



Union Budget 2021



Towards Atmanirbhar Bharat



About Enterslice

We are an Award Winning Legal and CPA Information Technology Enabled Services (ITES) concern.

We at Enterslice are committed to provide assistance to the entrepreneurs in legal registration procedures and in managing their business globally.

Be it a startup business or a well established concern, our dedicated professionals are resolved to provide bespoke solutions as regards business registration and legal compliance.

Our bevy of competent business advisers help to trace, decode and execute key business growth strategies.

Our wide range of legal & business registration services includes GST Registration, Company Registration, ITR Filing, ESI & PF Registration, NBFC & Microfinance Company Registration, FEMA Advisory and much more.

Our Core Operations:

- **Business solutions**
- **Fin-tech Solutions**
- **ITES Systems**
- **LegalTech Solutions**
- **Management Advisory**
- **HR Services**
- **FEMA Advisory**

From a strategy review of the Business development to the complete hands-on implementation, Enterslice Advisory can be truly your legal companion to grow your venture to a level further.

Introduction

The Honorable Finance Minister of India Smt. Nirmala Sitharaman has presented the Union Budget 2021 on 1st February 2021 in the Lok Sabha.

There are a number of things that are unique in this year's budget. Importantly, this is the 1st Digital Budget of India. The total value of the budget expressed in monetary terms is **₹35 Lakh Crores**. More to the fact, the Union Budget 2021 is primarily focused on the health sector. The previous year was witnessed by the COVID-19 pandemic, after which health has become the key concern of the Government.

This, we can notice from the size of the Government allocation on the Health Sector which is **₹2.24 Lakh Crores**.

Here, we bring you a comprehensive analysis of the Union Budget 2021 presented by the Honorable Finance Minister of India in her budget speech.



Jaan Hai to Jahan Hai...
Union Budget 2021

1.

HEALTH SECTOR REFORMS

Total Government Spending = ₹2.24 lakh crore

Allocation in various schemes:

- Swasthya Yojna = ₹64,150 crore
- Swachh Bharat Abhiyaan (Urban) 2.0 = ₹1.41 lakh crore

This scheme will be implemented over 5 years (2021-26)

- Jal Jeevan mission = ₹2.87 lakh crore
- **Allocation on COVID-19 vaccines: ₹35K crore**

This may be increased in due course and will avert more than 50,000 children deaths annually.



2.

INFRASTRUCTURE DEVELOPMENT

Development Finance Companies to be set up. **₹20,000 Crore** to be allocated for this.

Rules for debt financing by InvIT & REIT to be improved:

- 5 operational roads with an estimated value of **₹5,000 crores** to be transferred to **NHAI InvIT**
- Transmission assets of a value of **₹7,000 crores** for **PGCIL InvIT**
- Capital expenditure in FY21: **₹5.5 lakh crore**
- Cap Exp to states: **₹2 lakh crore**
- **Roadways Infra budget: ₹1.18 lakh crore**

Out of this, grant to West Bengal: **25,000 crore**

- **Railways budget: ₹1.1 lakh crore**
 - Chennai metro= 63.2 K crore
 - Bengaluru metro= 14.7 K crore
 - Nagpur metro= 5.97 K crore
 - Nashik Metro= 2.09 K crore

Metrolite & Metroneo projects to be initiated in 2 cities.



3.

FARM SECTOR REFORMS

Minimum Support Price (MSP) = **1.5 times the cost of production**

Credit support to farmers: **₹16.5 Lakh crore**

Agricultural Infrastructural Fund for the APMCs to be set up.

Allocation in various schemes:

- PM SWAMITIVA Yojana to be extended to all the States & UTs.
- Rural Infrastructure Fund = **₹40,000 Crore**
- MGNREGA = **₹73,000 crore**

We shall now discuss in detail the monetary benefits given to the farmers during FY 2020-21.



