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UNION BUDGET 2021-22

IMPACT ANALYSIS

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Mr Avinash Gupta
Managing Director - India
Dun & Bradstreet

“The government’s commitment to revive economic growth is clear through the measures announced in the Union Budget. Building on the six pillars, the union budget has unveiled many unique initiatives such as setting up of a professionally managed Development Financial Institution (DFI), establishment of an asset reconstruction and management company, development of a Fin-Tech hub and transition to digital census, etc. I find five notable initiatives, out of many positives.

One, setting up of a DFI and providing additional capital infusion of ₹ 200 bn in public sector banks is expected to address the legacy issues of the banking sector. Further, proposal to strengthen the NCLT framework is expected to uplift overall investor confidence. Two, increasing the threshold of paid-up capital and turnover for small companies, increasing the turnover threshold levels for mandatory audits, decriminalization of the LLP Act 2008, and relaxations in setting up one person companies solidifies the agenda of improving ease of doing business. Three, proposed use of Data Analytics, Artificial Intelligence and Machine Learning, and the inclusion of additional modules such as e-scrutiny, e-Adjudication, etc. in the MCA-21 database is a step in the right direction of strengthening corporate governance. Four, proposal to privatize all central public sector enterprises in non-strategic sectors and monetization of non-core assets will improve the overall capital allocation in the economy. Five, an increase in the foreign direct investment levels in the insurance sector will provide insurance companies with the much-needed capital to drive insurance penetration which is currently much lower than the global average.

On a cautious note, I think the borrowing programme needs to be properly executed to avoid a funds squeeze for domestic companies and that the privatization target should be implemented with conviction and haste”.

Dr Arun Singh
Chief Economist
Dun & Bradstreet - India

"This Union Budget have been a very pragmatic and realistic. Even as the budget misses the expectation of being unconventional, multiple unique initiatives have been announced such as fintech hub, gold exchanges, digital census etc. The big thrust on infrastructure and healthcare sets a positive story. This will boost the economy through the multiplier effect, help other ancillary sectors and create job rather than what direct consumption boosting measures would have. The government had to balance between job creation vs direct allowances. We are aware that COVID-19 has led to increase in precautionary savings and contraction in consumer spending.

However, it to be seen how the government along with the RBI tackle the issue of NPAs in the banking sector which is expected to emerge as one of the biggest risks not only in India but also globally. Unlike the developed countries, India will not be able to afford to take the path of debt monetization to support its financial sector. The initiative to set up an Asset Reconstruction Company Limited (ARC) and Asset Management Company (AMC) in this regard looks promising, nonetheless, India needs to find investors to buy impaired assets in India. The mechanism has to set rightly. The incentivization and the management of the ARC and AM should be such that it does not follow the steps of the public sector units.

The lack of focus on exporters and tweaking the tariff norms sets a distortionary picture to the global investors which should have been managed well. Lastly but not the least, the clarity given on the fiscal deficit is very laudable. Setting realistic deficit targets, bringing loans to Food Corporation of India (FCI) to the budget balance sheet and laying down a revised road map for fiscal consolidation is a commendable move. The biggest concern lies in the fact that fiscal support in FY22 also largely depends on revenue generation from disinvestment. A more clarity on implementation on privatization was expected. While the high fiscal deficit would not be credit positive for international credit agencies, in the current environment, it would have been impossible to push the growth momentum without fiscal destabilization in the short to medium term. This nonetheless makes it an expansionary budget and poses a risk to inflation".

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BUDGET AT A GLANCE

(₹ bn)	**2020-21** Revised Estimates	**2021-22** Budget Estimates
1) Revenue Receipts	**15,552**	**17,884**
1.1) Tax Revenue (net to centre)	13,445	15,454
1.2) Non-Tax Revenue	2,107	2,430
2) Capital Receipts (2.1+2.2+2.3)	**18,952**	**16,948**
2.1) Recoveries of loans	145	130
2.2) Other receipts	320	1,750
2.3) Borrowings and other liabilities*	18,487	15,068
3) Total Receipts (1+2)	**34,503**	**34,832**
4) Total Expenditure (4.1+4.4)	**34,503**	**34,832**
4.1) On Revenue Account	30,111	29,290
4.2) Of which, Interest Payments	6,929	8,097
4.3) Grants in Aid for creation of capital assets	2,304	2,191
4.4) On Capital Account	4,392	5,542
5) Revenue Deficit (4.1-1)	**14,560**	**11,406**
% of GDP	(7.5)	(5.1)
6) Effective Revenue Deficit (5-4.3)	**12,256**	**9,215**
% of GDP	(6.3)	(4.1)
7) Fiscal Deficit {4-(1+2.1+2.2)}	**18,487**	**15,068**
% of GDP	(9.5)	(6.8)
8) Primary Deficit (7-4.2)	**11,558**	**6,971**
% of GDP	(5.9)	(3.1)

** Includes draw-down of Cash Balance*

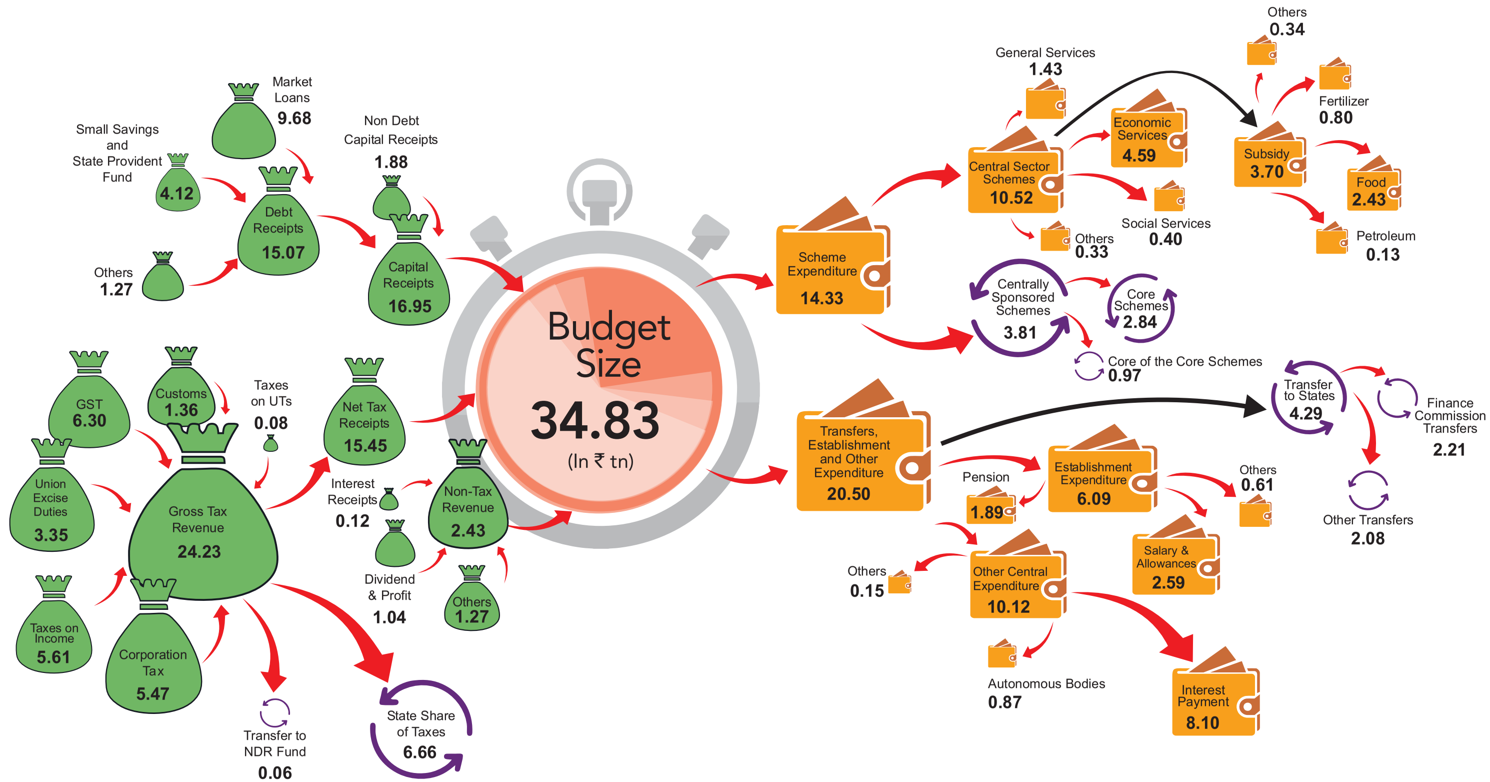
GDP for BE 2021-2022 has been projected at ₹ 222873 bn assuming 14.4% growth over the estimated GDP of ₹ 194819 crore for 2020-2021 (RE)

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

Figures in parenthesis are as a percentage of GDP

Source: Union Budget FY22

Budget Profile



A MACROECONOMIC PERSPECTIVE

The once in a century crisis, COVID-19 has inflicted severe demand and supply shocks, destroying lives and livelihoods, crippling businesses and bringing the global economy to a near halt. Governments worldwide faced unprecedented challenges in policy making as they tried to brace their economies from the impending recession along with saving human lives. With progressive unlocking, the Indian economy has been bouncing back to the pre-pandemic levels. In fact, the Indian economy is in the midst of faster than expected recovery, contrary to the estimates outlined a few months ago. It is in this context that the Union Budget for 2021-22 is framed.

The Union Budget has been very pragmatic and growth oriented. The government of India has been taking a calibrated approach to cushion the economy against the shock of the pandemic. In the budget the government has prioritized growth over fiscal deficit, and this should support the nascent signs of recovery witnessed in the economy recently. Even as the budget misses the expectation of being unconventional, a lot of unique initiatives has been announced such as developing a Fin-Tech hub, establishing gold exchanges, a digital census, creating a portal that will collect relevant information on gig, building, and construction-workers. We expected the government to prioritize its expenditure in three core areas — Infrastructure, MSMEs and Healthcare. Along with this we also expected the government to take measures to reduce the cost of doing business. The Union Budget has delivered just that. A 34% increase in allocation for capital expenditure, increased allocation to the MSME sector, which is more than double the allocation as compared to last year's Budget estimates (BE) and ₹ 641.80 bn allocation to develop the capacity for primary, secondary, and tertiary care health systems clearly outlines the government's intent. The big thrust on capital expenditure with a focus on infrastructure sets a positive story and will boost the economy through the multiplier effect, through helping other ancillary sectors and job creation rather than what direct consumption boosting measures would have.

Given the huge pipeline of projects under National Infrastructure Pipeline (NIP) and the government's focus on infrastructure to help the economy to revive had raised concerns about infrastructure financing. The budget has outlined the avenues through which it plans to raise funds which provides credibility to the goal set by the government. The measures taken such as setting up a Development Financial Institution, a fairly rational blueprint for asset monetization, enabling debt financing of InVITs and REITs by foreign portfolio investors and a friendly tax regime for foreign investors was much needed to assuage the concerns of raising funds for the governments ambitious targets under NIP. The additional capital allocation of ₹ 2 trillion to States and UT as they would be implementing most of the projects under the NIP and incentive package to be formulated for the states to spend on infrastructure projects stands out. The government has also been revamping the PPP scheme to attract private sector participation in infrastructure projects. In November 2020, the government approved the proposal of 'Continuation and Revamping of the Scheme for Financial Support to Public Private Partnerships (PPPs)' in Infrastructure Viability Gap Funding (VGF) Scheme till 2024-25. With a total outlay of ₹ 81 bn, this scheme will promote PPPs in commercially viable social and economic infrastructure projects.

Although there were few direct measures for the MSME sector, there are a couple of initiatives which will indirectly benefit the sector. To build an Atmanirbhar Bharat, there is a need to strengthen ecosystem, facilitate ease of doing business and increase the manufacturing base. The Budget provided impetus to textiles, auto and steel sectors which are dominated by a large number of small players. Increasing the threshold of paid-up capital and turnover for small companies, increasing the turnover threshold levels for mandatory audits, decriminalization of the LLP Act 2008 and relaxations in setting up one person companies will further help MSMEs in doing business. A special framework for resolution of bankrupt MSMEs is expected to provide support this sector which has been under severe stress from the pandemic.

There were concerns about how the government along with the RBI would tackle the issue of NPAs in the banking sector which is expected to emerge as one of the biggest risks not only in India but also globally. The RBI's financial stability report estimates GNPA ratio to increase from 7.5% in September 2020 to 13.5% by September 2021 under the baseline scenario and to 14.1% under a medium stress scenario. Unlike the developed countries, India will not be able afford to take the path of debt monetization to support its financial sector. The initiative to set up an asset Reconstruction Company Limited (ARC) and Asset Management Company (AMC) in this regard looks promising. Nonetheless, India needs to find investors to buy impaired assets in India. The mechanism has to be set rightly. The incentivization and the management of the ARC and AMC should be such that it does not follow the steps of the public sector units. Increasing the FDI in insurance and IPO for LIC was another strategic step to pull in the foreign funds as insurance is expected to be a booming sector post COVID-19.

Two areas of concern stand out. One is the lack of thrust on exporters. Tweaking the tariff norms and a tilt towards import substitution measures to support domestic firms sets a distortionary picture to the global investors which could have been managed well. The other is the 35% decline in the budget allocation to the MGNREGA scheme in FY22 from the revised estimates of FY21 (RE). Compared to the actual spend in FY20, the allocation in FY22 is an increase of only 1.1%. This does not bode well for the employment generation in the rural sector, unless the spend on rural infrastructure projects offsets the setback to the rural employment.

