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Union Budget 2021-22

Demand Boosting, Investment Inducing and Growth Oriented Budget

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February 2021

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PHD Chamber's viewpoint

Shri Sanjay Aggarwal
President

The Union Budget 2021-22 presented by Mrs Nirmala Sitharaman, Hon'ble Finance Minister is a historic budget, considering the aspirations of all sections of the society for the improvement of standards of living and ease of doing business in industry across the segments. The focus of budget on six pillars, including Health and Well-Being, Physical and Financial capital and infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and Research & Development, and Minimum Government, and Maximum Governance would go a long way to build a New India. The counter cyclical fiscal policy adopted by the Government to rejuvenate the economic growth and development in the country with increased fiscal deficit for the year 2021-22 at 6.8% is highly appreciable. It is being hoped that fiscal consolidation be in line by 2025-26.

It is highly appreciable that the focus of Union Budget 2021-22 is to strengthen the vision of Nation First, doubling farmers' income, strong infrastructure, enhancing women's empowerment, promoting healthy India, bring in good governance, education for all, inclusive development of all. The budget very well recognises the significance of improving healthcare sector in current times, as it outlays a total of over Rs 2.23 lakh crore for healthcare sector. The announcement of Rs 35,000 crore for Covid-19 vaccines is highly inspiring. It is appreciable that the Indian Railways has prepared a National Rail Plan for India-2030, with the aim to bring down the logistics cost.

Shri Pradeep Multani
Sr. Vice President

Shri Saket Dalmia
Vice President

The Union Budget 2021-22 has been a demand boosting, investment inducing and employment creating and growth oriented budget. The vision of the budget on growth of manufacturing sector in double digits on a sustained basis as well as making domestic companies an integral part of global supply chains for achieving a US$ 5 trillion economy is highly encouraging and inspiring. The proposal of Mega Investment Textile Scheme is highly laudable as will drive apparel exports and can potentially attract a larger pie of volume share from China. Going ahead, a strong growth trajectory with continuous focus on the reforms is foreseen.

Hon'ble Finance Minister has provided a calibrated budget in the most difficult times of last 100 years. The budget provides a roadmap for US$ 5 trillion economy and Aatmanirbhar Bharat. Government's allotment of Rs 20,000 crore for bank recapitalisation will further strengthen our banking system and will help clean up banks' books, going ahead. The announcements such as increase in FDI in insurance to 74% from 49%, removal of requirement of filing IT return for senior citizens of 75+ age, target of agriculture credit at Rs 16.5 lakh crore, 7 projects through PPP route in the port sector, among others, are highly appreciable and will support in taking the economy to a higher growth trajectory.

Dr D K Aggarwal
Immediate Former President

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PHD Chamber's viewpoint

Dr Ashok Khanna
Former Presidet

The Hon'ble Finance Minister, Smt Nirmala Sitharaman has presented a very praiseworthy Union Budget 2021-22, which has very well unleashed the measures to lay the foundation for Atmanirbhar Bharat. The Government has given a lot of emphasis to the infrastructure building in the economy, which would have a multiplier effect on the economic growth. The announcements related to vehicle scrapping policy, power sector, ports and railways are appreciable and progressive in nature. The other praiseworthy measures in the budget includes removal of requirement to file ITR for the senior citizen, tax holiday for affordable housing, impetus to disinvestments, among others.

The announcements made in the Union Budget 2021-22 are praiseworthy and forward looking. The government has maintained its commitment to India's infrastructure pipeline extension rollout. The budget has very clearly focused on uplifting the demand through infrastructure development and liquidity infusion by way of asset monetization. The Government's allotment of Rs 20,000 crore for bank recapitalisation will further strengthen our banking system and will help clean up banks' books, going ahead. The proposal of Mega Investment Textile Scheme is highly laudable as will drive apparel exports and can potentially attract a larger pie of volume share from China. The encouraging point to note is that stock markets have responded positively with the budget announcements.

Shri KS Mehta
Former President

Smt Sushma Berlia
Former Presidet

The Union Budget 2021-22 has been visionary in nature, with its focus on economic, national and entrepreneurship areas. The announcements related to infrastructure and capital investments is highly appreciable. The healthcare segment has been given the maximum focus with high emphasis on preventive measures and research & innovation. On the education front, the National Education Policy (NEP) has been appreciated nationwide and has been one of the significant steps of the government. On skilling front, the realignment of apprenticeship scheme is very well thought by the government. Going ahead, it is suggested that the vision laid in budget should be implementation at a fast pace.

The 6 pillars of the Union Budget 2021-22 are highly appreciable and lays vision for Atmanirbharat. All the pillars, including Health and Well-Being, Physical and Financial capital and infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and Research & Development, and Minimum Government, and Maximum Governance are of equal importance and have their individual significance. The capital expenditure target of the government, announcements related to asset monetization and proposed decriminalization of Companies Act are highly laudable. Further, the reduction of custom duty on steel and other associated products is a welcome step.

Shri Sanjay Bhatia
Former Presidet

1. Executive Summary

The Union Budget 2021-22 presented by Mrs Nirmala Sitharaman, Hon'ble Finance Minister is a historic budget, considering the aspirations of all sections of the society for the improvement of standards of living and ease of doing business in industry across the segments. The focus of budget on six pillars, including Health and Well-Being, Physical and Financial capital and infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and Research & Development, and Minimum Government, and Maximum Governance is highly encouraging and would go a long way to build a New India.

The counter cyclical fiscal policy adopted by the Government to rejuvenate the economic growth and development in the country with increased fiscal deficit for the year 2021-22 at 6.8% is highly appreciable. It is being hoped that the fiscal consolidation be in line by 2025-26. It is highly appreciable that the focus of the budget is to strengthen the vision of Nation First, doubling farmers' income, strong infrastructure, enhancing women's empowerment, promoting healthy India, bring in good governance, education for all, inclusive development of all.

The budget very well recognises the significance of improving healthcare sector in current times, as it outlays a total of over Rs 2.23 lakh crore for healthcare sector. The announcement of Rs 35,000 crore for Covid-19 vaccines is highly inspiring. The introduction of the AtmaNirbhar Swasth Bharat Yojana with an outlay of Rs 64,180 crore over six years and proposal to setup 15 Health Emergency Centres will go a long way to strengthen the National Centre for Disease Control in the country.

The completion of projects worth Rs 1.1 lakh crore under the National Infrastructure Pipeline and further expansion in the same to 7,400 projects is highly commendable. Government's decisions to set-up a Development Finance Institution (DFI), capitalised with Rs 20,000 crore and launch of National Asset Monetisation Pipeline to fund new infra projects is highly appreciable and in line with the suggestions of PHD Chamber. This will help increase the funds for infrastructural investment in the country and will in turn provide a multiplier effect to boost demand and rejuvenate overall economic growth trajectory.

It is appreciable that the Indian Railways has prepared a National Rail Plan for India-2030, with the aim to bring down the logistics cost. This is crucial to bring down the cost of doing business in the country. The outlay of Rs 1.18 lakh crore for Ministry of Road Transport and Highways will help enhance the connectivity in the country as well as increase employment opportunities for the growing young workforce. The vision of the budget on growth of manufacturing sector in double digits on a sustained basis as well as making domestic companies an integral part of global supply chains for achieving a US$ 5 trillion economy is highly encouraging and inspiring.

Union Budget 2021-2022 (Key takeaways)

S. No.	Dimension	Description
1	**Size of the Budget**	Rs. 34.83 lakh crore
2	**Fiscal Deficit**	Rs. 15.06 Lakh Crore; 6.8% of GDP
3	**6 pillars of the Union Budget 2021-22**	The Union Budget proposals for 2021-2022 rest on 6 pillars, namely, (1) Health and Wellbeing; (2) Physical & Financial Capital, and Infrastructure; (3) Inclusive Development for Aspirational India; (4) Reinvigorating Human Capital; (5) Innovation and R&D; and (6) Minimum Government and Maximum Governance.
4	**Agriculture, Allied Activities & Rural Economy**	It is proposed to extend SWAMITVA scheme to cover property owners in villages in all states/UTs; price changes in MSPs to assure price that is at least 1.5 times the cost of production across all commodities; enhancing the agricultural credit target to Rs 16.5 lakh crores in FY 2022 focusing on ensuring increased credit flows to animal husbandry, dairy, and fisheries; enhancing the allocation to the Rural Infrastructure Development Fund from Rs 30,000 crores to Rs 40,000 crores; 1,000 more mandis to be integrated with e-NAM.
5	**Industry**	Launch of Mega Investment Textiles Parks (MITRA) schemel; launch of National Monetization Pipeline of potential brownfield infrastructure assets; strengthening of NCLT framework, e-Courts system shall be implemented; extension of one year in additional deduction of up to Rs 1.5 lakh for interest paid on loans for affordable house purchases-100% reduction on affordable houses; voluntary vehicle scrapping policy; extension of the Ujjawala Scheme.
7	**Infrastructure**	It is proposed to launch The JalJeevan Mission (Urban); the project pipeline under National Infrastructure Pipeline expanded to 7,400 projects; significant increase in capital outlay for Ministry of road transport and highways to Rs 1.1 lakh crore; a National Rail Plan for India – 2030 prepared by Indian Railways; proposed to undertake future dedicated freight corridor; launch of a new scheme to support augmentation of public bus transport services; framework to be put in place to give consumers alternatives to choose from among more than one power distribution company.

