

Union Budget 2021-22

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Abstract

The union budget 2021 has brought with it a number of crucial reform. This year's budget focused on healthcare, infrastructural development, education, divestment, and attracting foreign investment. This was the country's first paperless budget, a positive step towards digital India .While there were no new taxes introduced, the budget included several tax reforms to ease the compliance burden faced by companies and encourage foreign investment.

The central ideas of the budget are "Aspirational India, Economic Development, A Caring Society". These three broad terms are connected by governance that is corruption free and financial sector that is clean and sound.

Keywords: Healthcare, Infrastructure, Divestment, No new taxes introduced, Digital Budget, Net FDI, Health and Wellbeing, Manufacturing sector, Privatisation of public sector.

Introduction

Finance Minister Nirmala Sitharaman presented the Union Budget, 2021 on February 1st 2021. This budget is hailed to be the first ever digital Union Budget. She announced a capital expenditure that was higher than the previous financial years and focused on providing a major boost to healthcare and infrastructure building.

Objective of the Study

The vision of the Union Budget 2021-22 is to extend the goal of Atmanirbhar Bharat by increasing self-reliance and India's ability to become a global manufacturing hub across sectors.

Main Text of the Paper

The finance minister stated that India's fight against COVID-19 continues into 2021 which has resulted in a change in the political, social, economic and strategic relations post COVID.

Major Allocations (In Crore)

Ministry of Defense	:	4,78,196
Ministry of Consumer Affairs, Food & Public Distribution	:	2,56,948
Ministry of Home Affairs	:	1,66,547
Ministry of Rural Developments	:	1,33,690
Ministry of Agriculture	:	1,31,531
Ministry of Road Transport	:	1,18,101
Ministry of Railways	:	1,10,055
Ministry of Education	:	93,224
Ministry of Health & Family Welfare	:	73,932
Ministry of Housing & Urban Affairs	:	54,581

Union Budget

Key Highlights

6 Pillars of Union Budget 2021-22

1. Health & Well Being
2. Infrastructure
3. Inclusive Development
4. Development of Human Capital
5. Research & Development
6. Minimum Government, Maximum Governance.

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Aatmnirbharharat Packages Accelerated a Pace of Structural Reforms

Government Reforms	MSMEs and Industry	Agricultural Sector
Increase in borrowing limits of state governments	Collateral free loans for business	Concessional Credit Boost to farmers
Privatization of Public Sector Enterprise	Fund of funds to be set up for MSMEs	
	PM Garib Kalyan Yojana	
	Subordinate debt for MSMEs	
	Disallowing global tenders of upto Rs. 200 crores	
	Change in definition of MSMEs	

The measures include

1. Rs.27.1 Lakh Crore
2. Redefining MSMEs
3. Commercializing of Mining Sector
4. Agricultural and Labour Reforms
5. Privatization of PSUs
6. Production linked incentive schemes
7. Fiscal deficit 6.8%, In F.Y.22; Covid hit FY-21 deficit at 9.5% of GDP.
8. Selloff Target Rs.1.75 Lakh Crore for FY-22
9. Nominal GDP Growth 14.4% projected in FY-22
10. Borrowing Load Rs. 9.68 Lakh Crore net market borrowing in FY-22.

Health & Well Being

1. Introduction of Aatmnirbhar Health Yojna with an outlay of Rs.64,180Crore over next 6 years.
2. Rs. 35,000 Crore for COVID Vaccines in FY-21-22.
3. Launch of Urban Swacch Bharat Mission 2.0
4. Outlay of Rs. 141 Crore over next 5 years.
5. Voluntary vehicle scrapping policy based on fitness test.
6. 20 years for personal vehicles
7. 15 years for commercial vehicles
8. In order to encourage fuel efficient environment friendly vehicles and
9. To reduce Air Pollution and Oil Import Bills
10. Set up 15 Health Emergency operational Centres

Total Budget for this sector

FY21-22 : Rs. 2.24 Lakh Crore
 UP by 137 %
 Fy 20-21 : Rs. 94,450 Crore

Sector Wise Highlights Manufacturing

1. PLI Scheme covering 13 sectors to create manufactures global companions. Government committed Rs. 1.97 Lakh Crore for PLI Scheme over next 5 years.
2. To double the MSME Allocation to Rs.15,700 Crore in Fy-22.