Last but not the least, the clarity given on the fiscal deficit is very laudable. Setting realistic deficit targets, bringing loans given to Food corporation of India (FCI) to the budget balance sheet and laying down a revised road map for fiscal consolidation is a commendable move. The biggest concern lies in the fact that fiscal support in FY22 also largely depends on revenue generation from disinvestment. A more clarity on implementation on privatization was expected. While the high fiscal deficit would not be credit positive for international credit agencies, in the current environment, it would have been impossible to push the growth without fiscal destabilization in the short to medium term. This nonetheless makes it an expansionary budget and poses a risk to inflation.

Sources of Financing Fiscal Deficit (₹ bn)

		Allocation				Growth			Share of total			
		FY20 (Actuals)	FY21 (BE)	FY21 (RE)	FY22 (BE)	FY22 BE vs FY21 RE	FY22 BE vs FY21 BE	FY22 BE vs FY21 actuals	FY20 (Actuals)	FY21 (BE)	FY21 (RE)	FY22 (BE)
	Debt Receipts (Net)											
1	Market Borrowings (G-sec +T Bills)	6,241	5,359	12,738	9,677	-24%	81%	55%	67%	67%	69%	64%
2	Securities against Small Savings	2,400	2,400	4,806	3,919	-18%	63%	63%	26%	30%	26%	26%
3	State Provident Funds	116	180	180	200	11%	11%	72%	1%	2%	1%	1%
4	Other Receipts (Internal Debts and Public Account)	443	508	391	543	39%	7%	23%	5%	6%	2%	4%
5	External Debt	87	46	545	15	-97%	-67%	-83%	1%	1%	3%	0.10%
6	Draw Down of Cash Balance	50	(-)530	(-)173.6	714				1%			5%
7	Grand total/fiscal deficit	9,337	7,963	18,487	15,068	-18%	89%	61%	100%	100%	100%	100%
	Fiscal deficit as % of GDP	-4.6	-3.5	-9.5	-6.8							

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SECTORAL IMPACT

Sector	Rating
Agriculture	Positive
Social Sector	Positive Plus
Infrastructure	Positive Plus
Services	
Banking/Insurance/Financial Services and Market	Positive
Hospitality	Neutral
IT-ITBPM	Neutral
Retail	Neutral
Telecom	Neutral
Manufacturing	
Automotive	Positive
Capital and Engineering Goods	Positive
Cement	Positive
Consumer Goods	Positive
Gems and Jewellery	Positive
Metals and Mining	Marginally Positive
MSMEs	Positive
Oil & Gas and Petrochemicals	Marginally Positive
Pharmaceuticals & Healthcare	Positive Plus
Power	Positive
Real Estate and Construction	Positive
Textiles and Garments	Positive
Personal Budget	Marginally Positive

Ratings:

Positive Plus	Predominantly positive proposals
Positive	Positive proposals
Marginally Positive	Positive proposals but not upto industry expectations
Neutral	Negative proposals offsetting positive proposals
Marginally Negative	Negative proposals having less severe impact on the sector
Negative	Negative proposals impacting the sector

Agriculture

- Expenditure on agriculture and allied activities increased to ₹ 1.48 tn in FY22 from ₹ 1.45 tn in FY21.
- Subsidy on food and fertiliser has been reduced substantially by 43% to ₹ 2,428.36 bn and 41% to ₹ 795.3 bn respectively in FY22 from revised estimates of FY21.
- An allocation for Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) remained constant at ₹ 650 bn in FY22 as compared to FY21.
- Agricultural credit target increased to 16.5 tn in FY22 as against ₹ 15 tn in FY21. Proposal to ensure increased credit flows to animal husbandry, dairy, and fisheries.
- Corpus for Micro Irrigation Fund doubled to ₹ 100 bn from the existing ₹ 50 bn.
- The scope of 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.
- Proposal to integrate 1,000 more mandis with e-NAM.
- Proposal to make available "The Agriculture Infrastructure Fund" to APMCs for augmenting their infrastructure facilities.
- Proposal to develop five major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – as hubs of economic activity.
- Proposal to develop inland fishing harbours and fish-landing centres along the banks of rivers and waterways.
- A Multipurpose Seaweed Park to be established in Tamil Nadu to promote seaweed cultivation.
- Allocation to the 'Rural Infrastructure Development Fund' increased from ₹ 300 bn to ₹ 400 bn.
- Proposal to set up a separate Administrative Structure for Multi-State Cooperatives to further streamline the 'Ease of Doing Business' for them.

- The National Small Savings Fund (NSSF) Loan to Food Corporation of India (FCI) for Food Subsidy has been discontinued and accordingly budget provisions have been made in FY21 (RE) and FY22 (BE).
- Basic customs duty on cotton and cotton waste has been raised to 10% from nil.
- Basic customs duty on prawn feed, fish feed in pellet form and flours, meals & pellets of fish, crustaceans, molluscs or other aquatic invertebrates raised to 15% from 5%.
- Basic customs duty on maize bran and de-oiled rice brans cake raised to 15% from nil.
- An Agriculture Infrastructure and Development Cess has been proposed on a small number of items.
- Reduction in basic customs duty rates on some agricultural items like apple to 15%, crude edible oil (palm, soyabean & sunflower) to 15%, specified fertilizers (Urea, MoP, DAP) to nil and peas, kabuli chana, Bengal gram & lentils to 10% given the imposition of Agriculture Infrastructure and Development Cess.

Positive

The Union Budget has focused on some vital facets of agriculture sector like agriculture infrastructure, value addition and development of allied sectors to boost the farmers' incomes.

The budget has emphasised on creation of agriculture infrastructure in areas like micro irrigation and general rural infrastructure. Improvement in agricultural infrastructure can transform the existing traditional, subsistence farming into the modern, commercial farming system. Besides enhanced investment in agriculture infrastructure, boost to value-addition in agriculture and allied products would play a vital role in moving towards doubling of farmers' incomes. The inclusion of 22 more perishable products to 'Operation Green Scheme' is expected to reduce post-harvest losses, increase food processing capacities thereby enhancing the value realisation for producers of those farm products.

Ensuring increased credit flow to allied sectors like animal husbandry, dairy and fisheries and measures to develop fisheries sector implies that the government has recognised the role of these sectors in providing assured secondary source of employment and income especially to small and marginal farmers. Surprisingly, despite the ongoing farmers' agitations, the government has deterred itself from taking any populist measures. Nonetheless, it has highlighted the government's achievements in the procurements of crops like wheat, paddy, pulses and cotton. Further, it has reassured its commitment to continuation of APMCs through proposals like utilisation of Agriculture Infrastructure Fund for the development of APMCs and integration of 1,000 more mandis with e-NAM.

Social Sector

Health & Sanitation

- The Budget outlay for Health & Wellbeing sector increased significantly by 137% to ₹ 2.3 tn in FY22 as compared to ₹ 944.52 bn (BE).
- Allocation for Health & Family Welfare increased to ₹ 712.69 bn in FY22 as against ₹ 650.12 bn (BE) in FY21.
- PM AtmaNirbhar Swasth Bharat Yojana will be launched with an outlay of ₹ 641.80 bn over 6 years to develop capacities for primary, secondary, and tertiary healthcare systems. The main interventions under the scheme are:
  - Support for 17,788 rural and 11,024 urban health and wellness centres;
  - Setting up integrated public health labs in all districts and 3,382 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 Centres and 2 mobile hospitals;
  - Setting up of a national institution for One Health, a Regional Research Platform for World Health Organisation (WHO) South East Asia Region, 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology.

- Proposal for the merger of Supplementary Nutrition Programme and the Poshan Abhiyan and launch the Mission Poshan 2.0. It will adopt an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts.
- The Jal Jeevan Mission (Urban) will be launched for universal water supply in all 4,378 Urban Local Bodies with 28.6 mn household tap connections, as well as liquid waste management in 500 AMRUT cities. It will be implemented over 5 years, with an outlay of ₹ 2,870 bn.
- An allocation of ₹ 600.3 bn proposed in FY22 for drinking water & sanitation as against ₹ 215.18 bn (BE) in FY21.
- The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of ₹ 1,416.78 bn over a period of 5 years from 2021-2026.
- An allocation of ₹ 22.17 bn to tackle the problem of air pollution in 42 urban centres with a million-plus population.
- An allocation of ₹ 350 bn for Covid-19 vaccine and the Union Budget also commits to provide further funds if required.
- The Pneumococcal Vaccine, a Made in India product, which is presently limited to only five states will be rolled out across the country.
- 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.

Education

- Expenditure on education sector increased to ₹ 932.24 bn in FY22 from ₹ 850.89 bn (BE) in FY21; an increase of 9.6% y-o-y.
- Initiatives as part of National Education Policy (NEP):
    - More than 15,000 schools will be qualitatively strengthened to include all components of the NEP.
    - Standards will be developed for all schoolteachers in the form of National Professional Standards for Teachers- NPST.

- A unique indigenous toy-based learning – pedagogy for all levels of school education will be developed.
- A National Digital Educational Architecture (NDEAR) will be set up within the context of a Digital First Mindset.
- Standardization of Indian Sign language across the country, and development of National and State Curriculum materials for use by children with hearing impairments.
- Use of senior and retired teachers for individual mentoring of school-teachers and educators through constant online/offline support on subjects, themes and pedagogy.
- A holistic progress card is envisaged to provide students with valuable information on their strengths, areas of interest, needed areas of focus and thereby helping them in making optimal career choices.
- To enable increased access of resources, online modules covering the entire gamut of adult education will be introduced.
- To enable the training of 5.6 mn schoolteachers through the National Initiative for School Heads and Teachers for Holistic Advancement (NISTHA) in FY22.
- CBSE Board Exam reforms to be introduced in a phased manner to be effective from the 2022-23 academic session.
- A regulatory mechanism to be put in place to permit dual degrees, joint degrees, twinning arrangements and other such mechanisms.

➢ 100 new Sainik Schools will be set up in partnership with NGOs/ private schools/states.

➢ Proposal to introduce legislation on Higher Education Commission of India this year to implement the same. Higher Education Commission of India will be an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding.

➢ Proposal to create formal umbrella structures in 9 cities so that various institutions in the field of education and research 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, a Central University will be set up in Leh.
- Union Budget proposed a target of establishing 750 Eklavya model residential schools in tribal areas. The unit cost of each such school has been increased from ₹ 200 mn to ₹ 380 mn, and for hilly and difficult areas, to ₹ 480 mn.
- The Post Matric Scholarship Scheme, for the welfare of Scheduled Castes has been increased to ₹ 352.19 bn for 5 years till 2025-2026, to benefit 40 mn SC students.
- The budget has allocated ₹ 500 bn for the National Research Foundation, to be spent over a period of 5 years.
- Social Security
- Proposal to launch a portal that will collect relevant information on gig, building, and construction-workers among others to formulate health, housing, skill, insurance, credit, and food schemes for migrant workers.
- Social security benefits will be extended 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 (ESIC).
- Women will be allowed to work in all categories and also in the nightshifts with adequate protection.
- In order to ensure that employees' contributions to social security funds are deposited on time, the late deposit of employee's contribution by the employer will not be allowed as deduction to the employer.

Social Welfare, Job Creation & Women Empowerment

- An allocation for Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGA) reduced to ₹ 730 bn in FY22 from ₹ 1,115 bn (RE) in FY21.
- Proposal to amend the Apprenticeship Act with a view to further enhancing apprenticeship opportunities for youths. The National

Apprenticeship Training Scheme (NATS) will also be realigned for providing post-education apprenticeship, training of graduates and diploma holders in Engineering. Over ₹ 30 bn will be provided for this.

- Proposal to take forward collaborative Training Inter Training Programme with many more countries besides Japan.
- One Nation One Ration Card plan to be implemented in the remaining four states and UTs in the next few months.
- SWAMITVA Scheme to be extended to cover all states/ Union Territories.
- To further facilitate credit flow under the scheme of Stand-Up India for SCs, STs, and women, the margin money requirement will be reduced from 25% to 15%, and to also include loans for activities allied to agriculture.
- An allocation of ₹ 10 bn 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.

Positive Plus

Healthcare and wellbeing sector have gained significant focus in the Union Budget with allocation increasing by almost 137% on due to COVID-19 led crisis. The Budget has primarily emphasized on developing health infrastructure capacities at primary, secondary and tertiary level. This will not only help in bridging the rural-urban gap in terms of health infrastructure but will also make the country ready for emergency handling of pandemic situation like COVID-19 in the future. Apart from preventive and curative healthcare, the Budget has also focused on universal nutrition through Mishan Poshan 2.0 which will help in tackling malnutrition problem in the country. Further, allocation for the Covid-19 vaccine coupled with the assurance of more funds if required, will facilitate the ongoing vaccination process, in turn helping to contain the spread of pandemic in India. As expected, the Union Budget has gone beyond *creating sanitation infrastructure and has focused on open deification free sustainability and solid & liquid waste management in the second phase of Swachh Bharat Mission.*

While the Union Budget turned out to be a game changer for healthcare sector, it has proposed mere 10% increase in the expenditure for education sector. The proposal to qualitatively strengthen 15,000 schools under the NEP is expected to be a step towards rolling out the new educational policy in a phased manner. Further, initiatives like creation of online modules and higher education cluster in 9 cities are expected to help in catalysing the flexible learning environment as has been envisaged under NEP.

In a major step towards universalisation of social security, the Union Budget has extended social security benefits to gig and platform workers. This coupled with measures like launch of portal for gig, building & construction workers and covering all categories of workers under minimum wages and ESIC will lead to formalisation of this unorganised workforce.

While the budget has focused on job creation for skilled labour force through initiatives like amendment in Apprenticeship Act and taking collaborative training programme, it has reduced spending for MGNREGA scheme which is meant for rural unskilled labour-force. In view of rural distress and continuing high demand for employment in rural areas, the Union Budget was expected to enhance allocation for MGNREGA. This will limit not only the scope of employment in the rural areas but will also delay wage payments due to fund shortage in the coming year.

