources. To better understand this realm, we will launch a Deep Ocean Mission with a budget outlay of more than ₹4,000 crores, over five years. This Mission will cover deep ocean survey exploration and projects for the conservation of deep sea bio-diversity.

VII. Minimum Government, Maximum Governance

Speaker Sir, I now come to the last of the six pillars. This will outline plans for reforms in one of our core principles of minimum government, maximum governance.

We have taken a number of steps to bring reforms in Tribunals in the last few years for speedy delivery of justice. Continuing with the reforms process, I now propose to take further measures to rationalize the functioning of Tribunals.

We have 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. Additionally, 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, I propose to set up a Conciliation Mechanism and mandate its use for quick resolution of contractual disputes. This will instil confidence in private investors and contractors.

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

Goa is celebrating the diamond jubilee year of the state's liberation from Portuguese rule. From the GoI's side, I propose a grant of ₹300 crores to the Government of Goa for the celebrations.

I propose to provide ₹1,000 crores for the welfare of Tea workers especially women and their children in Assam and West Bengal. A special scheme will be devised for the same.

5.5 *Fiscal Position*

In these last few paragraphs of Part A of my speech, I draw the attention of this august House to the fact that, at the beginning of the current Financial Year, the pandemic's impact on the economy resulted in a weak revenue inflow. This was combined with high expenditure to provide essential relief to vulnerable sections of the society especially the poor, women, SCs and STs.

Unlike many other countries, we opted for a series of medium-sized packages during the pandemic so that we could calibrate and target our response according to an evolving situation. Once the health situation stabilised, and the lockdown was being slowly lifted, we switched to ramping up Government spending so as to revive domestic demand. As a result, against an original BE expenditure of ₹30.42 lakh crores for 2020-2021, our RE estimates are ₹34.50 lakh crores. We have maintained the quality of expenditure. The capital expenditure, estimated in RE is ₹4.39 lakh crores in 2020-2021 as against ₹4.12 lakh crores in BE 2020-21.

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. This includes ₹5.54 lakh crores as capital expenditure, an increase of 34.5% over the BE figure of 2020-2021. 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 crores. We plan to continue with our 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. The Contingency Fund of India is being proposed to be augmented from ₹500 crores to ₹30,000 crores through Finance Bill.

In accordance with the views of the 15th Finance Commission, we are allowing a normal ceiling of net borrowing for the states at 4% of GSDP for the year 2021-2022. A portion of this ceiling will be earmarked to be spent on incremental capital expenditure. Additional borrowing ceiling of 0.5% of GSDP will also be provided subject to conditions. States will be expected to reach a fiscal deficit of 3% of GSDP by 2023-24, as recommended by the 15th Finance Commission.

In the July 2019-2020 Budget, I introduced the Statement 27 on Extra Budgetary Resources – it disclosed the borrowings of Government agencies that went towards funding GoI schemes, and whose repayment burden was on the Government. In my 2020-2021 Budget, I enhanced the scope and coverage of the Statement, by including the loans provided by Government to the FCI. Taking a step further in this direction, I propose to discontinue the NSSF Loan to FCI for Food Subsidy and accordingly Budget Provisions have been made in RE 2020-21 and BE 2021-22. The Extra Budgetary Resources details are at Annexure VI.

We know that 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 I am laying on the Table of the House as part of the FRBM Documents.

Towards achieving Central Government fiscal deficit along the broad path that I have already indicated; I will be introducing an amendment to the FRBM Act.

On 9th December 2020, the 15th Finance Commission submitted its final report, covering the period 2021-2026 to the Rashtrapati ji. The Government has laid the Commission's report, along with the explanatory memorandum in the Parliament retaining the vertical shares of the states at 41%. We recognise our commitment to fiscal federalism and propose therefore to adhere to this recommendation. Jammu and Kashmir in the 14th Finance Commission was entitled to get devolution being a State. Now, the funds to the UTs of Jammu and Kashmir and Ladakh would be provided by the Centre. I have also provided, on the Commission's recommendation, ₹1,18,452 crores as Revenue Deficit Grant to 17 states in 2021-2022, as against ₹74,340 crores to 14 States in 2020-2021.

I would, now, move to Part B of my speech.

VII. Part B

Honourable Speaker, the world is facing a serious challenge of the pandemic and its aftershock. In these trying times, when many economies are struggling to revive, our people and our industry have exhibited remarkable resilience.

As I mentioned already, 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.

இயற்றலும் ஈட்டலுங் காத்தலும் காத்த
வகுத்தலும் வல்ல தரசு.