8	**Banking, Finance & Taxation**	Set-up of Development Finance Institution (DFI), capitalised with Rs 20,000 crore; Debt Financing of InVITs and REITs by Foreign Portfolio Investors; an Asset Monetization dashboard to be created for tracking the progress; National Monetization Pipeline of potential brownfield infrastructure assets will be launched; proposal to introduce an investor charter as a right of all financial investors across all financial products; Privatization of two Public Sector Banks and one General Insurance company in the year 2021-22; stressed Asset Resolution by setting up a New Structure; faceless Income Tax Appellate Tribunal; tax incentives for Affordable Housing and Affordable Rental Housing Project.
9	**Education & Women Empowerment**	Over Rs 3,000 crores will be provided for skill development; 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states; introduction of Legislation to implement the Higher Education Commission of India; its is poroposed to create formal umbrella structures in various research institutions, universities, and colleges supported by the Government of India in 9 cities; Women allowed to work in all categories and also in the night-shifts with adequate protection; reduction in the margin money requirement in Scheme of Stand Up India from 25% to 15%.
10	**Health and Wellbeing**	Budget outlay for Health and Wellbeing is Rs 2,23,846 crores in BE 2021-22; Launch of a new centrally sponsored scheme, PM Atma Nirbhar Swasth Bharat Yojana; launch of Mission Poshan 2.0; provision of Rs 35,000 crores for Covid-19 vaccine in BE 2021-22.

Source: PHD Research Bureau, PHDCCI compiled from Union Budget 2021-22, Governemnt of India

Government's allotment of Rs 20,000 crore for bank recapitalisation will further strengthen our banking system and will help clean up banks' books, going ahead. The proposal of Mega Investment Textile Scheme is highly laudable as will drive apparel exports and can potentially attract a larger pie of volume share from China. The Government's vision to provide a choice to customers to choose power service provider (distribution company), for which a framework will be put in place, is highly encouraging and will provide an alternative to monopolies of discoms, going ahead.

The Government has announced a huge capital expenditure for the year 2021-22. The budget support for the capital expenditure has been increased from Rs 4,39,163 crore in 2020-21 to Rs 5,542,36 crore in 2021-22. The announcements such as increase in FDI in insurance to 74% from 49%, removal of requirement of filing IT return for senior citizens of 75+ age, target of agriculture credit at Rs 16.5 lakh crore, 7 projects through PPP route in the port sector, among others are highly appreciable and will support in taking the economy to a higher growth trajectory.

In a nutshell, the Hon'ble Union Finance Minister, Smt. Nirmala Sitharaman, unveiled a demand boosting, investment inducing and growth oriented Budget. Going ahead, a strong growth trajectory with continuous focus on the reforms is foreseen.

PHD Chamber's viewpoint

Shri Ashok Kajaria
Former Presidet

The Union Budget 2021-22 boldly represents the roadmap for India's journey towards being Atmanirbhar. The budget has very clearly paved the roadmap for strengthening and growth of Indian economy over the next few years. The budget has emphasised for the development of infrastructure of roads, highways, ports and railways. The focus of the budget on manufacturing sector highlights the pace at which the country is progressing to become an integral part of global supply chains by possessing core competence and cutting edge technology. The budget announcements have positioned India to be the next investment destination, globally.

The government has announced a forward looking Union Budget 2021-22, comprising of various praiseworthy announcements such as outlay of Rs 50 thousand crore for National Research Foundation, setting up of Development Finance Institutions (DFI) and textile mega parks. Besides these, the focus of the budget on asset monetization and increased capital expenditure indicates that it has been a well-rounded budget. The 6 pillars, on which the entire budget rests, are strategic and key areas of Government's focus for taking India to a higher growth trajectory in the coming times.

Shri Salil Bhandari
Former President

Shri Sandip Somany
Former President

The announcements made in the Union Budget 2021-22 are strategic and bold from the fundamental point of view. The efforts of the Government for the growth and development of the manufacturing sector are visible from its focus on the PLI scheme. Further, the changes announced in the custom duty on various products will protect the new players in manufacturing sector. The disinvestment target of the Government and proposed privatisation of two Public Sector Banks and one General Insurance company are aggressive and forward looking measures. It is highly appreciable that the Government has not raised the taxes to generate revenue in this difficult year, but rather has given a calibrated roadmap for fiscal deficit. In a nutshell, this budget will put India's economic growth trajectory in the right direction. Going ahead, it is suggested that the DFI should also be setup for non-infrastructure projects to give a broad based push to growth and development in the country.

The Budget presented by the Honourable Finance Minister is a positive and forward looking budget in these extremely tough times. The fact that the Government accepted a 9.5% fiscal deficit without sugar coating or realigning figures speaks volumes. Additionally, by announcing medium term programs, it has created a path in a transparent manner. The key thoughts seem to be to enlarge the economic pie so there is more to shared,thereby apportioning more to the weak and bring them up. Industry is the path to job creation and must be encouraged at the operating and State level. The recognition of Small industry by changing the definition will be very important. An area I would suggest the Government may consider for rectification is giving some relief in personal income tax. This will act as a big confidence booster to the battered salaried class. Also, some of Budget dealt with changes to be made outside of the budget. I would request the government to quickly implement them to have maximum cumulative impact on the country's recovery. On the whole, this is a path breaking Budget for the future well-being of India and its citizens.

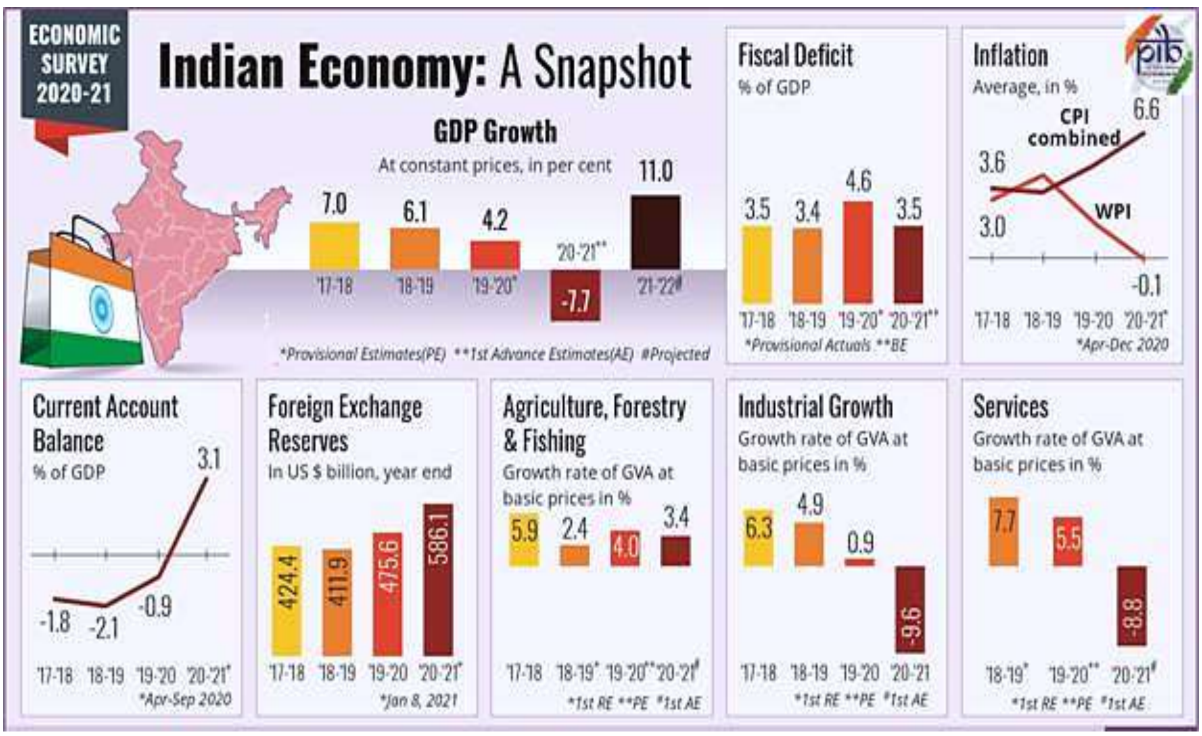
Shri Alok Shriram
Former President

2. Economic Survey 2020-21
Indian Economy on the Eve of Union Budget 2021-2022

Economic Survey 2020-21 very well portrays the economic thought process of the government through its four-pillar strategy of containment measures, fiscal support, financial measures and long-term structural reforms to mitigate the daunting impact of COVID-19 on trade, industry and economy and take the country to a higher economic trajectory, going forward. The Economic Survey 2020-21 projections for India's growth at (-)7.7% in FY2020-21 with significant growth rebound to the level of 11% in FY2021-22, following a v-shaped growth recovery is highly encouraging for businesses to move forward with a strong zeal and strength.