Infrastructure

Roads & Highways

- The Union Budget has a provision of ₹ 1.18 tn for the Ministry of Road Transport and Highways which is inclusive of ₹ 1.08 tn of capital expenditure.
- The government is expected to complete the construction of 11,000 kms of national highway corridors and award 8,500 kms of roads under the Bharatmala Pariyojana project by March 2022.
- Planning of several economic corridors have been laid down by the government to augment the road infrastructure further. Some of them are as follows:
  1. Investment of ₹ 1.03 tn for a stretch of 3,500 km of national highway works in the state of Tamil Nadu.
  2. Construction of 1,100 km of national highway works in the state of Kerala with an investment of ₹ 650 bn which also includes 600 km section of Madurai-Kanyakumari corridor in Kerala.
  3. Construction of a highway in the state of West Bengal stretching upto 675 km with a total investment of ₹ 250 bn.
  4. Corpus of ₹ 340 bn covering over 1,300 kms of National Highways is planned to be undertaken in the state of Assam in the next three years.

Health Infrastructure

- Plan to set up integrated public health labs in all districts and 3382 block public health units in 11 states.
- Government has planned to establish critical care hospital blocks in 602 districts and 12 central institutions; setting up of 15 Health Emergency Operations Centers and 2 mobile hospitals.

Railways

- The government has prepared a National Railway Plan-2030 with an aim to create a future ready railway system by 2030.
- Government has planned to commission Western Dedicated Freight Corridor (DFC) and Eastern DFC by June 2022.
- Plans for the construction of dedicated freight corridors namely East Coast corridor from Kharagpur to Vijayawada, East-West corridor from Bhusaval to Kharagpur and North-South corridor from Itarsi to Vijayawada.
- Construction of Sonnagar-Gomoh Section of Eastern DFC, stretching for 263.7 km to be taken up in public-private partnership (PPP) mode in 2021-22 followed by the Gomoh-Dankuni section stretching for 274.3 km.
- Indian Railways is expected to complete electrification of 46,000 kms i.e., 72% of the Broad Gauge Route kilometers (RKM) by the end of 2021 compared to 41,548 kms as on October 1, 2020. 100% electrification of Broad-Gauge routes is expected to be completed by December 2023.
- Plans to introduce aesthetically designed Vista Dome LHB coach on tourist routes to provide a better travel experience to passengers.
- To strengthen the safety and convenience measures for the passengers, an automatic train protection system will be developed on high density network and highly utilized network routes to eliminate train collision due to human error.

Urban Infrastructure

- A new scheme will be launched by the government to augment public bus transport services in PPP mode with a corpus of ₹ 180 bn.
- The government has planned to deploy two new technologies namely ‘MetroLite’ and ‘MetroNeo’ to provide metro rail services at much lower cost with same experience, convenience and safety in Tier-II cities and peripheral areas of Tier-I cities.

Rural Infrastructure

- Government has enhanced the allocation under the Rural Infrastructure Development Fund from ₹ 300 bn to ₹ 400 bn.
- Funding for the Micro Irrigation Fund created under NABARD has doubled to ₹ 100 bn.
- The Agriculture Infrastructure Fund of ₹ 9 bn would be made available to the APMCs to augment their infrastructure facilities.
- With a view to develop modern fishing harbors and fish landing sites, the government has proposed investments for 5 major fishing harbors – Kochi, Chennai, Vishakhapatnam, Paradip and Petuaghat.
- The government has planned to establish a Multipurpose Seaweed Park in Tamil Nadu to promote seaweed cultivation.
- To improve the agriculture infrastructure and to ensure enhanced remuneration to the farmers, the government has proposed an Agriculture Infrastructure and Development Cess (AIDC) on a small number of items

Power

- Plans to launch a result-linked power distribution sector scheme with an outlay of ₹ 3.05 tn to be spent over 5 years, thus providing an assistance to DISCOMS for infrastructure creation.
- Government has proposed to launch a Hydrogen Energy Mission in FY22 for generating hydrogen from green power sources.

Ports and Waterways

- The government has planned to move the operational services to a PPP model for 7 major ports with a corpus more than ₹ 20 bn in FY22.
- Government has announced a scheme to promote flagging of merchant ships in India by providing subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs. Total corpus of ₹ 16.24 bn has been allocated for the same to be spent in 5 years.

- Under the Recycling of Ships Act, 2019, the government has planned to bring more ships to India from Europe and Japan and double the recycling capacity from 4.5 mn light displacement tonne by 2024.

Petroleum & Natural Gas

- The government has proposed a gas pipeline project in the Union Territory of Jammu & Kashmir.
- Setting up an independent Gas Transport System Operator to facilitate and coordinate booking of common carrier capacity in all-natural gas pipeline on a non-discretionary open access basis.

Financial-Technology

- The government has proposed to develop a world class Fin-Tech hub at the International Financial Services Centre (IFSC) in the GIFT city.

Digital Infrastructure

- To provide a diverse education eco-system architecture for development of digital infrastructure, the government has proposed to set up a National Digital Education Architecture (NDEA) to support teaching and learning activities, governance and administrative activities of both the centre and the state.

Affordable Housing

- To make housing affordable, the government plans to provide additional deduction of interest of ₹ 0.15 mn to the already provisioned ₹ 0.15 mn, for the loans taken up till March 31, 2022.
- The government has proposed a tax holiday for one or more year to affordable housing projects till March 31, 2022.

Infrastructure Financing

- Government has allowed Infrastructure Debt Funds (IDF) to raise capital by issuing tax efficient zero coupon bonds. The bonds issued by notified IDF will be eligible for tax benefits.
- Government will set up a Development Financial Institution in order to act as a provider, enabler and catalyst for infrastructure financing. A corpus of ₹ 200 bn has been provided to capitalize the institution with an ambition to have a lending portfolio of at least ₹ 5 tn for this institution in the next three years.
- Government has planned to enable debt financing of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs).
- Government will launch a National Monetization Pipeline to monetize operating public infrastructure assets to finance new infrastructure construction. An asset monetization dashboard will be created for tracking the progress and to provide visibility to investors.
- Railways will monetize dedicated freight corridor assets for operations and maintenance after commissioning.
- Airports will be monetized for operations and management concessions.
- National Highways Authority of India and Power Grid Corporation of India (PGCIL) each have sponsored one InvIT which is expected to attract international and domestic institutional investors. Five operational roads with an estimated enterprise value of ₹ 50 bn are being transferred to the NHAI InvIT and transmission assets of a value of ₹ 70 bn will be transferred to the PGCIL InvIT.
- In the previous budget, the government had granted 100% tax exemptions to attract foreign investment in the infrastructure sector subject to certain conditions. The government has proposed to relax some of those conditions relating to prohibition on private funding, restriction on commercial activities and direct investment in infrastructure.

- Other infrastructure assets that are expected to be rolled out under the Asset Monetization Program are –
  1. NHAI Operational Toll Roads
  2. Oil and Gas Pipelines of GAIL, IOCL, HPCL
  3. AAI Airports in Tier II and Tier III cities
  4. Warehousing Assets of CPSEs
  5. Sports Stadium

Education Infrastructure

- To establish 750 Eklavya model residential schools in tribal areas, government has proposed to increase the unit cost of each school from ₹ 200 mn to ₹ 380 mn and for the hilly and difficult areas to ₹ 480 mn.

Tech Parks

- In order to create world class infrastructure to enable growth champions in exports, a scheme of Mega Investment Textile Parks (MITRA) will be launched by the government. Under this scheme, 7 textile parks will be established over 3 years.

Positive Plus

The government has committed ₹ 5.54 tn towards infrastructure in FY22 compared to ₹ 4.39 tn in FY21 (RE), translating to an increase of 26%, which shows the government's continued commitment and focus on infrastructure as a key enabler of economic growth. The budget caters to the need of the long-term capital investment in infrastructure by proposing to establish a Development Financial Institution (DFI) which will be able to divert long-term savings into the much-needed capital for the infrastructure sector. The expansion of the insurance sector to allow increased ownership and control of foreign ownership could further help create infrastructure financing for long gestation infrastructure projects. Monetizing existing public infrastructure assets is an important financing *option for new infrastructure projects which will get augmented by the creation of National Monetization Pipeline.*

₹ *220 bn allocated for equity funds to specified infrastructure finance companies who would leverage it, as permissible, to create infrastructure financing pipeline of more than* ₹ *1 tn has been a much needed move for long term infrastructure financing. While initiative to tap Sovereign Wealth Funds for infrastructure investment is a novel initiative, more fine print of revenue mobilization for such a significant scaling up of infrastructure spending is required.*

Services

Banking, Insurance, Financial Services and Markets

- The budgetary allocation towards Financial Services (Banking, Insurance, Financial Markets, Infrastructure Finance, etc.) increased to ₹ 295.1 bn in FY22 from ₹ 257.1 bn (RE) in FY21.

Banking

- Proposal to provide tax neutrality to facilitate the conversion of Urban Cooperative Banks (UCBs) into Small Finance Banks (SFBs); UCBs would not be required to pay capital gains for assets transferred to SFBs.
- Proposal to recapitalize public sector banks to the tune of ₹ 200 bn during FY22.
- Proposal to move amendments to the Deposit Insurance and Credit Guarantee Corporation Act, 1961 to streamline provisions and enable depositors of banks that are unable to fulfil deposit insurance obligations to secure easy and time-bound access to their deposits to the extent of the cover.

Setting up of New Financial Institutions

- Proposal to set up an Asset Reconstruction Company and Asset Management Company to consolidate and take over existing stressed debt, and to subsequently manage and dispose them off to Alternative Investment Funds and other potential investors.
- Proposal to set up a new professionally managed Development Finance Institution (DFI) to act as a provider, enabler and catalyst for infrastructure financing; sum of ₹ 200 bn to be provided to capitalize this institution; target is to have a lending portfolio of at least ₹ 5 tn for this DFI in three years' time.
- Proposal to create institutional structures as one of the concrete steps towards funding the National Infrastructure Pipeline (NIP).

Disinvestment and Strategic Sale

- Policy of strategic disinvestment of public sector enterprises approved by the Government; 'Banking, Insurance and Financial Services' classified as one of the strategic sectors covered under this policy.
- Strategic disinvestment of IDBI Bank to be completed in FY22; proposal to take up the privatization of two more public sector banks during the year.

Positive

Through the Union Budget FY22, the Government has sought to sustain its PSB reforms via the disinvestment route. This is despite the fact that the pandemic had affected the Government's disinvestment plans in FY21. The recapitalization plan worth ₹ 200 bn and the proposal to set up an asset reconstruction company and an asset management company will certainly help PSBs clean up NPAs from their balance sheets. The move will also help PSBs meet the mandatory reserve requirements, provide cushion against stressed assets and kick-start the credit cycle as and when the loan demand revives. The proposal for the setting of a separate DFI is a welcome step to take the economy to a new trajectory of growth and will help in creating required resources. However, it will need funding support as it scales up. Furthermore, through the proposed amendments to the DICGC Act, 1961, the Union Budget has also sought to safeguard the interests of depositors of banks that are currently under stress.

Insurance

FDI Boost for the Insurance Sector

- Proposal to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies; also proposed to allow foreign ownership and control with safeguards. Majority of Directors on the Board and key management persons to be resident Indians, with at least 50% of Directors being Independent Directors, and specified percentage of profits being retained as general reserve.

Disinvestment and IPO

- Proposal to privatize one general insurance company during the year.
- Proposal to list LIC of India on the bourses during FY22; legislative amendments required for the IPO to be brought in during the year.

Marginally Positive

The FDI hike in the insurance sector is bound to lead to more capital inflows, which will benefit the sector and provide a wide array of choices of insurance product to the masses. The IPO of LIC will usher in more transparency, thus indirectly helping policyholders.

Financial Services

Reforms for NBFCs

- The proposal to reduce the minimum loan size of NBFCs with minimum asset size of ₹ 1 bn, for eligibility of debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 from the existing level of ₹ 5 mn to ₹ 2 mn.
- Proposal to enhance the agricultural credit target to ₹ 16.5 tn in FY22 from ₹ 15 tn in FY21. NBFCs are active in the agriculture credit space.

Promoting Digital Modes of Payment

- Proposal to earmark ₹ 150 bn towards a scheme providing financial incentives to promote digital modes of payment.

Positive

The reduction in the threshold for NBFCs to initiate recoveries under the SARFAESI Act is an effective step in terms of ushering credit discipline. In the long-term, it is also likely to boost penetration of credit to small businesses. With the Government also having more than doubled the allocation towards MSMEs, NBFCs are likely to play an important role in supporting them. Likewise, the enhancement of agricultural credit targets will also benefit NBFCs, since they play an active role in this space.

Furthermore, the proposal to promote digital payments will boost financial inclusion and benefit financial service providers across all sub-sectors.

Markets

Creation of a Single Securities Markets Code

- Proposal to merge the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the Securities Exchange Board of India Act, 1992 into a rationalized single Securities Code Act.

Promotion of IFSCs

- Government to support the development of a world-class FinTech hub at the International Financial Services Centre (IFSC) at GIFT City.
- Proposal to provide more tax incentives with respect to IFSCs which includes tax holiday for capital gains incomes of aircraft leasing companies, tax exemptions for aircraft lease rentals paid to foreign lessors, tax incentives for re-location of foreign funds in IFSCs and tax exemptions to investment divisions of foreign banks located in IFSCs.

Regulatory Reforms

- Proposal to create a permanent institutional framework to purchase investment grade debt securities in stressed as well as normal times and to help in the development of the Corporate Bond market in India; the objective is to instill confidence amongst the participants in the bond market during times of stress and to generally enhance secondary market liquidity.
- Proposal to notify SEBI as the regulator for gold exchanges in India and to strengthen the Warehousing Development and Regulatory Authority to set up a commodity market ecosystem arrangement including vaulting, assaying, logistics, etc. in addition to warehousing.