\- திருக்குறள் 385

A King/Ruler is the one who creates and acquires wealth,
protects and distributes it for common good.

\- Thirukkural 385

7.1 *Direct Tax Proposals*

Keeping this in mind, our Government introduced a series of reforms in the Direct tax system for the benefit of our taxpayers and economy. Few months prior to the pandemic, in order to attract investments we slashed our Corporate tax rate to make it among the lowest in the world. The Dividend Distribution Tax too was abolished. The burden of taxation on small taxpayers was eased by increasing rebates. In 2020, the return filers saw a dramatic increase to 6.48 crore from 3.31 crore in 2014.

In the Direct Tax administration, we had recently introduced the Faceless Assessment and Faceless Appeal. I now seek to take further steps to simplify the tax administration, ease compliance, and reduce litigation.

7.2 *Relief to Senior Citizens*

I begin my direct tax proposals by offering my pranaam to our senior citizens. Many of them, despite having foregone several basic necessities of their own, have strived to build our nation.

Now in the 75th year of Independence of our country, when we continue our endeavour with renewed vigour, we shall reduce compliance burden on our senior citizens who are 75 years of age and above. For senior citizens who only have pension and interest income, I propose exemption from filing their income tax returns. The paying bank will deduct the necessary tax on their income.

7.3 *Reduction in Time for Income Tax Proceedings*

Honourable Speaker, presently, an assessment can be re-opened up to 6 years and in serious tax fraud cases for up to 10 years. As a result, taxpayers have to remain under uncertainty for a long time.

I therefore propose to reduce this time-limit for re-opening of assessment to 3 years from the present 6 years. In serious tax evasion cases too, only where there is evidence of concealment of income of ₹50 lakh or more in a year, can the assessment be re-opened up to 10 years. Even this reopening can be done only after the approval of the Principal Chief Commissioner, the highest level of the Income Tax Department.

7.4 *Setting up the Dispute Resolution Committee*

Honourable Speaker, it has been the resolve of this Government to reduce litigation, which mars the present taxation system.

The Government came out with the Direct Tax Vivad Se Vishwas Scheme to give taxpayers an opportunity to settle long pending disputes and be relieved of further strain on their time and resources. The response from the taxpayers has been the best ever as over 1 lakh ten thousand taxpayers have already opted to settle tax disputes of over ₹85,000 crores under this Scheme.

To further reduce litigation for small taxpayers, I propose to constitute a Dispute Resolution Committee for them, which will be faceless 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.

7.5 *Faceless ITAT*

For ease of compliance and to reduce discretion, we are committed to make the taxation processes faceless. The Government has already introduced faceless assessment and appeal this year.

The next level of income tax appeal is the Income Tax Appellate Tribunal. I now propose to make this Tribunal faceless. We shall establish a National Faceless Income Tax Appellate Tribunal Centre. All communication between the Tribunal and the appellant shall be electronic. Where personal hearing is needed, it shall be done through video-conferencing.

7.6 *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. I propose to notify rules for removing their hardship of double taxation.

7.7 *Exemption from Audit*

Currently, if your turnover exceeds ₹1 crore, you have to get your accounts audited. In the February 2020 Budget, I had increased the limit for tax audit to ₹5 crore for those who carry out 95% of their transactions digitally. To further incentivise digital transactions and reduce compliance burden, I propose to increase this limit for tax audit for such persons from ₹5 crore to ₹10 crore.

7.8 *Relief for Dividend*

In the previous Budget, I had abolished the Dividend Distribution Tax (DDT) in order to incentivise investment. Dividend was made taxable in the hands of shareholders. Now, in order to provide ease of compliance, I propose to make dividend payment to REIT/ InvIT exempt from TDS. Further, as the amount of dividend income cannot be estimated correctly by the shareholders for paying advance tax, I propose to provide that advance tax liability on dividend income shall arise only after the declaration/payment of dividend. Also, for Foreign Portfolio Investors, I propose to enable deduction of tax on dividend income at lower treaty rate.

7.9 *Attracting Foreign Investment into Infrastructure Sector*

In the last budget, for attracting foreign investment in the infrastructure sector, we had granted 100% tax exemption, subject to certain conditions, to foreign Sovereign Wealth Funds and Pension Funds, on their income from investment in Indian infrastructure. We have noticed that few of such Funds are facing difficulties in meeting some of these conditions. In order to ensure that a large number of Funds invest in India, I propose to relax some of these 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, I propose to make notified Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero Coupon Bonds.