Monetary Benefits to the Farmers

DURING FY 2020-21

Wheat farmers:

Financial Year	Amount paid to farmers (in ₹ Crores)
2013-14	33,874
2019-20	62,802
2020-21	75,060



Paddy farmers:

Financial Year	Amount paid to farmers (in ₹ Crores)
2013-14	63,928
2019-20	1,41,930
2020-21	1,72,752



Pulses farmers:

Financial Year	Amount paid to farmers (in ₹ Crores)
2013-14	236
2019-20	8,285
2020-21	10,530



Cotton farmers:

Financial Year	Amount paid to farmers (in ₹ Crores)
2013-14	90
2020-21	25,974



Reforms for the

FISHERIES

Substantial investments in the development of modern fishing harbors & fish landing centers.

5 major fishing harbors to be developed as hubs for economic activities:

- Kochi,
- Chennai,
- Visakhapatnam,
- Paradip, and
- Petuaghat



4.

BANKING & FINANCE

Insurance Act 1938 to be amended:

- FDI Limit to be raised from **49-74%**.
- To allow foreign ownership.

To deal with the NPA crisis, the following type of companies shall be set up:

- Asset reconstruction company
- Asset management company.

Other Banking sector reforms:

- Recapitalization of PSBs to be done = ₹20,000 Crore
- Insurance cover on bank deposits has been increased to ₹5 lakh from ₹1 lakhs.



5.

CORPORATE MATTERS (MCA)

Decriminalization of LLP Act 2008

Definition of a small company in Companies Act:

- Paid capital not exceeding **₹2 crores** from 50 lakhs
- Turnover not exceeding **₹20 crores** from 2 crores.

Incorporation of OPCs:

This will be incentivized by-

- Allowing OPC companies to grow without restriction on paid-up capital and turnover, allowing 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**.
- Further, allow Non-residents to incorporate OPC. This will boost start-ups.