It is inspiring to note that Government Final Consumption Expenditure (GFCE) sustained the growth of GDP in FY 2020-21, with its share increasing to 14% of GDP from 12% of GDP in FY 2019-20, which has significantly mitigated the daunting impact of pandemic COVID-19. Though, deceleration in gross investments impacted the GDP in 2021, with its share in GDP decelerated at 26.7%, which is lowest in 2000s, recovery in gross investments is expected on the back of various reforms undertaken by the Government in ease of doing business and also efforts for reduction in the cost of doing business, such as cost of logistics.

The Survey recognizes the achievement of the country to become the fastest country in the world to roll-out 10 lakh vaccines in a matter of six days. It is highly encouraging that the initiation of a mega COVID-19 vaccination drive will help economy's return to normalcy along with raising hopes of a robust recovery in services sector, consumption, and investment, going forward.



The survey suggests that the economic recovery and rejuvenation will further be supported by supply-side push from reforms and easing of regulations, push to infrastructural investments, boost to manufacturing sector through the Productivity Linked Incentive Schemes, recovery of pent-up demand for services sector, increase in discretionary consumption subsequent to roll-out of the vaccine and pick up in credit given adequate liquidity and low interest rates, which is highly encouraging.

At thus juncture, there is a need to ensure a great support to demand creation in the economy with lower interest rates for consumers and businesses, lesser compliances for MSMEs vis-à-vis ease of doing business at the ground level and a lower tax regime to increase the personal disposable income of the people to rejuvenate the economic growth trajectory in the coming times.

2.1 Lives Vs Livelihoods

The year 2020 threw at the world a bedlam of novel COVID-19 virus, threatening all that was taken for granted –mobility, safety, and a normal life itself. This, in turn, posed the most formidable economic challenge to India and to the world in a century. Given the fast spread of the pandemic, the immediate public health policy priority was, flattening the epidemiological curve to mitigate the impact of the spread. The steps to flatten the curve were intended to slow the transmission of the virus, push the peak of the curve and spread the distribution of cases over time.

Countries, accordingly, across the globe adopted various non-pharmaceutical interventions (NPIs) like social distancing measures via work & school closures, travel bans, cancellations of public events and restrictions of internal movement and, by social isolation measures via quarantining infected people from the population, tracing infected persons contacts and enhanced testing. The containment measures allowed ramping up of the health and testing infrastructure, arresting the spread of the virus and saving ‘lives’. India imposed a stringent nation-wide lockdown during the initial phase of the pandemic in March-April, 2020, followed by gradual unlocking and phasing out of the containment measures. India crossed its peak in mid-September with 11.12 lakh active cases on 17th September, 2020 and 97,860 daily new cases on 16th September, 2020. Subsequently, new cases have moved down to less than 16,000 cases per day in January, 2021 despite the festive season and onset of the winter season.

2.2 Demand-side and Supply-side Shocks

The pandemic has been a unique economic shock that has triggered both supply and demand side shocks simultaneously across economies around the world. Increased uncertainty, lower confidence, loss of incomes, weaker growth prospects, fear of contagion, curtailment of spending options due to closure of all contact-sensitive activities, the triggering of precautionary savings, risk aversion among businesses and resultant fall in consumption and investment – leading to the first order demand shock. The supply chain disruptions caused by closure of economic activity and restricted movement of labour lead to the first order supply shocks.

2.3 India's Strategic Multi-Pronged Policy Response

India recognised the disruptive impact of the pandemic and charted its own unique path amidst dismal projections of the spread in the country given its huge population. It was estimated that India would have 30 crore cases and several thousand deaths by the end of May, 2020 (Klein et al., 2020). At a time of rapid change and mounting uncertainty, the clear objective of 'Jaan Hai to Jahan hai' and to 'break the chain of spread' helped the government face the dilemma of 'lives vs livelihood', pace the sequence of policy interventions and adapt its response as per the evolving situation. India adopted a graded four-pronged pre-emptive, and pro-active strategy consisting of:

i. Containment measures
ii. Calibrated fiscal support focussed on essentials during lockdown and demand push during the unlock phase
iii. Financial measures and
iv. Structural reforms to combat COVID-19

The policy response was tailored to different phases of the epidemic, adapting to evolving requirements to provide succour to people, support demand, facilitate the recovery to pre-pandemic levels and ensure fiscal and debt sustainability. A gradual, smooth transition was paved from 'Jaan Hai to Jahan hai' to 'Jaan bhi aur Jahan bhi'.

2.4 Fiscal Developments

In the backdrop of an unprecedented crisis, the year 2020-21 has been a challenging one on the fiscal front. The shortfall in revenue collection owing to the interruption in economic activity and the additional expenditure requirements to mitigate the fallout of the pandemic on vulnerable people, small businesses, and the economy in general, created immense pressure on the available limited fiscal resources.

In order to cater to the increased demand for resources, the target for gross market borrowings of the Central Government for the financial year 2020-21 was revised from the Budget estimate of Rs 7.8 lakh crore to Rs 12 lakh crore. India, therefore, adopted a calibrated approach best suited for the evolving situation of the economy in contrast to front-loaded large stimulus packages adopted by many countries. During the initial months of the pandemic when uncertainty was high and lockdown imposed economic restrictions, India did not waste precious fiscal resources in trying to pump up discretionary consumption. Instead, the policy focused on ensuring that all essentials were taken care of, which included direct benefit transfers to the vulnerable sections, emergency credit to the small businesses, and the world's largest food subsidy programme targeting 80.96 crore beneficiaries.

During the unlock phase, when uncertainty declined and the precautionary motive to save subsided, on the one hand, and economic mobility increased, on the other hand, India ramped up its fiscal spending focusing on overall demand revival. India's demand-side policy, thus, underscores the idea that pressing on the accelerator while the brakes are clamped only wastes scarce fuel. Owing to the recovery of the economy over the past few months, the monthly revenue collections have witnessed a revival.

2.5 Monetary Management and Financial Intermediation

Given the unprecedented shock of COVID-19 pandemic, monetary policy was significantly eased from March 2020 onwards. The repo rate has been cut by 115 bps since March 2020, with 75 bps cut in first Monetary Policy Committee (MPC) meeting in March 2020 and 40 bps cut in second meeting in May 2020. The policy rates were kept unchanged in further meetings, but the liquidity support was significantly enhanced. RBI undertook various conventional and unconventional measures like Open Market Operations, Long Term Repo Operations, Targeted Long Term Repo Operations etc. to manage liquidity situation in the economy.

This year saw improvement in transmission of policy repo rates to deposit and lending rates, as reflected in the decline of 94 bps and 67 bps in Weighted Average Lending Rate on fresh rupee loans and outstanding rupee loans respectively from March 2020 to November 2020. In view of COVID-19 pandemic, initiation of Corporate Insolvency Resolution Process (CIRP) was suspended for any default arising on or after March 25, 2020 for a period of 6 months. This was further extended twice for 3 months on September 24, 2020 and December 22, 2020. The suspension along with continued clearance has allowed a small decline in accumulated cases.

2.6 Prices and Inflation

Overall, headline CPI inflation remained high during the COVID-19 induced lockdown period and subsequently, due to the persistence of supply side disruptions. The rise in inflation was mostly driven by food inflation, which increased to 9.1 per cent during 2020-21 (Apr-Dec). Due to COVID-19 induced disruptions, an overall increase in the price momentum is witnessed, driving inflation since April 2020, whereas positive base effect has been a moderating factor.

2.7 Agriculture & Food Management

The resilience of India's agriculture sector can be seen from the fact that despite the COVID-19 pandemic, its performance in output was strong. About 54.6 per cent of the total workforce in the country is still engaged in agricultural and allied sector activities (Census 2011) which accounts for approximately 17.8 per cent of the country's Gross Value Added (GVA) for the year 2019-20 (at current prices). While the difficulties created by COVID induced lockdowns adversely affected the performance of the non-agricultural sectors, the agriculture sector came up with a robust growth rate of 3.4 per cent at constant prices during 2020-21 (first advance estimates). The sector has got renewed thrust due to various measures on credit, market reforms and food processing under the Atma Nirbhar Bharat announcements.

2.8 Industry and Infrastructure

The Indian economy encountered a "once in a century" crisis due to the COVID-19 pandemic that affected economic activities and consequently impacted the livelihood of billions of people. The industrial sector, not an exception to this shock, experienced a sharp decline during the period of the lockdown. The economic activity, however, started recovering as the unlocking process began. The various subcomponents of Index of Industrial Production (IIP) and eight-core index have experienced a V-shaped recovery with consistent movement being seen towards the pre-crisis levels. The broad-based quick revival of the industrial activity stemmed from remedial measures, reforms, and the sizable stimulus package announced by the Government of India (GoI) under the Atmanirbhar Bharat package.

2.9 Services

Services sector's significance in the Indian economy has been steady, with the sector now accounting for over 54 per cent of the economy and almost four-fifths of total FDI inflows. During the first half of the financial year 2020-21, the services sector contracted by almost 16 per cent. Air passenger traffic, rail freight traffic, port traffic, foreign tourist arrivals, and foreign exchange earnings all contracted sharply following the first lockdown which was announced in March, 2020. As the economy gradually entered the unlock phase, most of these indicators showed signs of recovery. Services purchasing managers' index, rail freight traffic, and port traffic have bottomed out and are rising steadily now, showing a V-shaped recovery.