7.10 *Affordable Housing/Rental Housing*

This Government sees 'Housing for All' and affordable housing as priority areas. In the July 2019 Budget, I provided an additional deduction of interest, amounting to ₹1.5 lakh, for loan taken to purchase an affordable house. I propose to extend the eligibility of this deduction by one more year, to 31st March 2022. The additional deduction of ₹1.5 lakh shall therefore be available for loans taken up till 31st March 2022, for the purchase of an affordable house.

Further, to keep up the supply of affordable houses, I propose that affordable housing projects can avail a tax holiday for one more year – till 31st March, 2022.

We are committed to promote supply of Affordable Rental Housing for migrant workers. For this, I propose to allow tax exemption for notified Affordable Rental Housing Projects.

7.11 *Tax incentives to IFSC*

As I mentioned in Part A of this speech, the Government is committed to make the International Financial Services Centre (IFSC) in GIFT City a global financial hub. In addition to the tax incentives already provided, I propose to include, among others, tax holiday for capital gains for aircraft leasing companies, tax exemption for aircraft lease rentals paid to foreign lessors; tax incentive for relocating foreign funds in the IFSC; and to allow tax exemption to the investment division of foreign banks located in IFSC.

7.12 *Pre-filling of Returns*

Honourable Speaker, in order to ease compliance for the taxpayer, details of salary income, tax payments, TDS, etc. already come pre-filled in income tax returns. To further ease filing of returns, details of capital gains from listed securities, dividend income, and interest from banks, post office, etc. will also be pre-filled.

7.13 *Relief to Small Trusts*

We hope to reduce compliance burden on small charitable trusts running educational institutions and hospitals. So far, there is a blanket exemption to such entities, whose annual receipt does not exceed ₹1 crore. I now propose to increase this amount to ₹5 crore.

7.14 *Labour Welfare*

We have noticed that some employers deduct the contribution of employees towards Provident funds, superannuation funds, and other social security funds but do not deposit these contributions within the specified time. For the employees, this means a loss of interest or income. In cases where an employer later becomes financially unviable, non-deposit results in a permanent loss for the employees.

In order to ensure that employees' contributions are deposited on time, I reiterate that the late deposit of employee's contribution by the employer will not be allowed as deduction to the employer.

7.15 *Incentives for Start-ups*

In order to incentivise start-ups in the country, I propose to extend the eligibility for claiming tax holiday for start-ups by one more year - till 31st March, 2022. Further, in order to incentivise funding of the start-ups, I propose to extend the capital gains exemption for investment in start-ups by one more year - till 31st March, 2022.

7.16 *Indirect Tax Proposals*

7.16.1 *GST*

Before I come to my Indirect Tax proposals, I would like to appraise the House on GST. The GST is now four years old, and we have taken several measures to further simplify it. Some of the measures include:

i. nil return through SMS,
ii. quarterly return and monthly payment for small taxpayers,
iii. electronic invoice system,
iv. validated input tax statement,
v. pre-filled editable GST return, and
vi. staggering of returns filing.

The capacity of GSTN system has also been enhanced. We have also deployed deep analytics and Artificial Intelligence to identify tax evaders and fake billers and launched special drives against them.

The results speak for themselves. We have made record collections in the last few months.

The GST Council has painstakingly thrashed out thorny issues. As Chairperson of the Council, I want to assure the House that we shall take every possible measure to smoothen the GST further, and remove anomalies such as the inverted duty structure.

7.17 *Custom Duty Rationalization*

Our Custom Duty Policy should have the twin objective of promoting domestic manufacturing and helping India get onto global value chain and export better. The thrust now has to be on easy access to raw materials and exports of value added products.

Towards this, last year, we started overhauling the Customs Duty structure, eliminating 80 outdated exemptions. I also thank everyone who responded overwhelmingly to a crowd-sourcing call for suggestions on this revamp. I now propose to review more than 400 old exemptions this year. We will conduct this through extensive consultations, and from 1st October 2021, we will put in place a revised customs duty structure, free of distortions. I also propose that any new customs duty exemption henceforth will have validity up to the 31st March following two years from the date of its issue.

7.18 *Electronic and Mobile Phone Industry*

Domestic electronic manufacturing has grown rapidly. We are now exporting items like mobiles and chargers. For greater domestic value addition, we are withdrawing a few exemptions on parts of chargers and sub-parts of mobiles. Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.