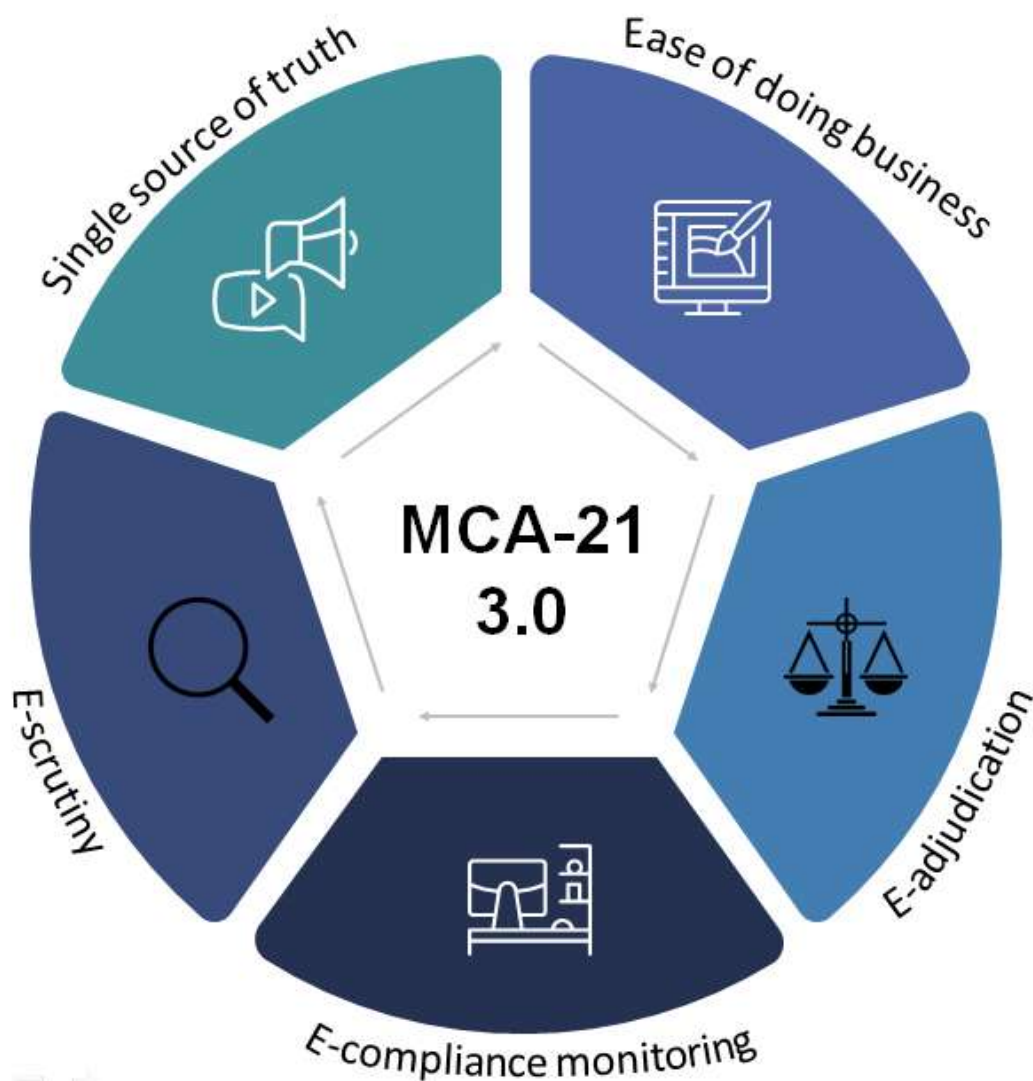


All-new portal for the Corporates

MCA-21 (Version 3.0)

This will have features like-

- Single source of truth,
- Ease of doing business,
- E-adjudication: NCLT will function with help of E-courts
- E-compliance monitoring
- E-scrutiny.



Measures related to

DISINVESTMENT

Any Idle investment not to be included in the Atmanirbhar Bharat package.

Divestment of 2 PSBs Divestment of these PSUs to be completed in FY 2021:

- BPCL
- SCL
- Air India
- BHEL
- Concor



PUBLIC SECTOR UNDERTAKING

6.

EDUCATION REFORMS

- The setting-up of the Higher Education Commission of India was announced in Budget 2020. We would be introducing legislation this year to implement the same. It will be an umbrella body having 4 SPVs for standard-setting, accreditation, regulation, and funding.
- More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy.
- 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.
- For accessible higher education in Ladakh, a Central University in Leh shall be set up.
- National Apprenticeship Promotion Scheme 2016: Apprenticeship Act to be amended in order to further enhance apprenticeship opportunities for youth. Realignment of the existing scheme of NATS to provide post-education apprenticeship, training of graduates and diploma holders in Engineering. Over ₹3,000 crores allocated..



7.

INNOVATION AND R&D

1. ₹50,000 Crore allocated for research ecosystem through National Research Foundation.
2. In order to boost digital payments, ₹1,500 crores to be allocated for a proposed scheme to financially incentivize the promotion of digital payment modes.
3. Gaganyaan Mission: 4 Indian astronauts to be sent.



8. Minimum Government MAXIMUM GOVERNANCE

To have ease of doing business for those who deal with Government or Central public sector enterprises (CPSEs), and carry out contracts, a Conciliation Mechanism shall be set up for quick resolution of contractual disputes.

This will instill confidence in private investors and contractors.

- Upcoming **Census 2021** will be the **1st Digital Census of India**. Allocated **₹3,768 crores** in FY 2021-2022 for this purpose.
- Goa will celebrate the diamond jubilee year of independence from Portuguese **₹300 crores** shall be granted for celebration.
- **₹1,000 crores** allocated for the welfare of Tea worker women and their children in the states of Assam & West Bengal under a special scheme

2011

Paper Census



2021

Digital Census

9.