2.10 External Sector

The pandemic of COVID-19 has led to a sharp decline in global trade, reduction in commodity prices and tighter external financing conditions with implications for current account balances and currencies of different countries globally. After a period of 17 years, India to end with an Annual Current Account Surplus which will be a great achievement for the economy.

India's merchandise trade deficit was lower at US$ 57.5 billion in April-December, 2020 as compared to US$ 125.9 billion in the corresponding period last year. There is contraction in merchandise exports by 15.7% to US$ 200.8 billion in April-December, 2020, from US$ 238.3 billion in April-December, 2019. There is decline of total merchandise imports by (-) 29.1% to US$ 258.3 billion during April-December, 2020 from US$ 364.2 billion during the same period last year. As imports volume has decelerated, the trade balance with China and the US has improved.

India's external debt stands at US$ 556.2 billion at end of September 2020 which is a decrease of US$ 2.0 billion (0.4%) as compared to end-March 2020. As on January 08, 2021, India's forex reserves stands at an all-time high of US$ 586.1 billion, covering about 18 months' worth of imports. Along with robust capital inflows, India is experiencing a Current Account Surplus leading to a BoP surplus since Q4 of FY2019-20. India is experiencing robust FDI and FPI inflows with Net FDI inflows of US$ 27.5 billion during April-October, 2020 registering a growth of 14.8% as compared to first seven months of FY2019-20.

During April-December 2020, Net FPI inflows stands at US$ 28.5 billion as against US$ 12.3 billion in corresponding period of last year. Major FDI equity flow is in the non-manufacturing sector. Similarly, industries like automobile, telecommunication, metallurgical, non-conventional energy, chemical (other than fertilizers), food processing, petroleum & natural gas got the bulk of FDI within the manufacturing sector.

Government has undertaken various initiatives for export promotion including, Production Linked Incentive (PLI) Scheme; Remission of Duties and Taxes on Exported Products (RoDTEP); and improvement in logistics infrastructure and digital initiatives. In order to enhance capabilities and exports of India's manufacturing sector, Government has also announced a Production-Linked Incentive (PLI) Scheme in the 10 key sectors under the aegis of AatmaNirbhar Bharat.

2.11 Indian Economy on the Path of a Resilient V-Shaped Trajectory

The Indian economy, after subdued growth in 2019, had begun to regain momentum January 2020 onwards, only to be stalled by the once-in-a-century black swan COVID-19 outbreak. The economy witnessed a sharp contraction of 23.9 per cent in Q1: FY 2020-21 and 7.5 per cent in Q2: FY 2020-21 due to the stringent lockdown imposed during March-April, 2020. Since then, several high frequency indicators have demonstrated a V-shaped recovery. The fundamentals of the economy remain strong as gradual scaling back of lockdowns along with the astute support of Atmanirbhar Bharat Mission have placed the economy firmly on the path of revival.

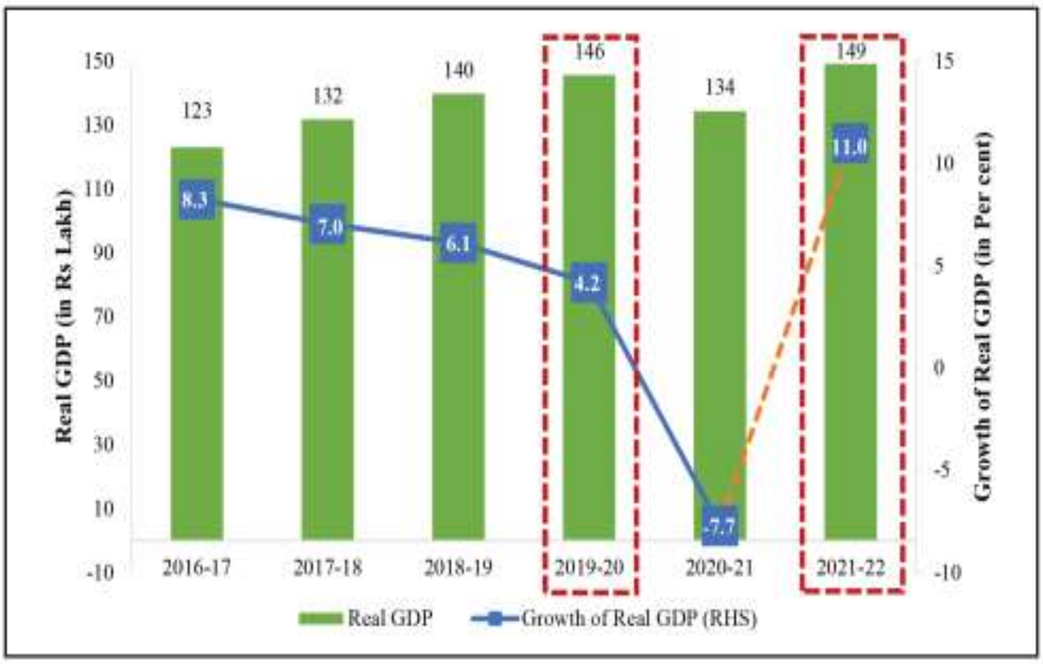
There has been rapid recovery in India's economic activity from the COVID-19 pandemic induced unprecedented lows of the first quarter of FY 2020-21 on the back of extraordinary fiscal and monetary support provided by the Government and RBI. Overall movement of high frequency indicators over Q1, Q2 and Q3 indicated speedy pickup in Q2 and growing convergence to pre-pandemic levels in Q3. As India's mobility and pandemic trends aligned and improved concomitantly, indicators like E-way bills, rail freight, GST collections and power consumption not only reached pre-pandemic levels but also surpassed previous year levels.

2.12 Outlook

After an estimated 7.7 per cent pandemic-driven contraction in 2020-21, India's real GDP is projected to record a growth of 11.0 percent in 2021-22 and nominal GDP by 15.4 per cent. These conservative estimates reflect upside potential that can manifest due to the continued normalisation in economic activities as the rollout of Covid-19 vaccines gathers traction. This will further be supported by supply-side push from reforms and easing of regulations, push to infrastructural investments, boost to manufacturing sector through the Productivity Linked Incentive Schemes, recovery of pent-up demand for services sector, increase in discretionary consumption subsequent to roll-out of the vaccine and pick up in credit given adequate liquidity and low interest rates.

This path would entail a growth in real GDP by 2.4 percent over the absolute level of 2019-20 – implying that the economy would take two years to reach and go past the pre-pandemic level. These projections are in line with IMF estimate of real GDP growth of 11.5 per cent in 2021-22 for India and 6.8 per cent in 2022-23. India is expected to emerge as the fastest growing economy in the next two years as per IMF

Projections of Real GDP for 2021-22



Source: PHD Research Bureau, compiled from Economic Survey 2020-21

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- **Strong Industry-Academia Linkage**
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PHD Chamber's viewpoint

Dr Mahesh Gupta
Former Presidet

Hon'ble Finance Minister has announced a holistic Union Budget 2021-22, comprising of promises on various fronts that includes disinvestment, infrastructure expenditure, healthcare and wellness expenditure, asset monetization, asset reconstruction, among others. Going ahead, the effective and timely implementation of these announcements are necessary to increase the confidence among public and investors on the financial and policy system of the country. The budget has clearly prescribed that the industrialists should come forward to invest towards the growth of the country. Further, the announcement on vehicle scrapping policy is highly appreciable as it will encourage fuel efficient and environment friendly vehicles.

The Union Budget 2021-22 has been an unprecedented one as it has very well laid the vision for Aatmanirbhar Bharat. The budget has focused equivalently on healthcare and wellness, skilling, infrastructure, investments and education. Increased expenditure in health and education is welcome, however, there is a need to enhance allocation for the development of health infrastructure and education infrstaructure, going forward. Aatmanirbhar Swasth Bharat Yojna would help in developing primary, secondary and tertiary healthcare system capacities to cater to new and emerging diseases. This would also indirectly lead to production of more doctors and healthcare providers.

Shri Gopal Jiwarajka
Former Presidet

Shri Anil Khaitan
Former Presidet

Hon'ble Finance Minister Smt Nirmala Sitharaman has presented an excellent budget. This has been a professional and extremely structured budget with fine balance between fiscal expansion and growth. The healthcare sector has been given a major emphasis in the budget. It is highly appreciable that around Rs 2.3 lakh crore has been allocated towards healthcare and vaccines. Further, the increased investment in the social infrastructure will enhance demand in the economy and create employment opportunities. Furthermore, the disinvestment plan and no requirement of ITR filing for senior citizen, are also in the list of crucial announcements in the budget. At this juncture, effective implementation of announcements is key for success of the budget.

National Blueprint for Growth : Union Budget 2021

The Stock markets, which are the most credible barometer for reading the Budget, have responded with resounding applause for the Hon'ble Finance Minister's Budget this year. The Sensex has settled well above the 51,000 mark even a week after the Budget. Social sectors like health and education have been given full provisions for funds as has the outlay for infrastructure, railways, ports and roads. These will give a quantum jump in employment and GDP growth. Affordable Housing has remained a prime focus for the target of Housing-for-All and is the cornerstone of this Budget. Privatization of PSUs, merger of Banks as well as raising the FDI percentage in Insurance companies to 74% will lead to a fresh impetus in the Financial Services sector. An IPO in LIC will lay the foundation of a fresh source for public participation in this sector. The Indian economy will get a futuristic push with the huge expenditure by the Government. India is well on the way to a US $ 5-10 trillion economy.