Reforms for Retail Investors

- Proposal to introduce an investor charter as a right of all financial investors across financial products.

- Proposal to allow tax exemption for maturity proceeds of Unit Linked Insurance Plans (ULIPs) having annual premium of up to ₹ 0.25 mn; the exemption shall be applicable only for policies taken on or after February 1, 2021. Further, the non-exempt ULIP shall be subject to the same concessional capital gains taxation regime as applicable to mutual funds.

Reforms to boost Foreign Investment

- Proposal to enable deduction of tax on dividend income at lower treaty rates.
- Proposal to relax some conditions relating to prohibition on private funding, restriction on commercial activities, and direct investment in infrastructure; this is to ensure that a large number of foreign Sovereign Wealth Funds and Pension Funds do not miss out on tax exemptions and continue to invest in India.
- Proposal to exempt dividend payment from levy of Minimum Alternate Tax (MAT) for foreign companies if the applicable tax rate is less than the rate of MAT.

Zero Coupon Bonds

- Proposal to enable issue of Zero-Coupon bonds for infrastructure funding by making notified Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero-Coupon Bonds

Positive

The introduction of the single security market code will lead to smooth capital market operation by enabling faster amendments whenever required and will also enhance the liquidity in the secondary markets. It also included steps to strengthen the IFSC framework, as well as the corporate bond and commodity markets; these will in turn increase financial penetration and help create liquidity for corporates. Furthermore, the Union Budget also benefits retail investors and seeks to attract foreign investment. On a broader level, these measures can help push investment *and mobilize funds, which are critical for the economy's post-pandemic recovery.*

Hospitality

- Proposal for introduction of aesthetically designed Vista Dome LHB coach on tourist routes (railways).
- The budgetary allocation for Ministry of Tourism increased to ₹ 20.27 bn in FY22 from ₹ 12.60 bn in FY21.
- The budgetary allocation for Ministry of Culture increased to ₹ 26.88 bn in FY22 from ₹ 22.12 bn in FY21.
- The Budget has expanded the number of projects under the National Infrastructure Pipeline (NIP) to cover 7,400 projects from 6,835 projects earlier.

Neutral

There are no immediate and short terms measures in the Union Budget for the hospitality industry. The infrastructure measures announced in the Union Budget may boost tourism and aid the hospitality industry in the country over the long term. The introduction of vista couches on the tourist routes would enrich the travel experience. The widening or augmentation of the NIP would enable people to travel across the country and this will provide impetus to the tourism and hospitality industries. In summary, the greater focus on developing the infrastructure sector could have a positive impact on the industry in the long run.

IT-ITBPM

- The Budget has earmarked ₹ 15,000 mn for a proposed scheme that will provide financial incentive to promote digital modes of payment.
- The Budget aims to set up a National Digital Educational Architecture (NDEAR) within the context of a Digital First Mindset where the Digital Architecture will not only support teaching and learning activities but also educational planning, governance and administrative

activities of the Centre and the States/Union Territories. It will provide a diverse education eco-system architecture for development of digital infrastructure, a federated but inter operable system that will ensure autonomy of all stakeholders, specially States and UTs.

Neutral

There has been no major announcements, with far reaching impact for IT - ITBPM in the Union Budget. However, the proposal to earmark ₹ 15,000 mn to promote digital payment modes and setting up National Digital Educational Architecture (NDEAR) will facilitate digital eco-system. These measures fit well with the idea of Digital India and will enable more transparent and compliance-driven growth.

Retail

- Levy of 5% import duty on cotton, 10% on cotton waste and increase in import duty from 10% to 15% on raw silk are proposed.
- Withdrawal of exemption and levy of import of duty of certain types of leather, increase in import duties of certain gems and jewelry, and handicraft items are proposed as an incentive to exporters.
- Customs duty on finished synthetic gemstones is proposed to encourage their domestic processing.
- Custom duty on gold and silver is proposed to be rationalized from 12.5% to 7.5%. Additionally, gold and silver, will also attract "Agriculture Infrastructure and Development Cess" at the rate of 2.5%.

Neutral

While there are no specific announcements in the Union Budget directly related to retail sector, other measures announced in infrastructure and manufacturing will kick start consumption cycle thereby benefiting retail sector indirectly. There is an expected trickledown effect of announcements of incentives to MSMEs, personal taxes, initiatives to boost manufacturing, *rationalization of customs duty on imports of certain items and withdrawal of exemption of customs duty on import of certain items to provide a level playing field and benefit to domestic manufacturer.*

Telecom

- The government expects approximately 60% y-o-y jump in revenue from the telecom sector at ₹ 540 bn in FY22 against a modest ₹ 337 bn earned in FY21. This revenue estimates appear to factor in a major chunk of approximate ₹ 480 bn, which the Government is expected to garner from the upcoming 4G spectrum sale in March 2021.
- Proposal of raising Basic Customs Duty (BCD) on import of sub-parts of mobile phones and battery chargers from nil to 2.5% in FY22.
- BCD on Printed Circuit Board Assembly (PCBA), camera modules, connectors and raw material for manufacture of specified parts will be raised to nil to 2.5%.
- BCD on moulded plastic for manufacture of charger or adapter, will go up from existing 10% to 15%.
- BCD on raw material (other than PCBA and moulded plastics), PCBA, parts of moulded plastic for manufacture of charger or adapter has been raised from nil to 10%.
- The government has provisioned higher outlay for a few schemes in the proposed budget w.r.t revised budget of previous year.
  - Compensation to Service Providers for creation and augmentation of telecom infrastructure is raised from ₹ 72 bn to ₹ 90 bn
  - Optical Fibre Cable based network for Defence Services is raised from ₹ 40 bn to ₹ 52 bn
  - Promotion of Digital payment is raised from ₹ 3 bn to ₹ 15 bn
  - Promotion of Electronics and IT HW Manufacturing (MSIPS, EDF and Manufacturing Clusters) is raised from ₹ 7 bn to ₹ 26.3 bn

Neutral

There were no major announcements in the Union Budget for the debt-ridden telecom sector. The proposed increase in customs duty on mobile phone equipment, specified parts and accessories for mobile phones and lithium-ion batteries are expected to incentivize domestic manufacturing and boost the AatmaNirbhar Bharat initiative. Nevertheless, the overall push towards digitization is expected to generate incremental revenue opportunities for the telecom sector.

The Government's intention to bring out a policy to enable the private sector to build Data Centre Parks and focus on new economy will open new frontiers in computing and communication, boost cybersecurity, and allow seamless delivery of services through digital governance.

With the abolishment of Dividend Distribution Tax, corporates will find some relief in taxation and this will attract more investors.

Manufacturing

Automotive

- A voluntary vehicle scrapping policy was announced to phase out old and unfit vehicles. Personal vehicles would need to undergo fitness test after 20 years, while commercial vehicles would need to take the test after 15 years. Details of the scheme will be announced later.
- The budget has proposed a scheme at a cost of ₹ 180 bn to support augmentation of public bus transport services.
- Basic customs duty (BCD) on safety glass, consisting of toughened (tempered) or laminated glass used in automobiles to be increased from 10% to 15%.
- BCD on parts of Electrical lighting and signaling equipment, windscreen wipers, defrosters and demisters, used for cycles or motor to be increased from 10% to 15%.
- BCD on ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships to be increased from 10% to 15%.
- BCD on instrument Panel Clocks and Clocks of a similar type for vehicles, Aircraft, Spacecraft or Vessels to be increased from 10% to 15%.
- Exemption of customs duty on iron and steel melting scrap, including stainless steel scrap till March 31, 2022 from the current 2.5%.
- Customs duty on primary/semi-finished products of nonalloy steel to be reduced to 7.5% from 10%.
- Customs duty on flat products of non-alloy and alloy-steel reduced to 7.5% from 10% and 12.5% respectively.
- Customs duty on long products of non-alloy, stainless and alloy steel reduced to 7.5% from 10%.
- Budget estimates for the MSME sector has been increased to ₹ 157 bn for FY22 ₹ 56.64 bn in FY21.

Positive

The voluntary vehicle scrappage policy, is likely to lead to increased demand for both commercial vehicles and passenger vehicles as the unfit vehicles would need to be scrapped. It could also create demand for energy-efficient vehicles. The scheme for augmentation of public transport services involving acquisition, operation and maintenance of over 20,000 buses would provide a big boost to the manufacturing of commercial vehicles. The increase in basic customs duty on certain auto components could lead to increase in costs of production in the medium term, while it could encourage domestic manufacturing of these components in the long term. India could become self-reliant in these components. The increased outlay for MSMEs is a big positive for the auto components, which is largely dominated by MSMEs, as it could facilitate faster growth for them. The auto OEMs and auto components manufacturers would benefit from the reduction in customs duty on certain steel products. The strong focus on infrastructure development in the budget would also lead to increased demand for commercial vehicles.

Capital and Engineering Goods

- The Government allocated ₹ 5.5 tn for capital expenditure in FY22, 34.5% higher than the FY21 (BE).
- The government will provide ₹ 2 tn to states and autonomous bodies to meet capital expenditure.
- A voluntary vehicle scrapping policy was announced to phase out old and unfit vehicles. Personal vehicles would need to undergo fitness test after 20 years, while commercial vehicles would need to take the test after 15 years. Details of the scheme will be announced later.
- A "National Monetization Pipeline" of potential brownfield infrastructure assets will be launched to finance new construction projects.
- The government allocated ₹ 1.1 tn to railways for FY22, of which ₹ 1.07 tn will be of capital expenditure.

- Countervailing duty is being temporarily revoked for the period commencing from February 2, 2021 till September 30, 2021, on imports of certain Hot Rolled and Cold Rolled Stainless Steel Flat Products, originating in or exported from People's Republic of China
- The government would introduce a phased manufacturing plan for solar cells and solar panels.
- To encourage domestic production, duty on solar inverters will be raised from 5% to 20%, and on solar lanterns from 5% to 15%.
- Exemption of customs duty to all items of machinery, instruments, appliances, components, or auxiliary equipment for setting up of solar power generating projects will be revoked.
- A new scheme will be launched by the government to augment public bus transport services in PPP mode with a corpus of ₹ 180 bn.

Positive

The Union Budget did not make specific announcements that would have direct impact on the capital goods and engineering sector. However, there were several announcements that would indirectly have a positive impact on the sector. The increased and higher fund allocation for infrastructure sector (Road & Port) is likely to boost the demand for construction equipment. The Union Budget has increased the customs duty for promoting domestic manufacturers under Make in India. The government's thrust on infrastructure projects related to transport, expansion of national gas grid, affordable housing and smart cities will create demand for heavy machinery and equipment. Although, the direct budgetary intervention in the capital and engineering goods sector is limited, indirect benefit expected to accrue from the proposed infrastructure development is immense.

Cement

- The Government proposes setting up integrated public health labs in all districts and 3,382 block public health units in 11 states under the new centrally sponsored scheme, PM AtmaNirbhar Swasth Bharat Yojana.
- Proposal to establish of critical care hospital blocks in 602 districts and 12 central institutions.
- Awarding of additional 8,500 kms of national highway corridors by March 2022 under Bharatmala Pariyojana project.
- Proposal to undertake 3,500 km of national highway works in the state of Tamil Nadu at an investment of ₹ 1.03 tr.
- Proposal to undertake 1,100 km of national highway works in the state of Kerala at an investment of ₹ 650 bn including 600 km section of Mumbai-Kanyakumari corridor in Kerala.
- Proposal to undertake 675 km of highway works in the state of West Bengal at a cost of ₹ 250 bn which also includes upgradation of existing Kolkata – Siliguri road.
- Proposal to undertake more than ₹ 340 bn covering more than 1300 kms of national highways in the state of Assam in the coming three years.
- Proposal to provide an enhanced outlay of ₹ 1.18 tn for Ministry of Road Transport and Highways as compared to ₹ 1.02 tn in the previous year. Of the ₹ 1.18 tr of outlay, ₹ 1.08 tr is towards capital.
- Proposal to provide central counterpart funding to:
    - Kochi Metro Railway Phase-II of 11.5 km at a cost of ₹ 19.57 bn.
    - Chennai Metro Railway Phase-II of 118.9 km at a cost of ₹ 632.46 bn.
    - Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of ₹ 147.88 bn.
    - Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of ₹ 59.76 bn and ₹ 20.92 bn respectively.

- Proposal to set up 100 new Sainik Schools in partnership with NGOs/ private schools/states
- Proposal to 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.
- The Government has proposed to award following flagship roads and highways projects:
    - Delhi-Mumbai Expressway: Remaining 260 km will be awarded before March 31, 2021.
    - Bengaluru – Chennai Expressway: 278 km will be initiated in the current financial year. Construction will begin in FY22
    - Delhi-Dehradun economic corridor: 210 km corridor will be initiated in the current financial year. Construction will begin in FY22
    - Kanpur-Lucknow Expressway: 63 km expressway providing an alternate route to NH 27 will be initiated in FY22.
    - Chennai – Salem corridor: 277 km expressway will be awarded, and construction would start in FY22.
    - Raipur-Vishakhapatnam: 464 km passing through Chhattisgarh, Odisha and North Andhra Pradesh will be awarded in the current year. Construction will start in FY22.
    - Amritsar-Jamnagar and Delhi Katra: Construction will commence in FY22
- Proposal to enhance the allocation to the Rural Infrastructure Development Fund (RIDF) from ₹ 300 bn to ₹ 400 bn
- The Government has proposed an extension of tax holiday on affordable housing projects for one of year till March 31, 2022.