FISCAL POSITION

- Fiscal deficit FY 2021: **9.5% of GDP.**
- Target for FY2021-22: **6.8%**
- Target for FY2025-26: **below 4.5%**
- Target for States: **below 3%**
- Requirement of another **₹80,000 crores** for which government will approach the markets in next 2 months.
- Gross borrowing in FY 2021-22: **₹12 lakh crores**
- Contingency Fund of India to be raised from **₹500 crore to 30,000 crore**
- Discontinue National Small Savings Fund (NSSF) loans to FCI
- Revised Expenditure Target= **₹34.53 Lakh Cr.;** which includes **₹5.54 lakh crores** as capital expenditure
- Funds allocated to the UTs of Jammu & Kashmir and Ladakh by the Centre:
 - a. **₹1,18,452 crores** as Revenue Deficit Grant to 17 states in 2021-2022,
 - b. As against ₹74,340 crores to 14 States in 2020-2021.

10.

DIRECT TAX

- Senior citizens of 75+ age exempt from ITR filing. However, the paying bank shall deduct the necessary tax on their income.

Inference: There will be the tax liability on the senior citizens on the interest income from Bank & Post Office deposits etc. However, the burden of compliance of ITR Filing has been shifted from individual to his paying bank.

- Reduction of the time-limit for re-assessment of the return to 3 years from the current 6 years.
- Limit of tax audit extended from ₹5 crores to 10 crores for FY 2021-22
- In a serious case of tax evasion, only if there is evidence of concealing income ₹50 lakh or above in a year, can re-assessment be done up to the past 10 years.
- To further reduce litigation for small taxpayers, Dispute Resolution Committee to be set up that shall be faceless for efficiency, transparency, and accountability.

Those with a taxable income up to ₹50 lakh and disputed income up to ₹10 lakhs shall be eligible to approach the Committee.

- **Faceless ITAT:** For ease of compliance, All communication between the Tribunal and the appellant shall be electronic
- Dividend from REIT & INVIT not taxable

- **Following details shall be prefilled in ITR:**

- i. Detail of salary income,
- ii. Tax payments,
- iii. TDS,
- iv. LTCG capital gains from listed securities,
- v. Dividend income, and
- vi. Interest from banks & post office

- **IFSC incentives:**

- a. Tax holiday for capital gains for aircraft leasing companies,
- b. Tax exemption for aircraft lease rentals paid to foreign lessors;
- c. Tax incentive for relocating foreign funds in the IFSC;
- d. Tax exemption to the investment division of foreign banks located in IFSC



11.

FOREIGN INVESTMENTS

In order to ensure that a large number of Funds invest in India, the government will relax some of these conditions relating to:

- Prohibition on private funding,
- Restriction on commercial activities, and
- Direct investment in infrastructure.

In order to allow funding of infrastructure by the issue of Zero-Coupon Bonds, I propose to make notified Infrastructure Debt Funds eligible to raise funds by issuing tax-efficient Zero-Coupon Bonds



12.

HOUSING FOR ALL

Under the “**Housing for all by 2022**”, the additional deduction of ₹1.5 lakh shall be available for loans approved till 31st March 2022, for the purchase of affordable houses.

- Affordable housing projects shall be given tax holidays till 31st March 2022.
- Tax exemption for all the notified affordable rental houses.

HOUSING FOR ALL BY 2022....



13.

GOODS & SERVICE TAX

Achievements in GST:

- Nil return through SMS,
- Quarterly return filing and monthly GST payment for small taxpayers,
- Electronic invoice system,
- Validated input tax statement,
- Pre-filled editable GST return, and
- Staggering of returns filing Artificial Intelligence to identify tax evaders and fake GST invoicing.

Further Government shall remove anomalies such as the Inverted Tax Structure.



14.

LABOR LAW REFORMS

It has been noticed that some employers deduct the contribution of employees towards Provident funds, superannuation funds, and other social security funds but do not deposit these contributions timely.