Shri Rajeev Talwar
Former Presidet

3. Consideration of PHD Chamber's Suggestions in Union Budget 2021-22

We are happy to note that more than 70% of the recommendations of PHD Chamber have been considered by the Hon'ble Finance Minister, Smt Nirmala Sitharaman in her historic Budget presentation for the year 2021-22. We look forward to the effective implementation of the reforms considered at the ground level and kind consideration of the remaining recommendations in future course of time.

PHD Chamber's suggestions such as front loading of infrastructure investments, expansion of National Infrastructure Pipeline, setting up of Development Finance Institution (DFI), enhanced support to MSME sector with increased outlay of Rs 15,700 crores for FY2021-22, implementation of government order on reduction of performance bank guarantees (PBG), focus on rural infrastructure through enhanced allocation to the Rural Infrastructure Development Fund, reduction in cost of doing business, especially logistics cost through future dedicated freight corridor projects, strengthening of social infrastructure through setting up of new schools and universities, enhanced emphasis on skill development and health infrastructure, among others, have been very kindly considered by the Hon'ble Finance Minister.

Going ahead, we look forward to the enhanced disposable income of people through capping of the Personal Income Tax rates at 25% with no exemptions, export income to be made tax free for MSMEs for 3 years and income of large enterprises from incremental exports (Y-o-Y) to be made tax free, adoption of direct transfer of subsidies on electricity, fertilisers, among others.

S. No.	PHD Chamber's Suggestion (10 Pronged Strategy)	Budget Announcements
1	**Refueling consumption and demand** **<u>Considered</u>**	• The budget has focused on infrastructure development, which will reap significant multiplier effects through demand creation and employment generation. • The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects • The budget has proposed creation of the institutional structures (DFI); a big thrust on monetizing assets; and enhancing the share of capital expenditure in central and state budgets. • 7 projects worth more than Rs 2,000 crores will be offered by the Major Ports on Public Private Partnership mode in FY21-22.

2	**Encouraging the private investments** **<u>Considered</u>**	• The budget has proposed to make notified Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero Coupon Bonds. • The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC • An Asset Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization. • Aggressive disinvestment strategy, with proposed plan of privatization of two Public Sector Banks and one General Insurance company in the year 2021-22 along with issuing the IPO of LIC. • Proposal to extend the capital gains exemption for investment in start-ups by one more year - till 31st March, 2022.
3	**Front loading of infrastructure investments** **<u>Considered</u>**	• The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects. Around 217 projects worth Rs 1.10 lakh crores under some key infrastructure Ministries have been completed. • The Government has announced a huge capital expenditure for the year 2021-22. The budget support for the capital expenditure has been increased from Rs 4,39,163 crore in 2020-21 to Rs 5,542,36 crore in 2021-22.
4	**Establishing DFIs to fund industrial and infrastructural investments** **<u>Considered</u>**	• The budget has proposed to introduce a Bill to set up a DFI. The budget has provided a sum of Rs 20,000 crores to capitalise this institution. The ambition is to have a lending portfolio of at least Rs 5 lakh crores for this DFI in three years time.
5	**Strengthening MSMEs** **<u>Considered</u>**	• The Budget has provided Rs 15,700 crores to MSME sector, more than double of previous Budget Estimate. • To ensure faster resolution of cases, the budget has proposed that NCLT framework will be strengthened,

		e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced. • Revision in custom duty on various products to support the MSMEs and provide them with level playing field.
6	**Reducing the costs of doing business** **<u>Considered</u>**	• To bring down the logistic cost, the budget has proposed Western Dedicated Freight Corridor (DFC) and Eastern DFC and various other future dedicated freight corridor projects. • To reduce the litigation cost, the budget has proposed to strengthen the NCLT framework, implement the e-courts system and alternate methods of debt resolution and special framework for MSMEs. • To reduce the compliance cost, it has been assured that the measures will be taken to smoothen the GST further, and remove anomalies such as the inverted duty structure
7	**Ease of doing exports** **<u>Partly Considered</u>**	• Revisions in Custom Duty Policy to fulfil twin objectives of promoting domestic manufacturing and helping India get onto global value chain and export better. • Proposed a scheme of Mega Investment Textiles Parks (MITRA) to be launched in addition to the PLI scheme. 7 Textile Parks to be established over 3 years. • To boost value addition in agriculture and allied products and their exports, the scope of 'Operation Green Scheme' will be enlarged to include 22 perishable products. • Budget has proposed rationalizing exemption on import of duty-free items as an incentive to exporters of garments, leather, and handicraft items
8	**Increasing Tax to GDP ratio** **<u>Not Considered</u>**	To make the tax payers more confident and thereby increase tax compliance: • The time-limit for re-opening of assessment is being reduced to 3 years from the current 6 years. • Budget has proposed to constitute a Dispute

		Resolution Committee for them, which will be faceless. • To further ease filing of returns, details of capital gains from listed securities, dividend income, and interest from banks, post office, etc. will also be pre-filled in icome tax return form.
9	**Agriculture & rural sector must be at the forefront** **Partly Considered**	• Budget has proposed to enhance the agricultural credit target to Rs 16.5 lakh crores in FY2022. • Enhanced allocation to the Rural Infrastructure Development Fund from Rs 30,000 crores to Rs 40,000 crores. • Issue of record of rights to property owners in villages under SWAMITVA Scheme to be extend to cover all states/UTs in FY2022.
10	**Effective reforms in social infrastructure** **Partly Considered**	• 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states • To create formal umbrella structures in various research institutions, universities, and colleges supported by the Government of India in 9 cities, while also retaining their internal autonomy. • Budget has proposed set up a Central University in Leh. • Over Rs 3,000 crores will be provided for skill development. • The budget has set a target of establishing 750 Eklavya model residential schools in tribal areas • Budget outlay for Health and Wellbeing at Rs 2,23,846 crores in BE 2021-22. • Provision of Rs 35,000 crores for Covid-19 vaccine in BE 2021-22. • Launch of the JalJeevan Mission (Urban).

4. Union Budget 2021-22: Key Highlights

The Union Budget 2021-22 has been a demand boosting, investment inducing and growth oriented Budget. The Budget lays a vision for AtmaNirbhar Bharat, which is an expression of over 130 crores Indians who have full confidence in their capabilities and skills.

A series of far-reaching reforms, unvielded in the Union Budget, aims at energizing the Indian economy through a combination of short-term, medium-term, and long-term measures. Going ahead, the announcements made in the Budget will contribute towards the determination of India to achieve a US$5 trillion economy.

Major Highlights of the Union Budget 2021-22

6 pillars of the Union Budget 2021-22:

1. Health and Wellbeing
2. Physical & Financial Capital, and Infrastructure
3. Inclusive Development for Aspirational India
4. Reinvigorating Human Capital
5. Innovation and R&D
6. Minimum Government and Maximum Governance

1. Health and Wellbeing

- Rs. 2,23,846 crore outlay for Health and Wellbeing in BE 2021-22 as against Rs. 94,452 crore in BE 2020-21 – an increase of 137%
- Focus on strengthening three areas: Preventive, Curative, and Wellbeing
- Rs. 35,000 crore for COVID-19 vaccine in BE 2021-22
- Rs. 64,180 crore outlay over 6 years for PM AatmaNirbhar Swasth Bharat Yojana – a new centrally sponsored scheme to be launched, in addition to NHM
- Mission Poshan 2.0 to be launched
- Rs. 2,87,000 crore over 5 years for Jal Jeevan Mission (Urban) to be launched
- Rs. 1,41,678 crore over 5 years for Urban Swachh Bharat Mission 2.0
- Rs. 2,217 crore to tackle air pollution, for 42 urban centers with a million-plus population
- Voluntary vehicle scrapping policy to phase out old and unfit vehicles

2. Physical and Financial Capital and Infrastructure

- Rs. 1.97 lakh crore in next 5 years for PLI schemes in 13 Sectors to create and nurture manufacturing global champions for an AatmaNirbhar Bharat
- Mega Investment Textiles Parks (MITRA) scheme, in addition to PLI