Positive

The Government has proposed a capital expenditure of ₹ 5.54 tn with a thrust on real estate and construction, public health infrastructure, roads, *railways, urban and rural infrastructure. In addition to transferring ₹ 2 tn to the states for their capital spending, the Government also plans to work out specific mechanisms to enable States to spend more of their budget on creation of infrastructure. Further, the project pipeline in National Infrastructure Pipeline (NIP) has expanded from 6,835 projects in December 2019 to 7,400 projects. The Government is planning several economic corridors and dedicated freight corridor projects in order to augment road and rail infrastructure. In order to meet the goal of 'Housing for All', the Government has extended tax holiday for affordable housing projects which will further increase the investment in this segment. This is expected to translate into higher demand for cement.*

Consumer Goods

- The Budget proposes voluntary vehicle scrapping policy. 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 centers after 20 years in case of passenger vehicles, and after 15 years in case of commercial vehicles.
- The Budget proposes to withdraw a few exemptions on parts of chargers and sub-parts of mobiles. It proposes to introduce duty from 'nil' rate to a moderate 2.5% on some parts of mobile.
- To encourage domestic production, custom duty on solar invertors is proposed to be raised from 5% to 20%, and on solar lanterns from 5% to 15%.
- Customs duty on compressor of refrigerators and air conditioners raised from 10% to 12.5%.
- Customs duty on Printed Circuit Board Assembly (PCBA), camera module and connectors increased from 0% to 2.5%.
- Customs duty on inputs and parts of LED lights or fixtures including LED lamps have been increased from 5% to 10%.

- Basic customs duty on specified auto parts like ignition wiring sets, safety glass, parts of signaling equipment etc. have been changed to 15% from exiting 7.5%/10%.

Positive

By increasing customs duty on various consumer products, the Union Budget has shown the intent to promote the local manufacturing in line with AtmaNirbhar Bharat. Increase in the duty will also help generate more revenue for the government in the form of customs duty. Scrapping policy for vehicles is a step in the right direction as it will help in reducing pollution and will also help in reducing oil import bill and further improve the demand for automobiles. The government has also made it clear that while duty on gold and silver have been rationalized, they are still subject to a healthy duty to discourage their consumption and reduce import bill.

Gems & Jewellery

- Custom duties on gold and silver to be rationalized to 7.5% from 12.5%
- Import duty on other precious metals also slashed. Duties reduced to 6.9% from 11.85% on gold dore; 6.1% from 11% on silver dore; 10% from 12.5% on other precious metals such as platinum, palladium etc; 10% from 20% on gold and silver findings; and 10% from 12.5% on precious metal coins.
- Agriculture Infrastructure and Development Cess (AIDC) to be levied on gold and silver as well as gold dore bar and silver dore bar at the rate of 2.5%
- Social Welfare Surchage (SWS) exempted on the value of AIDC imposed on gold and silver. Accordingly, these items would attract SWS, at normal rate, only on value plus basic customs duty.
- To regulate gold exchange in the country as notified during the budget of FY19, SEBI will be assigned as a regulator and the Warehousing

Development and Regulatory Authority will be strengthened to set up a commodity market eco-system arrangement including vaulting, assaying, logistics, etc.

Positive

Reduction in import duties on gold and silver augurs well for the gems & jewellery industry, which had lost much of its sheen on account of subdued demand during the peak of the pandemic. Taking into consideration customs duty of 7.5%, AIDC of 2.5% and SWS of 0.75%, the rationalization of duty on gold and silver amounts to 10.75% as against 12.5% at present. The move would likely translate into lower prices, thus boosting consumer demand. Reduced import duties on gold would also help in curbing malpractices such as smuggling and tax evasion. Establishing gold exchanges would lead to fair price discovery and billing of every transaction would lead to accountability. Trading over regulated platform will provide more transparency to the jewellers, retailers and refiners and they would be bereft of paying premiums or extra charges to source gold.

Metals & Mining

- Uniform reduction in customs duty from 10% to 7.5% on semis, flat and long products of non-alloy, alloy and stainless steels.
- Abolishment of 2.5% customs duty on iron and steel melting scrap, including stainless steel scrap.
- Reduction of customs duty on copper scrap from 5% to 2.5%.
- Increase in customs duty on metals products such as screws, nuts etc. from 10% to 15%.
- Abolishment of 2.5% customs duty on raw materials used in the manufacture of Cold Rolled Grain Oriented (CRGO) steel.
- Anti-dumping duty is temporarily revoked for the period commencing from February 02, 2021 till September 09, 2021 on imports of -
    - Straight length bars and rods of alloy-steel, originating in or exported from People's Republic of China

  - High speed steel of non-cobalt grade, originating in or exported from Brazil, People's Republic of China and Germany
  - Flat rolled product of steel, plated or coated with alloy of aluminium or zinc, originating in or exported from People's Republic of China, Vietnam and Korea RP

- Countervailing duty is being temporarily revoked for the period commencing from February 02, 2021 till September 09, 2021, on imports of certain hot rolled and cold rolled stainless steel flat products, originating in or exported from People's Republic of China.
- Provisional countervailing duty is being revoked on imports flat products of stainless steel, originating in or exported from Indonesia.
- In Sunset Review, anti-dumping duty on cold-rolled flat products of stainless steel of width 600 mm to 1250 mm and above 1250 mm of non bonafide usage originating in or exported from People's Republic of China, Korea RP, European Union, South Africa, Taiwan, Thailand and US has been discontinued upon expiry of the anti-dumping duty.

Marginally Positive

The sector can have a positive impact by removing / reducing custom exemptions as well as by temporarily revoking anti-dumping and countervailing duty for manufacturers which have been severely hit by high cost of raw materials namely a sharp rise in iron and steel prices. However, this measure can also result in increased imports of cheaper stainless steel thus increasing the competition with domestic manufacturers, which have been severely impacted by the pandemic. The Budgetary announcements with respect to reduction of customs duty for lower input cost can have a positive as well as a negative impact on the sector.

The government's thrust on affordable housing will indirectly benefit the metal sector. Ferrous and non-ferrous metals, especially those used in real estate construction will benefit as the government proposes to extend the date of approval of affordable housing projects for availing the tax holiday by one more year till March 31, 2022.

The measures announced for infrastructure development would also have a positive impact on the metals and mineral sectors. The budgetary proposal for an estimated outlay of ₹ 1.18 tn for the Ministry of Road Transport and Highways including awarding 8,500 kms and completing an additional 11,000 kms of national highway corridors by March 2022 could result in higher demand for mineral-based materials used to construct roads. The metal sector is expected to benefit indirectly from the budgetary outlay of ₹ 1.1 tn for the Railways which envisages the commissioning of Western Dedicated Freight Corridor (DFC) and Eastern DFC by June 2022. The sector, especially the forged steel components, will also benefit from the expansion of public city bus transportation service as a PPP model which includes a new scheme at a cost of ₹ 180 bn and will include private sector players to finance, acquire, operate and maintain over 20,000 buses. Seven projects worth more than ₹ 20 bn offered by the major ports on a PPP basis as well as addition of 100 more districts in next three years to the city gas distribution network will have a positive impact for the iron and steel sector.

Micro Small and Medium Enterprise (MSME)

- Total budgetary allocation for the MSME sector increased to around ₹ 157.0 bn in FY22 from ₹ 56.6 bn in FY21
- Proposal to strengthen the National Company Law Tribunal (NCLT) framework, implementation of e-Courts system, and introduction of alternate methods of debt resolution and special framework for MSMEs
- Revision in definition of small companies by increasing the threshold of paid-up capital to 20 mn from ₹ 5 mn and threshold of turnover to 200 mn from 20 mn
- Increase in tax audit limit for businesses that carry out 95% of their transactions digitally to ₹ 100 mn from 50 mn
- Proposal to decriminalize certain offences of the Limited Liability Partnership (LLP) Act, 2008

- Proposal 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 allowing Non Resident Indians (NRIs) to incorporate OPCs in India
- Eligibility for claiming tax holiday for start-ups and capital gains exemption for investment in start-ups extended till March 31, 2022
- Increase the limit on annual receipts for small trusts to ₹ 50 mn from ₹ 10 mn for non-applicability of various compliances like approval etc.
- Reduction of customs duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels. Exemption of customs duty on steel scrap for a period up to March 31, 2022. Reduction of customs duty on copper scrap to 2.5% from 5%
- Reduction of customs duty on caprolactam, nylon chips and nylon fiber & yarn to 5% from 7.5%
- Increase in customs duty: to 15% from 10% for steel screws and plastic builder wares, to 15% from 5% for prawn feed, to 15% from 10% for synthetic gemstones, to 10% from nil rate for Wet blue chrome tanned leather, crust leather and finished leather of all kinds

Positive

COVID-19 has undoubtably been one of the biggest economic shocks and many businesses are in the midst of a very real existential crisis. Hence, the government's commitment to help small businesses get back on their feet by addressing their liquidity issues is a positive for the sector. The allocation of ₹ 100 bn for Guarantee Emergency Credit Line (GECL) facility is expected to help MSMEs meet their operational liabilities and restart their businesses in the aftermath of the COVID-19 pandemic. Proposal to introduce alternate methods of debt resolution will further uplift creditor confidence. The government's agenda of improving the ease *of doing business is clearly visible through the various measures announced such as the revision in definition of small companies, increase in the audit threshold limit, decriminalization of the LLP Act, incentivization of OPCs etc. Rationalisation of customs duty for products that are manufactured almost entirely by MSMEs is expected to support domestic firms and aligns with the government's thrust on AatmaNirbhar Bharat. Parallelly, increased allocation towards the other sectors, particularly infrastructure, will benefit the MSME sector through a multiplier effect.*

Oil & Gas and Petrochemicals

- Total Budgetary allocation to the Ministry of Petroleum and Natural Gas reduced to ₹ 159.44 bn in FY22 from ₹ 429.01 bn in FY21.
- 100 more districts to be covered under the City Gas Distribution network in next 3 years.
- Starting of a gas pipeline project in Jammu & Kashmir.
- Announcement to set up an independent Gas Transport System Operator for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis.
- Ujjwala Scheme coverage to be extended to cover 10 mn more beneficiaries.
- Petroleum sector is identified as one of the strategic sectors for disinvestment where CPSEs presence will be minimized and will be open for private investment. BPCL disinvestment is targeted to be completed for this year.
- Pipelines of GAIL (India) Ltd, Indian Oil Corp (IOC) and HPCL will be monetized under the government newly launched Asset Monetization Programme i.e. "National Asset Monetizing Pipeline" of potential brownfield infra asset. An Asset Monetization dashboard will also be created for tracking the progress and to provide visibility to investors

- Petrol and Diesel will attract an Agriculture Infrastructure and Development Cess (AIDC) of ₹ 2.5 per litre and ₹ 4 per litre, respectively.
- The Basic excise duty (BED) and Special Additional Excise Duty (SAED) rates on unbranded petrol and diesel have been reduced. BED have been reduced to ₹ 1.4 and ₹ 1.8 per litre while SAED rate have been reduced to ₹ 11 and ₹ 8 per litre, respectively.
- M-15 Petrol and E-20 Petrol exempted from various cess and surcharge on the lines of other blended fuels (like E-5 and E-10) if these blended fuels are made of duty paid inputs.
- BCD on Naphtha reduced from 4% to 2.5%.
- BCD on Bis-phenol A increased from Nil to 7.5%.
- BCD on Epichlorohydrin increased from 2.5% to 7.5%.
- BCD on Carbon blacks increase from 5% to 7.5%.

Marginally Positive

Expansion of the City Gas Distribution network and formation of a gas pipeline project in Jammu & Kashmir is likely to deepen the penetration of piped gas market in India. Announcement to set up an independent gas transport system operator (TSO) would help in developing transparent and providing easy distribution access to the country's natural gas infrastructure. Moreover, it will support India to move closer to achieve the long-term objective of enhancing the gas share in its overall energy basket from 6% currently to 15% by 2030. Announcement to extend Ujjwala scheme beneficiaries will expand the reach of LPG supply and thus help in reducing the dependency on fossil fuel for cooking purpose. The monetary proceeds from the monetization of pipelines of GAIL (India) Ltd, Indian Oil Corp (IOC) and HPCL will aid the funding of the country's infrastructure construction. Furthermore, announcement about BCD reduction on Naphtha-key feedstock for various organic chemicals (like Benzene, Toluene etc)-is likely to address inverted duty structure issue and help in reducing the manufacturing cost of several products. On contrary, *increase in BCD on Carbon Black, Bis-phenol A, and Epichlorohydrin is likely to impact various end user industries such as rubber, tyre, toner, pharma and agro intermediates, amongst other.*

In addition to above, the financial burden of imposition of AIDC (on petrol and diesel) on consumer is likely to be offset by the reduction in BED and SAED rates, thus having neutral impact on the petrol and diesel prices for consumers. Overall, Union Budget FY22 is likely to have a marginally positive impact on the Oil & Gas sector and petrochemical.

Pharmaceuticals & Healthcare

- A new centrally sponsored scheme, PM AtmaNirbhar Swasth Bharat Yojana to be launched with an outlay of about ₹ 641 bn over five years to strengthen capacities of primary, secondary and tertiary care health systems. The major initiatives under this scheme include –
  - Support for 17,788 rural and 11,024 urban Health and Wellness Centers
  - Setting up integrated public health labs in all districts and 3,382 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 five regional branches and 20 metropolitan health surveillance units
  - Expansion of the Integrated Health Information Portal to all states/ Union Territories (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
  - Setting up of a national institution for 'One Health', a regional research platform for WHO South East Asia Region, none

bio-safety Level III laboratories and four regional National Institutes for Virology

- Launch Mission Poshan 2.0 for strengthening the nutritional content, delivery, outreach and outcome by merging the two schemes namely Supplementary Nutrition Programme and the Poshan Abhiyan. The Budgetary announcement also proposes the adoption of an intensified strategy to improve nutritional outcomes across 112 aspirational districts.
- The Pneumococcal vaccine, a Made in India product, which is presently limited to only five states will be rolled out across the country and is expected to avert more than 50,000 child deaths annually.
- Provision of ₹ 350 bn for Covid-19 vaccine in FY22.
- The Budgetary announcements propose the introduction of The National Nursing and Midwifery Commission Bill for bringing about greater transparency, efficiency and governance reforms in the nursing profession.
- Launch of the Jal Jeevan Mission (Urban) aimed at universal coverage of water supply in all 4,378 urban local bodies with 28.6 mn household tap connections, as well as liquid waste management in 500 Atal Mission for Rejuvenation and Urban Transformation (AMRUT) cities. The scheme will be implemented over a period of five years, with an outlay of ₹ 2,870 bn.
- Implementation of the Urban Swachh Bharat Mission 2.0 with a total financial allocation of ₹ 146.78 bn over a period of five years from 2021-2026. The initiative will 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.
- To tackle the air pollution, the Budgetary announcement includes an outlay of ₹ 22.17 bn for 42 urban centres with a million plus population.