Textile

1. Launch of 7 textile parks over the next 3 years

Auto

1. Vehicle Scrappage Policy key boost for Auto Sector.

Insurance

1. Insurance Act Amendment proposed.

Agriculture

1. Government set Agriculture Credit Target for Fy-22 : Rs. 16.5 Lakh Crore.

Infrastructure

1. Introduction of DFI
2. Debt financing for Investments & REITs.
3. Pipelines of GAIL, IOC and HPCL will be mentioned

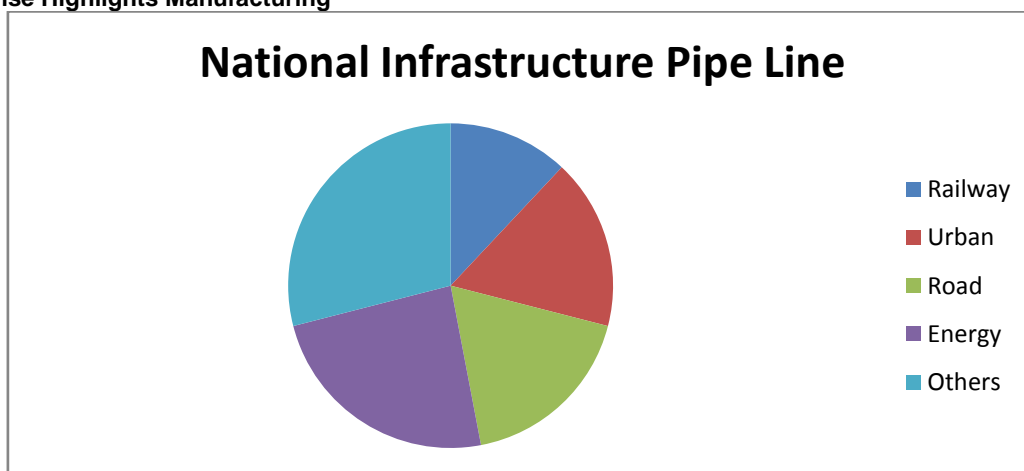
Railways

FY-22 Allocation for Railways: Rs. 1.10 Lakh Crore.

Banking

Allotment (Rs.20, 000 Crore for bank recapitalization of PSBs.

Health spending increased by 1350%. Sitharaman proposed increasing healthcare spending to Rs.2200 crore to help improve public health systems and fund a huge vaccination drive to immunize 1.3 billion people.



Half of Agriculture Budget to be spent on PM KISAN Scheme

The agriculture and former's welfare ministry received 5.63% more budget allocation and half of it would be spent on the flagship PM-KISAN scheme and slightly higher finds are made available for agri-infra fund and irrigation programmes.

Big boost for highway projects in poll bound States

Four poll bound states found special mention in the budget speech of the finance minister. The finance minister announced a budget of Rs. 2.27 Lakh highway projects for four states-Tamil Nadu, West Bengal, Assam and Kerala.

Road Construction

There was no major increase in defense budget. There was not any substantial increase in the defense budget however India did spend an additional amount on emergency arms procurement in the fiscal face of India.

Spending and Earnings

Centre's borrowing and liabilities has been the highest source from which money has come into

the economy's hard pressed funds, the government resorts to borrowing more in order to uplift a sluggish economy through spending boost.

Besides this GST and income tax collections have also been a major source of revenue for the government in the past years.

Tax Exemption for Senior Citizens

Senior Citizens above 75 years of age with only pension and interests incomes have been exempted from filing tax returns.

Fiscal Deficit soars to 9.5%

The lockdown to check the spread of virus rapidly and adversely impacted the economic activity resulting in counteraction of economy by an estimated 7.7%

Net FDI in Insurance Increased

The government proposed to increase FDI limit in the insurance sector to 74%, a more arrived at attracting greater overseas capital inflows to help enhance insurance penetration in the country.

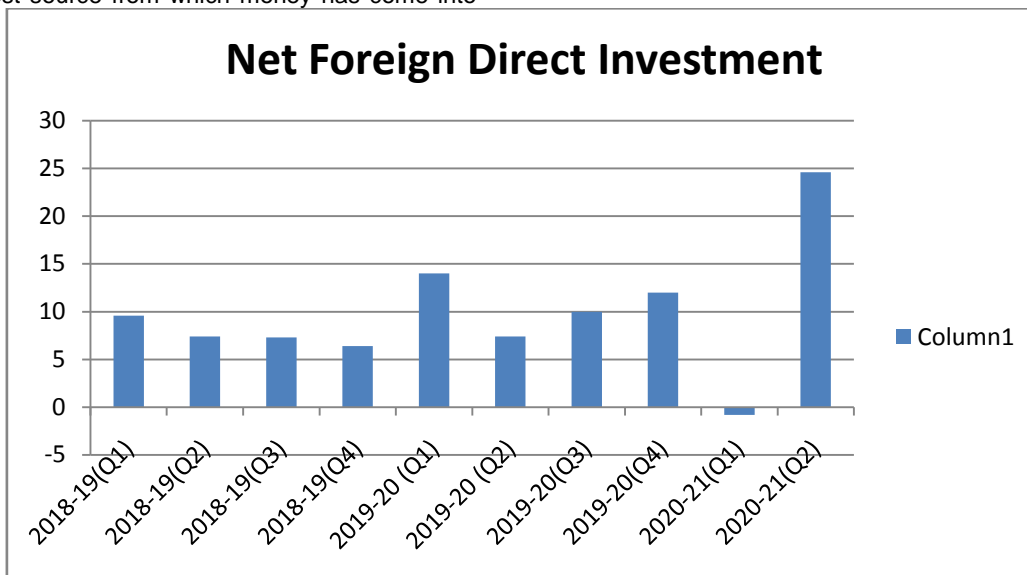


Figure in dollar billion

Major increase in allocation of funds for metro connectivity- Union Minister further added that centre.

Conclusion

The 2021-22 Budget is a "booster rocket" for the economy, said BJP leader JayantSinha on Friday. Regarding rationalization of procedures and easing of compliance, the Finance Minister proposed certain changes in the provisions relating to ADD and CVD levies. She also said to complete customs investigation. The Minister said the TurantCustom initiative rolled out in 2020 has helped in putting a check of misuse of FTAs.

The Government is committed to implement all the announcements made in the Budget Speech. When the implementation will be done, jobs will be

created and the economy will grow. India will prosper and shine like the star of the global stage.

Budget Winners & Losers

Winners	Losers
Hospital	Bonds
Real estate & construction	Exporters
Metal makers	Farmers/rural India
State run banks	IT firms
Textiles	

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