- National Infrastructure Pipeline (NIP) expanded to 7,400 projects; around 217 projects worth Rs. 1.10 lakh crore completed
- Rs. 20,000 crore to set up and capitalise a Development Financial Institution(DFI); Rs. 5 lakh crore lending portfolio to be created under the proposed DFI in 3 years
- National Monetization Pipeline to be launched
- Rs. 5.54 lakh crore capital expenditure in BE 2021-22 – sharp increase of 34.5% over Rs. 4.12 lakh crore allocated in BE 2020-21
- Rs. 1,18,101 lakh crore, highest ever outlay, for Ministry of Road Transport and Highways – of which Rs. 1,08,230 crore is for capital
- Economic corridors, Flagship Corridors/Expressways and Advanced Traffic management system being planned.
- Rs. 1,10,055 crore for Railways of which Rs. 1,07,100 crore is for capital expenditure
- National Rail Plan for India (2030): to create a 'future ready' Railway system by 2030
- Raising the share of public transport in urban areas by expansion of metro rail network and augmentation of city bus service
- Rs. 18,000 crore for a new scheme, to augment public bus transport:
- Consumers to have alternatives to choose the Distribution Company for enhancing competitiveness
- Rs. 3,05,984 crore over 5 years for a revamped, reforms-based and result-linked new power distribution sector scheme
- A comprehensive National Hydrogen Energy Mission 2021-22 to be launched
- Rs. 2,000 crore worth 7 projects to be offered in PPP-mode in FY21-22 for operation of major ports
- Extention of Ujjwala Scheme to cover 1 crore more beneficiaries
- A new gas pipeline project in J&K
- An independent Gas Transport System Operator to be set up
- A single Securities Markets Code to be evolved
- Setting up a system of Regulated Gold Exchanges
- To increase the permissible FDI limit from 49% to 74% and allow foreign ownership and control with safeguards.
- Asset Reconstruction Company Limited and Asset Management Company to be set up
- Rs. 20,000 crore in 2021-22 to further consolidate the financial capacity of PSBs
- Amendments to the DICGC Act, 1961, to help depositors get an easy and time-bound access to their deposits to the extent of the deposit insurance cover
- To decriminalize the Limited Liability Partnership (LLP) Act, 2008
- Launch of data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0 in 2021-22
- Rs. 1,75,000 crore estimated receipts from disinvestment in BE 2020-21

- New policy for Strategic Disinvestment approved; CPSEs except in four strategic areas to be privatized

3. **Inclusive Development for Aspirational India**

- Ensured MSP at minimum 1.5 times the cost of production across all commodities.
- SWAMITVA Scheme to be extended to all States/UTs
- Agricultural credit target enhanced to Rs. 16.5 lakh crore in FY22 - animal husbandry, dairy, and fisheries to be the focus areas
- Rural Infrastructure Development Fund to be enhanced to Rs. 40,000 crore from Rs. 30,000 crore
- To double the Micro Irrigation Fund to Rs. 10,000 crore
- Portal to collect information on unorganized labour force, migrant workers especially, to help formulate schemes for them
- Implementation of 4 labour codes underway
- Rs. 15,700 crore budget allocation to MSME Sector, more than double of this year's BE

4. **Reinvigorating Human Capital**

- 15,000 schools to be strengthened by implementing all NEP components. Shall act as exemplar schools in their regions for mentoring others
- 100 new Sainik Schools to be set up in partnership with NGOs/private schools/states
- Legislation to be introduced to setup Higher Education Commission of India as an umbrella body with 4 separate vehicles for standard-setting, accreditation, regulation, and funding
- 750 Eklavya model residential schools in tribal areas:
- Revamped Post Matric Scholarship Scheme for welfare of SCs
- Proposed amendment to Apprenticeship Act to enhance opportunities for youth
- Rs. 3000 crore for realignment of existing National Apprenticeship Training Scheme (NATS) towards post-education apprenticeship, training of graduates and diploma holders in Engineering

5. **Innovation and R&D**

- Modalities of National Research Foundation announced in July 2019 –Rs. 50,000 crore outlay over 5 years
- Rs. 1,500 crore for proposed scheme to promote digital modes of payment
- National Language Translation Mission (NTLM) to make governance-and-policy related knowledge available in major Indian languages

- PSLV-CS51 to be launched by New Space India Limited (NSIL) carrying Brazil's Amazonia Satellite and some Indian satellites
- Rs. 4,000 crore over five years for Deep Ocean Mission

6. Minimum Government, Maximum Governance

- National Commission for Allied Healthcare Professionals already introduced to ensure transparent and efficient regulation of the 56 allied healthcare professions
- The National Nursing and Midwifery Commission Bill introduced for the same in nursing profession
- Rs. 3,768 crore allocated for first digital census in the history of India
- Fiscal Position

Item	Original BE 2020-21	RE 2020-21	BE 2021-22
Expenditure	Rs 30.42 lakh crore	Rs 34.50 lakh crore	Rs 34.83 lakh crore
Capital Expenditure	Rs 4.12 lakh crore	Rs 4.39 lakh crore	Rs 5.5 lakh crore
Fiscal Deficit	3.5%	9.5%	6.8%

- Net borrowing for the states allowed at 4% of GSDP for the year 2021-2022 as per recommendation of 15th Finance Commission
- States expected to reach a fiscal deficit of 3% of GSDP by 2023-24, as recommended by the 15th Finance Commission
- Exemption from filing tax returns for senior citizens over 75 years of age and having only pension and interest income; tax to be deducted by paying bank
- Rules to be notified for removing hardships faced by NRIs regarding their foreign retirement accounts
- Limit of turnover for tax audit increased to Rs. 10 crore from Rs. 5 crore for entities carrying out 95% transactions digitally
- Infrastructure Debt Funds made eligible to raise funds by issuing Zero Coupon Bonds
- Additional deduction of interest, up to Rs. 1.5 lakh, for loan taken to buy an affordable house extended for loans taken till March 2022
- Tax holiday for Affordable Housing projects extended till March 2022; Tax exemption allowed for notified Affordable Rental Housing Projects
- Tax holiday for capital gains from incomes of aircraft leasing companies
- Exemption limit of annual receipt revised from ₹1 crore to ₹5 crore for small charitable trusts running schools and hospitals
- Eligibility for tax holiday claim for start-ups extended by one more year
- Capital gains exemption for investment in start-ups extended till 31st March, 2022
- Duty on some parts of mobiles revised to 2.5% from 'nil' rate
- Customs duty reduced uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels
- Custom duty on gold and silver to be rationalized
- Phased manufacturing plan for solar cells and solar panels to be notified
- Duty on solar invertors raised from 5% to 20%, and on solar lanterns from 5% to 15% to encourage domestic production

5. Six Pillars of Union Budget 2021-22

The Union Budget 2021-22 is based on the siz broad pillars of Health and Wellbeing; Physical & Financial Capital, and Infrastructure; Inclusive Development for Aspirational India; Reinvigorating Human Capital; Innovation and R&D;and Minimum Government and Maximum Governance. This overall focus of the Budget is highly encouraging and would go a long way to build a New India.

Six Pillars of Union Budget 2021-22

Source: PHD Research Bureau, PHDCCI complied from Union Budget 2021-22

PHD Chamber's viewpoint

Shri Anil Kumar Chopra
Chairman, Economic Affairs Committee

Hon'ble Finance Minister has presented an inclusive budget as there has been something for everyone in the budget. The budget focus on aspirational India and the six pillars of budget are exemplary. The announcements made in the Budget regarding development of physical infrastructure, disinvestments plans, setting up of Development Financial Institution (DFI), enhanced capital outlays, decriminalisation of Company Laws, among other are highly appreciable and would go a long way to stimulate the demand in the economy and boost industrial development. Further, the proposal to establish a National Faceless Income Tax Appellate Tribunal Centre is highly appreciable.

The announcements made in the Union Budget 2021-22 are highly appreciable. The GST collections for December 2020 and January 2021 have been significant and will give government some space towards rationalisation. Further, it is crucial to look at IGST collections on imports as well. A GST roadmap was expected for petroleum products in the Budget. Going ahead, simpler mode of taxation is crucial for promoting the ease of doing business in the country.

Shri Bimal Jain
Chairman, Indirect Taxes Committee

Shri Mukul Bagla
Chairman, Direct Taxes Committee

The Union Budget 2021-22 includes various landmark announcements. The Budget shows the Government's intent to reduce corruption in income tax department and make the taxpayers confident. In order to reduce compliance burden, the time-limit for re-opening of assessment is being reduced to 3 years from the current 6 years from the end of the relevant assessment year. Further, the re-opening of assessment up to 10 years is proposed to be allowed only if there is evidence of undisclosed income of Rs 50 lakh or more for a year.

The announcements made in the Union Budget 2021-22 lays the foundation for rejuvenating the economic growth and making India's Atmanirbhar. It is highly appreciable to note that the Indian economy has been witnessing a V-shaped recovery. The Atmanirbhar Bharat campaign on capital market is already progressing.

Shri Vijay Bhushan
Chairman, Capital Market & Commodity Market Committee

6. Budget at a Glance

Fiscal deficit in Revised Estimates (RE) 2020-21 has been increased to 9.5% from 3.5% in Budget Estimates (BE) and in BE 2021-22 is pegged at 6.8%.	**Revenue Deficit** has been increased to 7.5% in Revised Estimates (RE) 2020-21 from 2.7% in Budget Estimates (BE). The Revenue Deficit for 2021-22 is pegged at 5.1%	**Total expenditure in Budget for 2021-22** has been placed at Rs 34.83 lakh crores.