- The Union Budget outlay for health and wellbeing (which includes water supply, sanitation and air pollution) stands ₹ 2.23 tn.

Positive Plus

There is an enhanced focus on healthcare in the budget with 'health and wellbeing' as one of the six pillars of the Union Budget proposals, especially in the backdrop of the pandemic situation. The Union Budget outlay for health and wellbeing (which includes water supply, sanitation and air pollution) stands ₹ 2.23 tn, equivalent to 1% of GDP and showing a 137% growth compared to ₹ 944.52 bn in the FY21, demonstrating the government's intent of creating a comprehensive and robust healthcare ecosystem. However, the economic survey points out that an increase in public spend from 1% to 2.5-3% of GDP – as envisaged in the National Health Policy 2017 – can decrease the Out-Of-Pocket Expenditures (OOPE) from 65% to 30% of overall healthcare spend. Clearly, the current allocation is not enough as India has one of the highest levels of OOPE in the world.

The Union Budget has taken a holistic approach to health by focusing on strengthening three areas namely preventive, curative, and wellbeing. The various measures announced in areas of health and wellness centres, nutrition, vaccines and nursing, indicate the government's commitment to improve the overall healthcare system of the country. The expansion of the Integrated Health Information Portal to all states/Union Territories (UTs) indicates the government's high level of digital adoption for an integrated Health Management Information System (HMIS). Further, the health and wellbeing components also include measures related to water, waste management and air pollution which shows that the government is taking firm steps in addressing elementary challenges that could lead to health-related issues in the long run.

Power

- Total Budgetary allocation to the Ministry of Power increased to ₹ 153.22 bn in FY22 as compared to ₹ 108. 35bn in FY21.
- Infusion of additional funds of ₹ 10 bn to Solar Energy Corporation of India and ₹ 15 bn to Indian Renewable Energy Development Agency.
- Scheme for revamping power distribution sector with a corpus of ₹ 3.05 tn, to be spent over a period of 5 years.
- A framework to be put in place to give power consumer option to choose amongst different DISCOMS.
- 100% electrification of broad-gauge rail tracks by December 2023.
- Corpus of ₹ 220 bn has been allocated to power and renewable energy.
- Proposal to launch a Hydrogen Energy Mission in FY22 for generating hydrogen from green power sources.
- 15% concessional tax rate has been decided for new power generation companies.
- The Finance Minister urges all the states and UTs to replace conventional energy meters with prepaid smart meters in three years. This will give consumers the freedom to choose supplier and rate as per their needs.
- National Gas Grid will be expanded from the current 16,200 km to 27,000 km. Reforms to deepen gas markets and enable ease of transactions and transparent price discovery will also be made.
- Announcement to set up a new gas pipeline project in Jammu and Kashmir
- Government has planned to add 100 more districts to the City Gas Distribution network over the next 3 years.
- The government would introduce a phased manufacturing plan for solar cells and solar panels.
- To encourage domestic production, the government has proposed to raise the customs duty on solar inverters from 5% to 20% and on solar lanterns from 5% to 15%.

- The FM also announced a boost to renewable energy sector with ₹ 1,000 crore to solar energy corporation(SECI) and ₹ 1,500 to renewable energy development agency (IREDA).
- Plans to complete the disinvestment of Bharat Petroleum Corporation Ltd (BPCL) in FY22.

Positive

The Union Budget has laid a major focus on capturing the emerging energy transition trends. It has also rebounded the focus on the traditional areas of the energy sector where reforms have been long pending. The government has allocated additional funds with a larger focus on ensuring clean air and environment. Focus on rapid expansion of the national programme on smart metering would address the issues ailing the power distribution sector. Increasing the coverage of Ujjwala scheme will further benefit the livelihoods. This budget will ensure indiscriminate open access for buyers and sellers of gas and therefore facilitate operations of gas exchange.

Real Estate & Construction

- Proposal to extend the eligibility period for claim of additional deduction for interest of ₹ 0.15 mn paid (provided in July 2019 budget) for loan taken for purchase of an 'affordable house' till March 31, 2022.
- Proposal for extension of tax holiday on affordable housing projects (section 80 -IBA of the Act) by another year till March 31, 2022.
- Proposal to permit a new tax exemption for notified affordable housing projects.
- Proposal for implementation of Urban Swachh Bharat Mission 2.0 with a total financial allocation of ₹ 1416.78 bn over a period of 5 years (2021-2026).
- Proposal for more economic corridors to augment the road infrastructure. Proposal to award 8500 kms of road under the Bharatmala Pariyojana project and complete around 11,000 kms of national highways corridor.

- The budget has an outlay of ₹ 1181.01 bn for the Ministry of Road Transport and Highways for FY22 from ₹ 1018.23 bn in FY21.
- The allocation to the Ministry of Housing and Urban Affairs has been increased to ₹ 545.81 bn for FY22 ₹ 467.90 bn in FY21.
- Proposal to enhance the allocation to the 'Rural Infrastructure Development Fund' to ₹ 400 bn from ₹ 300 bn.
- The budget proposes uniform reduction in customs duty on semis, flat and long products of non-alloy, alloy and stainless steel to 7.5%.
- Proposal to enable debt Financing of Infrastructure Investment Trusts (InVITs) and Real Estate Infrastructure Trusts (REITs) by Foreign Portfolio Investors (FPI) by making suitable amendments in the relevant legislations.
- Proposal to make dividend payment to REIT/ InvIT exempt from TDS.
- Proposal to increase the safe harbour limit from 10% to 20% under section 43CA of the Act, if the transfer of residential unit is by way of first allotment of residential unit to any person, the consideration received or accruing as a result of the transfer does not exceed ₹ 20 mn and takes place during the period from November 12, 2020 to June 30, 2021.
- Proposal to introduce a bill to set up a 'Development Financial Institution (DFI)' and has provided a sum of ₹ 200 bn to capitalise this institution.
- The Budget proposes setting up 'Asset Reconstruction Company and Asset Management Company' to 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.

Positive

Affordable housing for all continues to be one of the major thrust areas for the government. The extension of eligibility period for claim of additional deduction of interest is expected to lead to higher demand/offtake/ purchases of affordable houses. Further, the extension of eligibility period *for claiming tax holiday for affordable housing products is expected to increase the supply of affordable houses. The pandemic has exposed the housing concerns of migrant workers and the budget looks at addressing this concern. The new tax exemption for the notified 'Affordable Rental Housing Projects' is expected to increase supply of affordable rental housing for migrant workers and address their housing concerns. Both the affordable housing and rental housing segment are expected to benefit from the budget proposals.*

Infrastructure is another major thrust area and the budget has increased allocations and outlays for the sector. The construction sector is expected to benefit from the proposed increased spending/investment in building infrastructure both at the urban level and rural level. Measures taken for augmentation of the road and highways networks in the country would also provide impetus to the construction sector. The proposed reduction in customs duty of steel products would support the construction industry in the form of lower costs.

Financing has been a major concern for the infrastructure/construction sector in India. The proposed legislative amendments to debt Financing of InVITs and REITs by Foreign Portfolio Investors is expected to ease access to finance and augment funds for the real estate and infrastructure sectors. The exemption from TDS for dividend payment to InvIT/REIT is expected to ease compliance. The proposed increase in the safe harbour limit is expected to incentivise home buyers and real estate developers. The construction sector is expected to benefit from the proposed DFI, which could be an enabler and catalyst for long term debt financing for infrastructure sector. The aim is for the DFI to have a lending portfolio of at least of ₹ 5 tn in 3 years.

The real estate sector which is one of the major contributor to stressed assets would benefit from the steps that would be taken towards resolving the stressed assets by strengthening the NCLT framework, looking at alternate methods of debt resolution and implementation of e-courts for faster resolution

Textiles & Garments

- Proposal to launch a scheme of Mega Integrated Region and Apparel (MITRA) parks in addition to the Production Linked Incentive (PLI) scheme.
- MITRA to create world class infrastructure with plug and play facilities to create global champions in exports.
- Seven textile parks to be established over three years.
- Duties on raw material inputs to manmade textiles to be rationalized; duties on nylon chain brought on par with polyester and other man-made fibers.
- Basic customs duty rates on caprolactam, nylon chips and nylon fiber & yarn reduced from 7.5% to 5%.
- Customs duty on cotton raised from nil to 10%, and on raw silk and silk yarn from 10% to 15%.

Positive

The MITRA scheme would bolster India's efforts to establish itself as a globally competitive textile hub and exporter. The Textiles Ministry had earlier proposed to develop MITRA parks over 1000+ acres of land with modern state of the art infrastructure, common utilities, R&D Lab, workers' family accommodation and plug-and-play facilities.

Along with the PLI scheme, which was announced earlier for 13 key sectors including textiles industry, the MITRA scheme would spur large-scale investments, generate employment, boost manufacturing, and help India in its goal to become self-reliant while improving exports.

Reduction of duties on nylon raw materials would help lower input costs and is viewed as a positive, Besides, the hike in cotton, raw silk, silk yarn is aimed at benefiting farmers as it is likely to lend support to domestic prices amid higher production and would also curb distress sales. The country, which is the second largest producer of cotton, is expected to see a drop in cotton imports during FY21. Lower imports would also prompt domestic apparel manufacturers to increase cotton purchases from farmers.

Other than this, there was no major sector-specific announcement in the budget, as against industry expectation of an extension of interest equalization scheme to all apparel exporters.

Personal Budget Impact Analysis

- There is no change in Income Tax slabs proposed for individuals.
- Senior citizens above 75 years of age and with only pension and interest income will be exempted from filing income tax returns.
- For ease of income tax filing, capital gains from listed securities and interest income will be pre-filled in ITRs.
- The Budget proposes to set up a dispute resolution committee for taxpayers with taxable income of up to ₹ 5 mn and disputable income of ₹ 1 mn.
- Time-limit for re-opening of assessment is proposed to be reduced to 3 years from the present 6 years. The Budget further proposes that in serious tax evasion cases too, only where there is evidence of concealment of income of ₹ 5 mn or more in a year, the assessment can 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.
- Government will establish a National Faceless Income Tax Appellate Tribunal Centre. All communication between the Tribunal and the appellant shall be electronic.
- To incentivize digital transactions and reduce compliance burden, the Budget proposes to increase limit for tax audit to ₹ 100 mn for current ₹ 50 mn for those who carry out 95% of their transactions digitally.
- To provide ease of compliance, the Budget proposes to make dividend payment to REIT/ InvIT exempt from TDS.
- It is proposed that advance tax liability on dividend income shall arise only after the declaration/payment of dividend.
- To provide relaxation to NRI, the Budget proposes to notify rules for reduce the hardship of double taxation.

- In order to rationalize tax exemption for the income earned by high income employees, it is proposed to restrict tax exemption for the interest income earned on the employees' contribution to various provident funds to the annual contribution of ₹ 0.25 mn. This restriction shall be applicable only for the contribution made on or after April 01, 2021.

Marginally Positive

There is no change in the income tax slabs for individuals, but the Union Budget has proposed a series of direct and indirect measures to encourage ease of compliance and simplify operational procedures.

EXPENDITURE OF MINISTRIES AND DEPARTMENTS

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates	% Change
Department of Agriculture, Cooperation and Farmers' Welfare	1,167.6	1,230.2	5.4
Department of Agricultural Research and Education	77.6	85.1	9.7
Atomic Energy	142.7	182.6	28.0
Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	23.2	29.7	27.9
Department of Chemicals and Petrochemicals	3.0	2.3	-21.2
Department of Fertilisers	1,347.9	800.1	-40.6
Department of Pharmaceuticals	4.7	4.7	0.0
Ministry of Civil Aviation	41.3	32.2	-22.0
Ministry of Coal	6.3	5.3	-14.8
Department of Commerce	46.0	49.9	8.4
Department for Promotion of Industry and Internal Trade	75.8	77.8	2.6
Department of Posts	199.5	165.3	-17.2
Department of Telecommunications	411.1	587.4	42.9
Department of Consumer Affairs	120.4	29.7	-75.3
Department of Food and Public Distribution	4,386.5	2,539.7	-42.1
Ministry of Corporate Affairs	6.8	7.1	4.7
Ministry of Culture	22.1	26.9	21.5
Ministry of Defence (Civil)	159.1	152.6	-4.1
Defence Services (Revenue)	2,093.1	2,120.3	1.3
Capital Outlay on Defence Services	1,345.1	1,350.6	0.4
Defence Pensions	1,250.0	1,158.5	-7.3
Ministry of Development of North Eastern Region	18.6	26.6	42.9
Ministry of Earth Sciences	13.0	19.0	45.9
Department of School Education and Literacy	521.9	548.7	5.1
Department of Higher Education	329.0	383.5	16.6
Ministry of Electronics and Information Technology	55.5	97.2	75.1

EXPENDITURE OF MINISTRIES AND DEPARTMENTS (Cont.)