7.19 *Iron and Steel*

MSMEs and other user industries have been severely hit by a recent sharp rise in iron and steel prices. Therefore, we are reducing Customs duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels. To provide relief to metal re-cyclers, mostly MSMEs, I am exempting duty on steel scrap for a period up to 31st March, 2022. Further, I am also revoking ADD and CVD on certain steel products. Also, to provide relief to copper recyclers, I am reducing duty on copper scrap from 5% to 2.5%.

7.20 *Textile*

The Textiles Sector generates employment and contributes significantly to the economy. There is a need to rationalize duties on raw material inputs to manmade textiles. We are now bringing nylon chain on par with polyester and other man-made fibers. We are uniformly reducing the BCD rates on caprolactam, nylon chips and nylon fiber & yarn to 5%. This will help the textile industry, MSMEs, and exports, too.

7.21 *Chemicals*

We have calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions. Apart from other items, we are reducing customs duty on Naptha to 2.5% to correct inversion.

7.22 *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 metals have risen sharply. To bring it closer to previous levels, we are rationalizing custom duty on gold and silver.

7.23 *Renewable Energy*

In Part A, we have already acknowledged that solar energy has huge promise for India. To build up domestic capacity, we will notify a phased manufacturing plan for solar cells and solar panels. At present, to encourage domestic production, we are raising duty on solar invertors from 5% to 20%, and on solar lanterns from 5% to 15%.

7.24 *Capital Equipment and Auto Parts*

There is immense potential in manufacturing heavy capital equipment domestically. We will comprehensively review the rate structure in due course. However, we are revising duty rates on certain items immediately. We propose to withdraw exemptions on tunnel boring machine. It will attract a customs duty of 7.5%; and its parts a duty of 2.5%. We are raising customs duty on certain auto parts to 15% to bring them on par with general rate on auto parts.

7.25 *MSME Products*

We are proposing certain changes to benefit MSMEs. We are increasing duty from 10% to 15% on steel screws and plastic builder wares. On prawn feed we increase it from 5% to 15%. We are rationalizing exemption on import of duty-free items as an incentive to exporters of garments, leather, and handicraft items. Almost all these items are made domestically by our MSMEs. We are withdrawing exemption on imports of certain kind of leathers as they are domestically produced in good quantity and quality, mostly by MSMEs. We are also raising customs duty on finished synthetic gem stones to encourage their domestic processing.

7.26 *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.

There is an immediate need to improve agricultural infrastructure so that we produce more, while also conserving and processing agricultural output efficiently. This will ensure enhanced remuneration for our farmers. To earmark resources for this purpose, I propose an Agriculture Infrastructure and Development Cess (AIDC) on a small number of items. However, while applying this cess, we have taken care not to put additional burden on consumers on most items.

7.27 *Rationalization of Procedures and Easing of Compliance*

For their judicious application, we propose certain changes in the provisions relating to ADD and CVD levies. To complete Customs investigations, we are prescribing definite timelines. In 2020, we rolled out the Turant Customs initiative, which brought in Faceless, Paperless, and Contactless Customs measures. With effect from September 2020, we have implemented a new procedure for administration of Rules of Origin. This has helped in putting a check on misuse of FTAs.

The specific details of direct and indirect tax changes proposed are listed in the Annexure to my speech.

Mr. Speaker Sir, with these words I commend the Budget to this august House.

Table I
Budget at a Glance

(in ₹ Crores)

	2019-20 Actuals	**2020-21 Budget Estimates**	**2020-21 Revised Estimates**	**2021-22 Budget Estimates**
1. Revenue Receipts	**1684059**	**2020926**	**1555153**	**1788424**
2. Tax Revenue (Net to Centre)	1356902	1635909	1344501	1545396
3. Non Tax Revenue	327157	385017	210652	243028
4. Capital Receipts	**1002271**	**1021304**	**1895152**	**1694812**
5. Recovery of Loans	18316	14967	14497	13000
6. Other Receipts	50304	210000	32000	175000
7. Borrowings and Other Liabilities[1]	933651	796337	1848655	1506812
8. Total Receipts (1+4)	**2686330**	**3042230**	**3450305**	**3483236**
9. Total Expenditure (10+13)	**2686330**	**3042230**	**3450305**	**3483236**
10. On Revenue Account of which	2350604	2630145	3011142	2929000
11. Interest Payments	612070	708203	692900	809701
12. Grants in Aid for creation of capital assests	185641	206500	230376	219112
13. On Capital Account	335726	412085	439163	554236
14. Revenue Deficit (10-1)	**666545**	**609219**	**1455989**	**1140576**
	(3.3)	(2.7)	(7.5)	(5.1)
15. Effective Revenue Deficit	**480904**	**402719**	**1225613**	**921464**
(14-12)	(2.4)	(1.8)	(6.3)	(4.1)
16. Fiscal Deficit	**933651**	**796337**	**1848655**	**1506812**
[9-(1+5+6)]	(4.6)	(3.5)	(9.5)	(6.8)
17. Primary Deficit (16-11)	**321581**	**88134**	**1155755**	**697111**
	(1.6)	(0.4)	(5.9)	(3.1)

Notes: 1 Includes drawdown of cash Balance.