5.1 Budget at a Glance

(Amount in Rs. Crore)

S. No.	Particulars	2019-20	2020-21		2021-22	2021-2022 Y-o-Y growth
		Actuals	BE	RE	BE	%
1	**Revenue Receipts (2+3)**	1684059	2020926	1555153	1788424	15.0
2	Tax Revenue (Net to Centre)	1356902	1635909	1344501	1545396	14.9
3	Non-tax revenue	327157	385017	210652	243028	15.4
4	**Capital Receipts (5+6+7)**	1002271	1021304	1895152	1694812	(-)10.6
5	Recoveries of loans	18316	14967	14497	13000	(-)10.3
6	Other Receipts	50304	210000	32000	175000	446.9
7	Borrowings & other liabilities#	933651	796337	1848655	1506812	(-)18.5
8	**Total Receipts (1+4)**	2686330	3042230	3450305	3483236	1.0
9	**Total Expenditure (10+13)**	2686330	3042230	3450305	3483236	1.0
10	On Revenue Account of which	2350604	2630145	3011142	2929000	(-)2.7
11	Interest Payments	612070	708203	692900	809701	16.9
12	Grants in Aid for creation of Capital assets	185641	206500	230376	219112	(-)4.9
13	On Capital Account	335726	412085	439163	554236	26.2
14	**Revenue deficit (10-1)**	666545	609219	1455989	1140576	(-)21.7
15	as % of GDP	3.3	2.7	7.5	5.1	...
16	**Effective Revenue Deficit (14-12)**	480904	402719	1225613	921464	(-)24.8
17	as % of GDP	2.4	1.8	6.3	4.1	...
18	**Fiscal deficit {9-(1+5+6)}**	933651	796337	1848655	1506812	(-)18.5
19	as % of GDP	4.6	3.5	9.5	6.8	...
20	**Primary deficit (16-11)**	321581	88134	1155755	697111	(-)39.7
21	as % of GDP	1.6	0.4	5.9	3.1	...

Source: PHD Research Bureau, PHDCCI complied from Union Budget 2021-22. BE: Budget Estimates, RE: Revised EstimatesNotes: # Includes drawdown of cash Balance; (i) GDP for BE 2021-2022 has been projected at Rs 22287379 crore assuming 14.4% growth over the estimated GDP of Rs 19481975 crore for 2020-2021 (RE); Individual items may not sum up to the totals due to rounding off; Y-o-Y stands for Year on year growth that has been calculated for 2021-22 BE over 2020-21 RE.

5.2 Sectoral Allocations (Amount in Rs. Crore)

S.No.	Particulars	2019-2020	2020-21		2021-2022	2021-2022 Y-o-Y growth
		Actuals	BE	RE	BE	%
1	**Pension**	183955	210682	204393	189328	(-)7.4
2	**Defence**	318665	323053	343822	347088	0.9
3	**Subsidy**					
4	- Fertiliser	81124	71309	133947	79530	(-)40.6
5	- Food	108688	115570	422618	242836	(-)42.5
6	- Petroleum	38529	40915	38790	12995	(-)66.5
7	**Agriculture and Allied Activities**	112452	154775	145355	148301	2.0
8	**Commerce and Industry**	27299	27227	23515	34623	47.2
9	**Development of North East**	2658	3049	1860	2658	42.9
10	**Education**	89437	99312	85089	93224	9.6
11	**Energy**	43542	42725	33440	42824	28.1
12	**External Affairs**	17246	17347	15000	18155	21.0
13	**Finance**	18535	41829	50566	91916	81.8
14	**Health**	63425	67484	82445	74602	(-)9.5
15	**Home Affairs**	119850	114387	98106	113521	15.7
16	**Interest**	612070	708203	692900	809701	16.9
17	**IT and Telecom**	20597	59349	32178	53108	65.0
18	**Others**	79523	84256	94371	87528	(-)7.3
19	**Planning and Statistics**	5479	6094	2164	2472	14.2
20	**Rural Development**	142384	144817	216342	194633	(-)10.0
21	**Scientific Departments**	27367	30023	22352	30640	37.1
22	**Social Welfare**	44649	53876	39629	48460	22.3
23	**Tax Administration**	169331	152962	147728	131100	(-)11.3
	of which,Transfer to GST Compensation Fund	153910	135368	106317	100000	(-)5.9
24	**Transfer to States**	148907	200447	207001	293302	41.7
25	**Transport**	153437	169637	218622	233083	6.6
26	**Union Territories**	15128	52864	51282	53026	3.4
27	**Urban Development**	42054	50040	46791	54581	16.6
Grand Total		**2686330**	**3042230**	**3450305**	**3483236**	**1.0**

Source: PHD Research Bureau, PHDCCI compiled from Union Budget 2021-22. Note: Individual items may not sum up to the totals due to rounding off. BE - Budget Estimates, RE - Revised Estimates; Y-o-Y stands for Year on year growth that has been calculated for 2021-22 BE over 2020-21 RE.

5.3 Summary of Receipts (Amount in Rs. Crore)

S. No	Component	2019-2020	2020-21		2021-2022	2021-2022 Y-o-Y growth
		Actuals	BE	RE	BE	%
1	**Tax Revenue Gross Tax Revenue**	2010059	2423020	1900280	2217059	16.7
a.	Corporation Tax	556876	681000	446000	547000	22.6

b.	Taxes on Income	492654	638000	459000	561000	22.2
c.	Wealth Tax	20	..	..	..	..
d.	Customs	109283	138000	112000	136000	21.4
e.	Union Excise Duties	240615	267000	361000	335000	(-)7.2
f.	Service Tax	6029	1020	1400	1000	(-)28.6
g.	GST	598750	690500	515100	630000	22.3
	- CGST	494072	580000	431000	530000	23.0
	- IGST	9125	..	..	..	..
	- GST Compensation Cess	95553	110500	84100	100000	18.9
h.	Taxes on Union Territories	5835	7500	5780	7059	22.1
Less - NCCD transferred to the NCCF/NDRF		2480	2930	5820	6100	4.8
Less - State's share		650678	784181	549959	665563	21.0
1a.	**Centre's Net Tax Revenue**	1356902	1635909	1344501	1545397	14.9
2	**Non-Tax Revenue**	327157	385017	210653	243028	15.4
	Interest receipts	12349	11042	14005	11541	(-)17.6
	Dividend and Profits	186132	155396	96544	103538	7.2
	External Grants	373	812	1422	747	(-)47.5
	Other Non Tax Revenue	126540	215465	96602	124671	29.1
	Receipts of Union Territories	1762	2303	2081	2531	21.6
	Total Revenue Receipts(1a + 2)	1684059	2020926	1555153	1788424	15.0
3	**Capital Receipts**					
A.	**Non-debt Receipts**	68620	224967	46497	188000	304.3
(i)	Recoveries of loans and advances@	18316	14967	14497	13000	(-)10.3
(ii)	Disinvestment Receipts	50304	210000	32000	175000	446.9
B.	**Debt Receipts***	928680	849340	1866013	1435428	(-)23.1
	Total Capital Receipts (A+B)	997301	1074306	1912510	1623428	(-)15.1
4	**DRAW-DOWN OF CASH BALANCE&**	4970	(-)53003	(-)17358	71383	511.2
Total Receipts (1a+2+3)		2681360	3095233	3467663	3411853	(-)1.6

Source: PHD Research Bureau, PHDCCI complied from Union Budget 2021-22. Note: Individual items in this document may not sum up to the totals due to repayments. BE-Budget Estimates, RE-Revised Estimates. Y-o-Y stands for Year on year growth. NCCD transferred to the National Calamity Contingency Fund/National Disaster Response Fund. * The receipts are net of payment. @ Excludes recoveries of short term loans and advances. (Note: yoy growth that has been calculated for 2021-22 BE over 2020-21 RE)

5.4 Summary of Expenditure (Amount in Rs. Crore)

S.No.	Particulars	2019-2020	2020-21		2021-2022	2021-2022 Y-o-Y growth
		Actuals	BE	RE	BE	%
A	**Centre's Expenditure**					
I	Establishment Expenditure	570244	609585	598672	609014	1.7
II	Central Sector Schemes/ Projects	757091	831825	126369 0	1051703	(-)16.8
III	Other Central Sector Expenditure	727025	887574	826536	1011887	22.4
	of which Interest Payments	612070	708203	692900	809701	16.9

B.	**Transfers**					
IV	Centrally Sponsored Schemes	309553	339895	387900	381305	(-)1.7
V	Finance Commission Grants	123710	149925	182352	220843	21.1
VI	Other Grants/Loans/Transfers	198707	223427	191155	208484	9.1
	Grand Total	2686330	3042230	3450305	3483236	1.0
	Capital Expenditure of the Government					
1	Gross Budgetary Support	335726	412085	439163	554236	26.2
2	Ministry of Railways (IEBR)	80166	90792	132442	107758	(-)18.6
3	IEBR (excluding Ministry of Railways)	561388	581871	513046	475073	(-)7.4
	Total	977280	1084748	1084651	1137067	4.8

Source: PHD Research Bureau, PHDCCI compiled from Union Budget 2021-22. Note: Individual items may not sum up to the totals due to rounding off. BE-Budget Estimates, RE-Revised Estimates, Y-o-Y stands for Year on year growth that has been calculated for 2021-22 BE over 2020-21 RE