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates	% Change
Ministry of Environment, Forests and Climate Change	20.2	28.7	42.4
Ministry of External Affairs	150.0	181.5	21.0
Department of Economic Affairs	236.8	611.3	158.1
Department of Expenditure	4.1	4.5	12.0
Department of Financial Services	257.1	295.1	14.8
Department of Investment and Public Asset Management (DIPAM)	0.9	1.1	19.5
Department of Revenue	1,324.5	1,012.4	-23.6
Direct Taxes	76.9	85.3	10.9
Indirect Taxes	75.8	213.3	181.4
Indian Audit and Accounts Department	47.4	50.9	7.4
Interest Payments	6,929.0	8,097.0	16.9
Repayment of Debt	-	-	-
Pensions	621.5	558.7	-10.1
Transfers to States	2,070.0	2,933.0	41.7
Department of Fisheries	9.1	12.2	34.1
Department of Animal Husbandry and Dairying	26.5	31.0	17.2
Ministry of Food Processing Industries	12.5	13.1	4.9
Department of Health and Family Welfare	788.7	712.7	-9.6
Department of Health Research	40.6	26.6	-34.4
Department of Heavy Industry	9.0	10.0	10.6
Department of Public Enterprises	0.2	0.2	22.3
Ministry of Home Affairs	40.2	76.2	89.8
Cabinet	12.4	21.0	69.1
Police	928.5	1,038.0	11.8
Andaman and Nicobar Islands	48.2	53.2	-
Chandigarh	41.5	46.6	12.2
Dadra and Nagar Haveli and Daman and Diu	14.2	22.0	55.4
Ladakh	59.6	59.6	-

EXPENDITURE OF MINISTRIES AND DEPARTMENTS (Cont.)

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates	% Change
Lakshadweep	13.5	14.4	6.7
Transfers to Delhi	11.2	9.6	-14.2
Transfers to Jammu and Kashmir	307.6	307.6	0.0
Transfers to Puducherry	17.0	17.3	1.6
Ministry of Housing and Urban Affairs	467.9	545.8	16.6
Ministry of Information and Broadcasting	36.5	40.7	11.5
Department of Water Resources, River Development and Ganga Rejuvenation	72.6	90.2	24.2
Department of Drinking Water and Sanitation	170.2	600.3	252.6
Ministry of Labour and Employment	137.2	133.1	-3.0
Law and Justice	16.1	26.5	64.5
Election Commission	2.1	2.5	21.0
Supreme Court of India	3.3	3.3	2.1
Ministry of Micro, Small and Medium Enterprises	56.6	157.0	177.2
Ministry of Mines	13.7	14.7	7.0
Ministry of Minority Affairs	40.1	48.1	20.1
Ministry of New and Renewable Energy	35.9	57.5	60.2
Ministry of Panchayati Raj	6.9	9.1	32.4
Ministry of Parliamentary Affairs	0.4	0.7	51.2
Ministry of Personnel, Public Grievances and Pensions	17.8	20.6	15.7
Central Vigilance Commission	0.3	0.4	13.9
Ministry of Petroleum and Natural Gas	429.0	159.4	-62.8
Ministry of Planning	7.7	10.6	38.0
Ministry of Ports, Shipping and Waterways	14.3	17.0	18.7
Ministry of Power	108.4	153.2	41.4
Staff, Household and Allowances of the President	0.7	0.7	6.7
Lok Sabha	7.0	8.6	21.6
Rajya Sabha	3.6	4.5	23.5
Secretariat of the Vice-President	0.1	0.1	8.9

EXPENDITURE OF MINISTRIES AND DEPARTMENTS (Cont.)

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates	% Change
Union Public Service Commission	2.9	3.0	6.7
Ministry of Railways	1,112.3	1,100.5	-1.1
Ministry of Road Transport and Highways	1,018.2	1,181.0	16.0
Department of Rural Development	1,973.8	1,315.2	-33.4
Department of Land Resources	12.5	21.7	73.3
Department of Science and Technology	50.0	60.7	21.3
Department of Biotechnology	23.0	35.0	52.3
Department of Scientific and Industrial Research	42.5	52.2	22.9
Ministry of Skill Development and Entrepreneurship	27.2	27.9	2.3
Department of Social Justice and Empowerment	82.1	105.2	28.1
Department of Empowerment of Persons with Disabilities	9.0	11.7	30.2
Department of Space	95.0	139.5	46.8
Ministry of Statistics and Programme Implementation	13.9	14.1	1.1
Ministry of Steel	0.8	0.4	-50.6
Ministry of Textiles	33.0	36.3	10.0
Ministry of Tourism	12.6	20.3	60.9
Ministry of Tribal Affairs	55.1	75.2	36.6
Ministry of Women and Child Development	210.1	244.4	16.3
Ministry of Youth Affairs and Sports	18.0	26.0	44.2
Grand Total	**34,503.1**	**34,832.4**	**1.0**
Central Sector Schemes/Projects	12,636.9	10,517.0	-16.8
Centrally Sponsored Schemes	3,879.0	3,813.0	-1.7
Establishment Expenditure of the Centre	5,986.7	6,090.1	1.7
Finance Commission Grants	1,823.5	2,208.4	21.1
Other Central Sector Expenditure	8,265.4	10,118.9	22.4
Other Grants/Loans/Transfers	1,911.6	2,084.8	9.1

Source: Union Budget FY22

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates	% Change
Core of the Core Schemes			
Mahatma Gandhi National Rural Employment Guarantee Program	1,115.0	730.0	-34.5
National Social Assistance Progam	426.2	92.0	-78.4
Umbrella Programme for Development of Minorities	12.8	15.6	22.0
Umbrella Programme for Development of Other Vulnerable Groups	16.8	21.4	27.8
Umbrella Programme for Development of Scheduled Tribes	31.8	43.0	35.2
Umbrella Scheme for Development of Schedule Castes	56.9	65.7	15.3
Core Schemes			
Rashtriya Swasthya Bima Yojna	31.3	64.0	104.6
Blue Revolution	7.1	10.2	43.0
Border Area Development Programme	0.5	5.7	1031.4
Environment, Forestry and Wildlife	5.6	7.7	37.8
Green Revolution	104.7	134.1	28.0
Infrastructure Facilities for Judiciary	6.0	7.8	30.9
Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	110.0	500.1	354.6
Jobs and Skill Development	38.9	34.8	-10.4
Mission for Protection and Empowerment for Women	7.3	0.5	-93.4
Modernisation of Police Forces	18.6	28.0	50.4
National Education Mission	282.4	343.0	21.4
National Health Mission	355.5	371.3	4.4
National Livelihood Mission - Ajeevika	100.1	144.7	44.6
National Programme of Mid Day Meal in Schools	129.0	115.0	-10.9
Pradhan Mantri Awas Yojna (PMAY)	405.0	275.0	-32.1
Pradhan Mantri Gram Sadak Yojna	137.1	150.0	9.4
Pradhan Mantri Krishi Sinchai Yojna	79.5	115.9	45.7

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates	% Change
Rashtriya Gram Swaraj Abhiyan(RGSA)	5.6	6.6	17.0
Shyama Prasad Mukherjee Rurban Mission	3.7	6.0	61.1
Swachh Bharat Mission	10.0	23.0	130.0
Swachh Bharat Mission (Gramin)	60.0	99.9	66.6
Umbrella ICDS	200.4	-	-
Urban Rejuvenation Mission: AMRUT and Smart Cities Mission	98.5	137.5	39.6
White Revolution	16.4	-	-
Rashtriya Pashudhan Vikash Yojana	-	11.8	-
Saksham Anganwadi and Poshan 2	-	201.1	-
Mission VATSALYA (Child Protection Services and Welfare Services)	-	9.0	-
Mission Shakti	-	31.1	-
Prime Minister Formalisation of Micro Food Processing Enterprises Scheme (PM-FME)	4.0	5.0	25.0
Major Central Sector Schemes			
Market Intervention Scheme and Price Support Scheme (MIS-PSS)	10.0	15.0	50.7
Crop Insurance Scheme	153.1	160.0	4.5
Interest Subsidy for Short Term Credit to Farmers	198.3	194.7	-1.8
Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	650.0	650.0	0.0
Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)	2.5	7.0	180.0
Promotion of Agricultural Mechanization for in-situ Management of Crop Residue	6.0	7.0	16.7
Agriculture Infrastructure Fund (AIF)	2.1	9.0	332.7
Crop Science	6.1	7.1	15.7
Feedstock	8.5	14.3	68.5
R&D projects of Bhabha Atomic Research Centre (BARC)	-	12.6	-
Fuel Recycle Projects (NRB)	-	6.5	-
Nuclear Fuel Fabrication Projects	-	5.4	-

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates	% Change
Fast Reactor Fuel Cycle Projects (FRFCF) Kalpakkam	-	6.0	-
Urea Subsidy	949.6	587.7	-38.1
Nutrient Based Subsidy	389.9	207.6	-46.8
Regional Connectivity Scheme	7.0	6.0	-14.3
Air India Asset Holding Limited (SPV)	22.2	22.7	2.4
Interest Equalisation Scheme	16.0	19.0	18.8
National Industrial Corridor Development and Implementation Trust (NICDIT)	26.0	20.0	-23.1
Fund of Funds	4.3	8.3	93.0
Refund of Central and Integrated GST to Industrial Units in North Eastern Region and Himalayan States	27.2	25.1	-7.7
Postal Operation	9.4	9.7	3.7
Optical Fibre Cable based network for Defence Services	40.0	52.0	30.0
Compensation to Service Providers for creation and augmentation of telecom infrastructure	72.0	90.0	25.0
Price Stabilisation Fund	118.0	27.0	-77.1
Assistance to State Agencies for intra-state movement of foodgrains and FPS dealers margin under NFSA	80.0	40.0	-50.0
Food Subsidy to Food Corporation of India under National Food Security Act.	3440.8	2026.2	-41.1
Food Subsidy for Decentralized Procurement of Foodgrains under NFSA	783.4	400.0	-48.9
Scheme for Assistance to Sugar Mills for 2019-20 season	39.0	10.0	-74.4
Scheme for Creation and Maintenance of Buffer Stock of 40 LMT of Sugar	5.0	6.0	20.0
Scheme for providing assistance to Sugar Mills on export of sugar	-	20.0	-

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates	% Change
Central Pool of Resources for North East and Sikkim	3.5	5.8	68.4
North East Road Sector Development Scheme	4.1	7.0	70.2
North East Special Infrastructure Development Scheme (NESIDS)	4.4	6.8	52.4
World Class Institutions	11.0	17.1	55.3
Interest Subsidy and contribution for Guarantee Funds	7.0	19.0	171.4
Promotion of Digital payment	3.0	15.0	400.0
Promotion of Electronics and IT HW Manufacturing (MSIPS, EDF and Manufacturing Clusters)	7.0	26.3	275.9
R&D in IT/Electronics/CCBT	4.3	7.0	64.7
Recapitalization of Regional Rural Banks (RRBs)	2.0	12.0	500.0
Subscription to Share Captial of National Bank for Agricultural and Rural Development (NABARD)	10.0	20.0	100.0
Pradhan Mantri Mudra Yojana (PMMY) (through NCGTC)	5.0	25.0	400.0
Subscription to the Share Capital of Export-Import Bank of India	13.0	15.0	15.4
Loans for settlement of claims on invoking guarantee given by Government under Partial Credit Guarantee Scheme (PCGS)	5.0	10.0	100.0

Source: Union Budget FY22

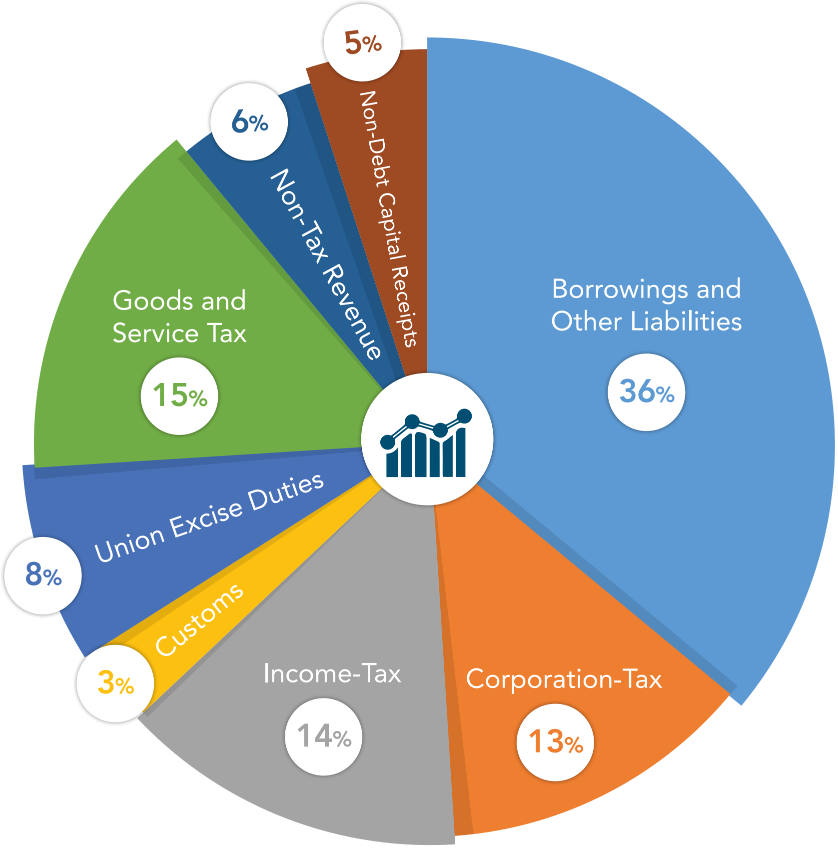
RECEIPTS

(₹ bn)	**2020-21 Revised Estimates**	**2021-22 Budget Estimates**
A. REVENUE RECEIPTS		
1. Tax Revenue		
Gross Tax Revenue	19,003	22,171
Corporation Tax	4,460	5,470
Taxes on Income	4,590	5,610
Wealth Tax	-	-
Customs	1,120	1,360
Union Excise Duties	3,610	3,350
Service Tax	14	10
Goods and Services Tax (GST)	5,151	6,300
Taxes on Union Territories	58	71
Less - NCCD transferred to the National Calamity Contingency Fund/National Disaster Response Fund	58	61
Less - State's share	5,500	6,656
1.a Centre's Net Tax Revenue	13,445	15,454
2. Non-Tax Revenue	**2,107**	**2,430**
Interest receipts	140	115
Dividend and Profits	965	1,035
Other Non Tax Revenue	980	1,254
Receipts of Union Territories	21	25
Total Revenue Receipts (1.a + 2)	15,552	17,884
3. Capital Receipts		
A. Non-debt Receipts	465	1,880
(i) Recoveries of loans and advances	145	130
(ii) Disinvestment Receipts	320	1,750
B. Debt Receipts*	**18,660**	**14,354**
Total Capital Receipts (A+B)	**19,125**	**16,234**
Total Receipts (1.a+2+3)	**34,677**	**34,119**
4. DRAW-DOWN OF CASH BALANCE	**(174)**	**714**
Receipts under MSS (Net)	-	-