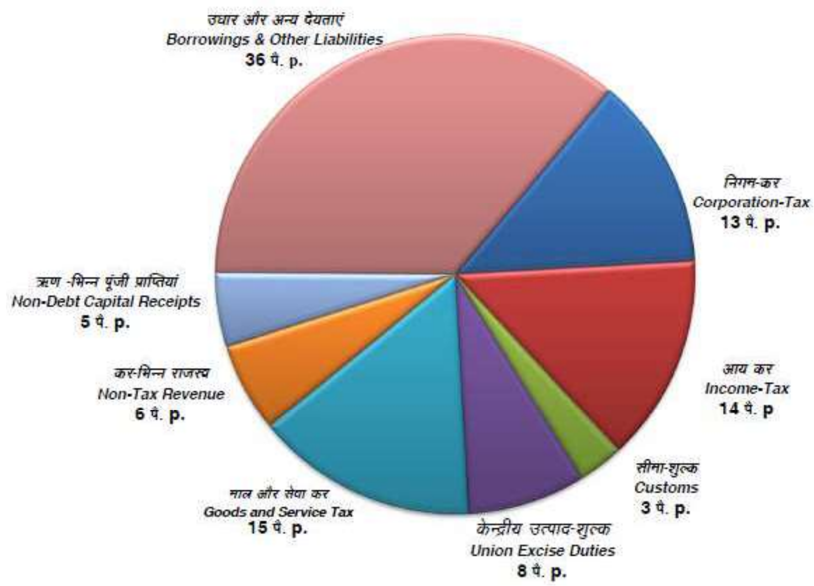
i. GDP for BE 2021-2022 has been projected at ₹ 2,22,87,379 crore assuming 14.4% growth over the estimated GDP of ₹ 1,94,81,975 crore for 2020-2021 (RE).

ii. Individual items in this document may not sum up to the totals due to rounding off.

iii. Figures in parenthesis are as a percentage of GDP

Source: Budget at a Glance, Budget 2021-22

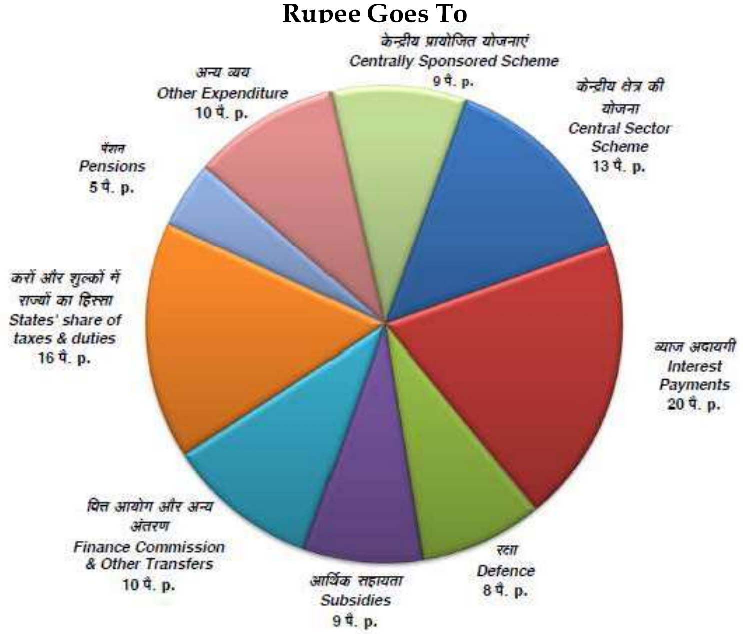
Rupee Comes From



Notes: 1. Total receipts are inclusive of States' share of taxes and duties which have been netted in the table on page1.
2. Figures have been rounded.

Source: Budget at a Glance, Budget 2021-22

Rupee Goes To



Notes: Total expenditure is inclusive of the States' share of taxes and duties which have been netted against receipts in the table on page 1.

Source: Budget at a Glance, Budget 2021-22