Henceforth, the late deposit of an employee's contribution by the employer **shall not be allowed as a deduction to the employer.**

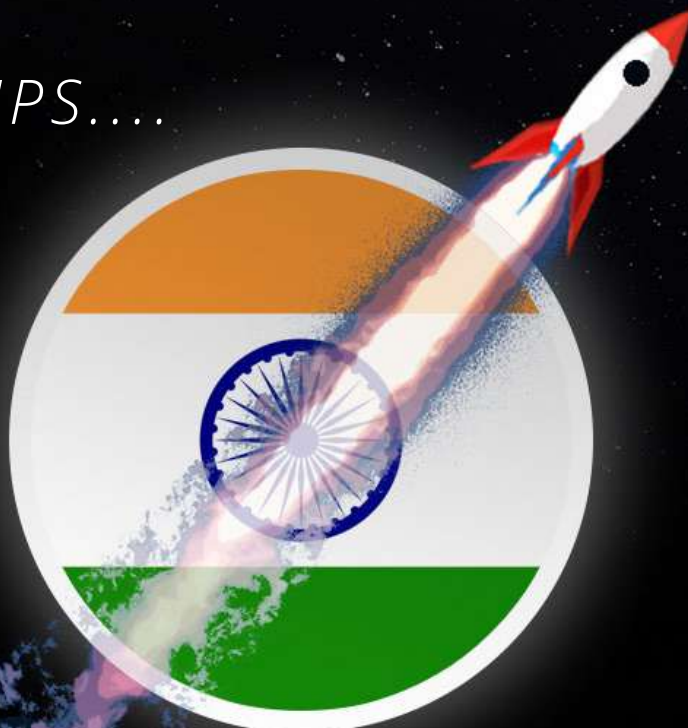


15.

START-UP INDIA STAND UP INDIA

- In order to boost start-ups in India, eligibility for claiming tax holiday for start-ups extended by another year - till 31st March 2022.
- Further, with a view to boosting start-up funding, the capital gains are tax-exempt for investment in start-ups till 31st March 2022.

*TAX-FREE
INDIAN START-UPS....*



Where does ₹1 COME FROM?



- Borrowings
- GST
- Income tax
- Corp. Tax
- Excise Duty
- Non-borrowing & Disinvestment
- Non-tax revenue
- Custom Duty

Where is ₹1 SPENT BY GOVERNMENT?



- Interest payment
- States' share of taxes & duties
- Union govt. schemes
- Other Expenditure
- Finance Commission & other transfers
- Central sponsored schemes
- Subsidies
- Defence

Change in Prices of PETROL & DIESEL

One of the key announcements made by the Finance Minister in the Budget Speech is regarding the levy of **Agriculture Infrastructure & Development Cess (AIDC)** on the prices of petrol & diesel.

The AIDC charged on petrol is **₹2.5/litre** and on diesel is **₹4/litre**. Soon after the budget speech, there was a rumor spread that prices of petrol & diesel are hiked. However, the truth is entirely different.

Apart from the levy of AIDC, the government has also reduced the special additional excise duty (**SAED**) and basic excise duty (**BED**) on petrol & diesel, which results in a slight reduction in the prices of petrol & diesel.

Let us see how:

Price Change in Unbranded Petrol

Duty Rate	Old (₹/ltr)	New (₹/ltr)
SAED	12	11
BED	2.98	1.40
AIDC	-----	2.50
Total=	14.98	14.90

Source: Budget 2021

Change in Prices of PETROL & DIESEL

Price Change in Unbranded Diesel

Duty Rate	Old (₹/ltr)	New (₹/ltr)
SAED	9	8
BED	4.83	1.80
AIDC	-----	4.00
Total=	13.83	13.80

Source: Budget 2021

With that, the rumors regarding price hike in petrol & diesel come to an end.

We hope this Budget Report gives a clear understanding of all the key highlights of Union Budget 2021.

Thank you!

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