*** The receipts are net of payment.**

Source: Union Budget FY22

Major Items of Revenue - 2021-22 (% of total revenue)



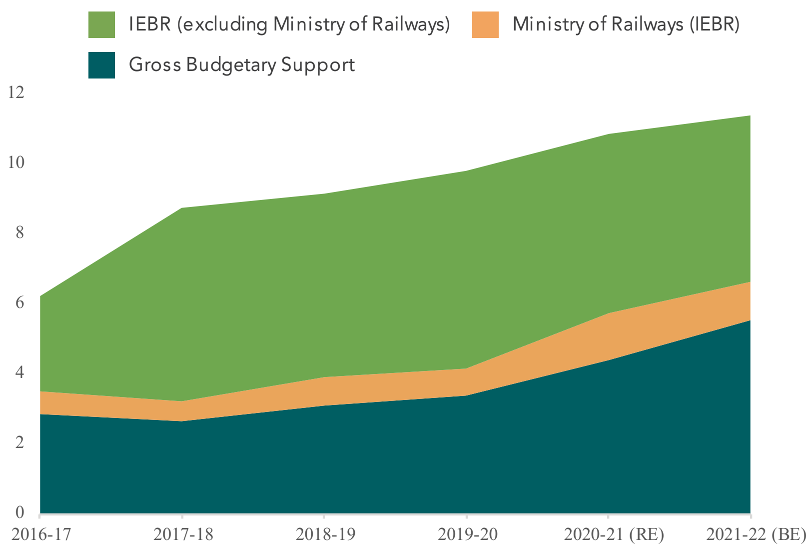
Source: Union Budget FY22
Note - Total receipts are inclusive of States' share of taxes and duties, Figures have been rounded off

EXPENDITURE

(₹ bn)	2020-21 Revised Estimates	2021-22 Budget Estimates
A. Centre's Expenditure		
I. Establishment Expenditure of Centre	5,987	6,090
II. Central Sector Schemes/Projects	12,637	10,517
III. Other Central Sector Expenditure	8,265	10,119
B. Transfers		
IV. Centrally Sponsored Schemes	3,879	3,813
V. Finance Commission Grants	1,824	2,208
VI. Other Grants/Loans/Transfers	1,912	2,085
Total Expenditure through Budget	**34,503**	**34,832**
Resources of Public Enterprises	6,455	5,828
Total Expenditure through Budget and Resources of Public Enterprises	**40,958**	**40,661**

Source: Union Budget FY22

Capital Expenditure of the Government - 2021-22 (in ₹ tn)



Source: Union Budget FY22

Major Items of Expenditure - 2021-22 (% of total expenditure)

Source: Union Budget FY22
Note - Individual items in this document may not sum up to the totals due to rounding off

KEY ECONOMIC INDICATORS
(Absolute Values)

	2018-19	2019-20	2020-21
Gross Domestic Product at factor cost (₹ tn)			
At current market prices	189	204	195[a]
At 2011-12 prices	140	146	134[a]
Output			
Foodgrains (mn tonnes)	285	297	145[b]
Power generation (by utilities) (bn units)	1,376	1,389	1,017[c]
Prices (Average)			
Wholesale Price Index (All commodities)	120	122	122[c]
CPI-Combined (Rural & Urban) (Base 2012)	140	146	155[c]
External Sector (US$ bn)			
Export	330	313	201[c]
Import	514	475	261[c]
Current Account Balance (net)	-57	-25	33[d]
Foreign Direct Investment (net)	31	43	24[d]
Monetary and Finance			
Money Supply (M3) (₹ tn)*	154	168	181[e]
Foreign Exchange Reserves (US$ bn)*	413	478	585[f]
Exchange rate (₹/US$) (Average)	69.92	70.90	74.52[g]

Footnotes - a: 1st Advance Estimates; b: 1st Advance Estimates for Kharif foodgrains only; c: Apr-Dec FY21; d: Q1 and Q2 FY21; e: Dec 2020; f: Upto 22 Jan, 2021; g: Apr-Jan FY21;*: Outstanding till date

Source: RBI, CSO, Ministry of Commerce, Ministry of Power, Ministry of Agriculture & Farmers Welfare

KEY ECONOMIC INDICATORS
(Percentage Change Over Previous Year)

(%)	2018-19	2019-20	2020-21
Gross Domestic Product at factor cost			
At current market prices	10.5	7.8	-4.3[a]
At 2011-12 prices	6.5	4.0	-7.8[a]
Sectoral Growth Rates at Constant (2011-12) prices			
Agriculture & allied	2.6	4.3	2.3[a]
Industry	5.3	-1.2	-7.6[a]
Services	7.2	7.2	-9.2[a]
Prices (Average)			
Wholesale Price Index (All commodities)	4.3	1.7	-0.1[c]
CPI-Combined (Rural & Urban)	3.4	4.8	6.6[c]
External Sector			
Export	8.7	-5.1	-15.5[c]
Import	10.4	-7.7	-28.2[c]
Foreign Direct Investment (net)	1.4	40.1	11.6[d]
Monetary and Finance			
Money Supply (M3)*	10.5	8.9	12.4[e]
Foreign Exchange Reserves*	-2.7	15.7	25.4[f]
Exchange rate (₹/US$) (Average)	8.5	1.4	5.8[g]

Footnotes - a: 1st Advance Estimates; c: Apr-Dec FY21; d: Q1 and Q2 FY21; e: Dec 2020; f: Upto 22 Jan, 2021; g: Apr-Jan FY21;*: Outstanding till date

Source: RBI, CSO, Ministry of Commerce, Ministry of Power, Ministry of Agriculture & Farmers Welfare

KEY ECONOMIC INDICATORS
(Percentage Change Over Previous Year)

Industry-wise Deployment of Bank Credit*	2018-19	2019-20	2020-21#
Industries	6.9	0.7	-0.7
Mining & Quarrying (incl. Coal)	1.1	5.2	5.9
Food Processing	1.1	-1.9	7.9
Beverage & Tobacco	-5.9	12.7	3.0
Textiles	-3.0	-5.5	0.2
Leather & Leather Products	-2.1	0.2	5.5
Wood & Wood Products	10.2	2.2	6.9
Paper & Paper Products	-1.0	2.1	12.4
Petroleum, Coal Products & Nuclear Fuels	-3.1	20.1	14.4
Chemicals & Chemical Products	17.5	6.0	2.6
Rubber, Plastic & their Products	8.1	10.1	5.3
Glass & Glassware	17.0	-11.2	1.1
Cement & Cement Products	5.9	5.4	-2.2
Basic Metal & Metal Product	-10.7	-5.7	-4.0
All Engineering	8.6	-6.7	-15.6
Vehicles, Vehicle Parts & Transport Equipment	1.4	3.4	5.7
Gems & Jewellery	-0.9	-17.4	-0.7
Construction	10.4	4.8	1.3
Infrastructure	18.5	-0.2	-1.8
Other Industries	6.8	18.5	0.0

Footnotes - *: end period data; #: Outstanding as on Nov 2020

Source: RBI

GLOSSARY

Appropriation Bill: This Bill entails the Parliament's approval for withdrawal of money from the Consolidated Fund to pay off expenses. After the Demands for Grants are voted by the Lok Sabha, the Parliament approves this bill. Under Article 114(3) of the Constitution, no amount can be withdrawn from the Consolidated Fund without the enactment of such a law by the Parliament.

Capital Expenditure: It is the expenditure incurred on acquisition of assets like land, buildings, machinery, equipment etc and also loans and advances granted by the Central Government to State and Union territories, Public sector enterprises and other parties. This expenditure is also categorised as plan and non-plan capital expenditure.

Capital Receipts: Capital receipts include loans raised by the Government from public which are called Market Loans, borrowings by the Government from the Reserve Bank of India and other parties through sale of Treasury Bills, loans received from foreign Governments and bodies and recoveries of loans granted by Central Government to State and Union Territory Governments and other parties.

Consolidated Fund: All revenues received by the Government, loans raised by it, and also its receipts from recoveries of loans granted by it, form the Consolidated Fund. All expenditure of the Government is incurred from the Consolidated Fund and no amount can be withdrawn from the Fund without authorisation from the Parliament.

Contingency Fund: It is an imprest from the Consolidated Fund, and may be used by the Government without waiting for an appropriation bill to be passed by the Parliament. If it becomes necessary for the Government to incur expenditure not included in the budget, it can do so from the Contingency Fund.

Customs Duties: Customs duty is a type of indirect tax levied on goods imported into India as well as on goods exported from India.

Effective Revenue Deficit: Effective Revenue Deficit is the difference between revenue deficit and grants for creation of capital assets.

Exceptional Grant: Through the Exceptional Grant the House of People can make provision for an exceptional grant that does not form part of the current service of any financial year.

Excise Duties: Central excise duty is an indirect tax levied on those goods which are manufactured in India and are meant for home consumption.

Extra Budgetary Resources: Extra-budgetary resources are the sum of domestic and foreign loans raised directly by CPSUs. The extra-budgetary resources consist of receipts from the issue of bonds, debentures, external commercial borrowing (ECB), suppliers' credit, deposit receipts and term loans from financial institutions.

Finance Bill: At the time of presentation of the Annual Financial Statement before the Parliament, a Finance Bill is also presented in fulfilment of the requirement of Article 110(1) (a) of the Constitution, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution.

Fiscal Deficit: The difference between the total expenditure of the Government by way of revenue, capital and loans net of repayments on the one hand and revenue receipts of the Government and capital receipts which are not in the nature of borrowing but which finally accrue to the Government on the other, constitutes fiscal deficit.

Non-Plan Expenditure: It includes expenses that do not form a part of the Government's five year plan. These expenses consist of revenue and capital expenditure on defense, subsidies, interest payments, postal deficit, pensions, police, loans to public sector enterprises, economic services and loans as well as grants to State Governments, Union Territories and foreign Governments.

Non-Tax Revenues: Revenues earned by the Government from sources other than taxes are termed as non-tax revenues. The sources of non-tax revenues may include; dividends and profits received from public sector companies, interest receipts, fines, penalties and fees for various services rendered by the Government.

Plan Expenditure: It consists of both revenue expenditure and capital expenditure of the Centre on the Central Plan and Central Assistance to States and Union Territories. Plan expenditure reflects the Government's investment in enhancing the economy's productive aptitude. It arises out of schemes freshly introduced in an ongoing Five Year Plan (FYP) period.

Plan Outlay: Plan Outlay refers to the amount sanctioned for expenditure on projects, schemes and programmes announced in the Plan. The provision for this amount is made through extra budgetary resources and from provisions in the Demands for Grants. The budgetary support is also reflected as plan expenditure in Government accounts.

Primary Deficit: The amount by which the Government's total expenditure exceeds its total revenue generated, excluding the interest payments on debt.

It is primarily the difference between the gross fiscal deficit and gross interest payments.

Public Account: Besides the normal receipts and expenditure of the Government which relate to the Consolidated Fund, certain other transactions enter Government accounts, in respect of which the Government acts more as a banker. For example, transactions relating to provident funds, small savings collections, other deposits, etc. The money thus received is kept in the Public Account and the connected disbursements are also made therefrom.

Public Debt: It refers to the total debt of the central and the State Governments. Public debt can be classified into internal debt (comprising of money borrowed within the country) and external debt (comprising of funds borrowed from non-Indian sources). The net accretion to public debt is the difference in borrowing and repayments during a fiscal year.

Revenue Deficit: Revenue Deficit is the excess of Government's revenue expenditure over revenue receipts.

Revenue Expenditure: It is the expenditure incurred by the Government for running of Government departments and conducting various economic, social and general services, interest payments, subsidies, grants and assistance to State and Union territories etc. This expenditure is also categorised as plan and non-plan revenue expenditure.

Revenue Receipts: It includes revenues garnered by the Government through taxes and other non-tax sources. Other receipts of the Government mainly consist of interest and dividend on investments made by the Government, fees, and other receipts for services rendered by it.

Tax Revenues: It comprises of revenue receipts through taxes and other duties levied by the Government. Tax revenue includes revenue generated through both direct taxes (personal income tax, corporate tax, capital gain tax and wealth tax) and indirect taxes (central excise duty, customs duty, service tax and VAT).

Vote on Account: It means a grant made in advance by the Parliament, in respect of the estimated expenditure for a part of the new financial year, pending the completion of the procedure relating to the voting of the demand for grants and the passing of the Appropriation Act.

Vote of Credit: Through the Vote of Credit the House of People can approve grant for meeting an unexpected demand upon the resources of India when on account of the magnitude or the indefinite character of the service, the demand cannot be stated with the details ordinarily given in an annual financial statement.

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UNION BUDGET 2021-22
IMPACT ANALYSIS

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