5.5 Resources Transferred to State and U.T. (Amount in Rs. Crore)

S.No.	Indicators	2019-2020	2020-21	2021-2022	2021-2022
		Actuals	RE	BE	Y-o-Y growth%
I.	**Devolution of States' share in taxes**	650678	549959	665563	21.0
II.	**Some Important Items of Transfer**	53706	171873	90055	(-)47.6
1	Assistance to States from NDRF	18889	10000	12391	23.9
2	Back to Back Loans to States in lieu of GST Compensation Shortfall	...	110208	...	..
3	Central Pool of Resources for North Eastern Region and Sikkim	380	200	405	102.5
4	Externally Added Projects - Grants	2702	2500	3000	20.0
5	Externally Aided Projects - Loan	24668	32025	46750	46.0
6	Schemes of North East Council	323	224	221	(-)1.3
7	Schemes under Proviso to Article 275(1) of the Constitution	2661	718	1119	55.8
8	Special Assistance as Loan to States for Capital Expenditure	...	12000	10000	(-)16.7
9	Special Assistance under the demand-Transfer to States	1624	3000	15000	400.0
10	Special Central Assistance to Scheduled Castes- Department of Social Justice and empowerment	1115	290	..	..
11	Special Central Assistance to Tribal Area-under the Demand - Ministry of Tribal Affairs	1346	708	1170	65.3
III.	**Finance Commission Grants**	123710	182352	220843	21.1
1	Grant for Rural Local Bodies	25098	25000	22114	(-)11.5
2	Grants for Urban Local Bodies	59361	60750	44901	(-)26.1
3	Grants for Health Sector	..	..	13192	..
4	Grants-in-Aid for SDRF	10938	22262	22184	(-)0.4
5	Post Devolution Revenue Deficit Grants	28314	74340	118452	59.3

IV.	**Total Transfer to States [Other than (I)+(II)+(III)]**	289233	358789	363355	1.3
1	Under Centrally Sponsored Schemes (Revenue)	275428	315238	318857	1.1
2	Under Central Sector Schemes (Revenue)	12864	42374	43016	1.5
3	Under Other Categories of Expenditure (Revenue)	927	1049	1259	20.0
4	Capital Transfers	13	128	223	74.2
V.	**Total Transfer to Delhi and Puducherry**	28161	50963	48686	(-)4.5
1	Under Centrally Sponsored Schemes (Revenue)	3578	6583	8065	22.5
2	Under Central Sector Schemes (Revenue)	218	1080	177	(-)83.6
3	Under Other Categories of Expenditure (Revenue)	24140	43301	40444	(-)6.6
4	Capital Transfers	225	...	...	..
	Total Transfers to States/UTs	1145487	1313937	1388502	5.7

Source: PHD Research Bureau, PHDCCI compiled fromUnion Budget 2021-22. Note: BE-Budget Estimates, RE-Revised Estimates. UT : Union Territories and NDRF: National disaster Response Fund, SDF: State's Disaster Relief Fund; Y-o-Y stands for Year on year growth that has been calculated for 2021-22 BE over 2020-21 RE

5.6 Debt and Deficit Statistics

(Amount in Rs. Crore)

S. No.	Particulars	2019-2020	2020-21		2021-2022	2021-2022 Y-o-Y growth
		Actuals	BE	RE	BE	%
1	**Fiscal Deficit**	933651	796337	1848655	1506812	(-)18.5
	as a % of GDP	4.6	3.5	9.5	6.8	
2	**Primary Deficit**	666545	609219	1455989	1140576	(-)21.7
	as a % of GDP	3.3	2.7	7.5	5.1	
3	**Revenue Deficit**	480904	402719	1225613	921464	(-)24.8
	as a % of GDP	2.4	1.8	6.3	4.1	
4	**Effective Revenue Deficit**	321581	88134	1155755	697111	(-)39.7
	as a % of GDP	1.6	0.4	5.9	**3.1**	
Sources of Financing Fiscal Deficit						
5	**Debt Receipts (Net)**					
	6. Market Borrowings (G-Sec + T Bills)	624089	535870	1273788	967708	(-)24.0
	7. Securities Against Small Savings	240000	240000	480574	391927	(-)18.4
	8. State Provident Funds	11635	18000	18000	20000	11.1
	9. Other Receipts (Reserve Fund, Deposit & Advances)	44273	50848	39129	54280	38.7
	10. External Debt	8682	4622	54522	1514	(-)97.2
11	**Draw Down of Cash Balance**	4971	(-)53003	(-)7358	71383	..
12	**Grand Total**	933651	796337	1848655	**1506812**	(-)**18.5**

Source: PHD Research Bureau, PHDCCI compiled from Union Budget 2021-22. Note: Individual items may not sum up to the totals due to rounding off; BE - Budget Estimates, RE - Revised Estimates; Y-o-Y stands for Year on year growth that has been calculated for 2021-22 BE over 2020-21 RE

PHD Chamber's viewpoint

Shri Sandeep Aggarwal
Chairman, Industry Affairs Committee

It is appreciable that the PHD Chamber has always been at the forefront for presenting the industry views to government and concerned Ministries. As the economy is witnessing recovery, industry at this juncture requires a significant investment boost. For telecom sector, it is suggested that the allocated amount should be increased in NIP. Going ahead, automobile charging station, automobile conversion from petrol and diesel to electrical and telecom infrastructure should be improved.

A series of far-reaching reforms, unveiled in the Union Budget 2021-22, aims at energizing the Indian economy is highly inspiring. The completion of projects worth Rs 1.1 lakh crore under the National Infrastructure Pipeline and further expansion in the same to 7,400 projects is highly commendable. Government's decisions to set-up a Development Finance Institution (DFI), capitalised with Rs 20,000 crore and launch of National Asset Monetisation Pipeline to fund new infra projects is highly appreciable and in line with the suggestions of PHD Chamber. This will help increase the funds for infrastructural investment in the country and will in turn provide a multiplier effect to boost demand and rejuvenate overall economic growth trajectory.

Shri Saurabh Sanyal
Secretary General

Dr S P Sharma
Chief Economist

The continuous improvement in the key economic and business indicators suggests that the economic recovery is on its speedy path and expectations of a positive GDP growth trajectory are becoming strong. The historic Union Budget 2021-22 presented by Mrs Nirmala Sitharaman, Hon'ble Finance Minister has very much considered the aspirations of all sections of the society for the improvement of standards of living, good health for all and ease of doing business for industry. The growth oriented, welfare inducing and employment creating budget will go a long way to rejuvenate the economic growth trajectory and put India as a bright spot in the global charts.

7. Impact on Economy

The Union Budget 2020-21 focuses on three prominent themes i.e. Aspirational India, Economic Development and Caring Society. Sustained recovery path combined with structural reforms is the core theme of the budget. With the revision of the fiscal deficit to 9.5% of GDP for 2020-21 and a projection of 6.8% of GDP for 2021-22, the path of fiscal consolidation is gradual and would lead to economic recovery at a steady pace. The normalisation of economic activities will boost tax revenues and may rationalise the consumer spending over time. The biggest takeaway of the budget was that the economy and the government bodies have adopted digital in a big way.

The government has announced the financing avenues to reinvigorate infrastructure development through the increase in funding to the National Infrastructure Pipeline (NIP) by creating institutional structures, monetising assets and enhancing the share of capex in central and state budgets. This will go a long way in providing state of the art infrastructure development which will support the growth of the industry and create jobs.

The budget announcements have been bold and now have allocated spending of more than 100%. This is a budget of self reliant India that has equipped the army with all the resources to defend the sovereignty. The budget is also an impetus to fiscal stimulus provided by the government couple of months ago.

In a nutshell, the counter cyclical fiscal policy adopted by the Government to rejuvenate the economic growth and development in the country with increased fiscal deficit for the year 2021-22 at 6.8%, would strengthen the development of infrastructure with the vision for Aatmanirbhar Bharat. The budget very well recognizes the significance of improving healthcare sector in current times, as it outlays a total of over Rs 2.23 lakh crore for healthcare sector. It is highly appreciable that the focus of the budget is to strengthen the vision of Nation First, doubling farmers' income, strong infrastructure, enhancing women's empowerment, promoting healthy India, bring in good governance, education for all, inclusive development of all.

The completion of projects worth Rs 1.1 lakh crore under the National Infrastructure Pipeline and further expansion in the same to 7,400 projects is highly commendable. The Budget has focused on India long term growth story which is tailored to revive the Indian economy in the post covid world. The budget has addressed the demand of industries to spur the growth and consumption.

The government has adopted a huge spending for healthcare, infrastructure, innovation, R&D, and governance. This is likely expected to generate employment and ensure inclusive growth and lead to capital formation. Significant allocation under rural infrastructure development fund would expedite the development of infrastructure for agriculture and allied industries with a fillip to rural connectivity. The budget augurs well to build the resilient Indian economy.

Impact on the Indian Economy

S.No	Parameter	Announcement	Impact
1	**Macro-economic stability**	The Budget proposals for 2021-2022 rest on 6 pillars. Namely Health and Wellbeing, Physical & Financial Capital, and Infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and R&D, Minimum Government and Maximum Governance	The budget has provided big fiscal stimulus to encourage demand and economic recovery. This is highly encouraging and would go a long way to build a New India
2	**Fiscal Prudence**	The fiscal deficit in RE 2020-21 is pegged at 9.5% of GDP.	The government has adopted an expansionary fiscal approach from a typically cautious, and often, contractionary approach. This is now in sync with most developed economies. This makes it a policy switch. It is also in sync with RBI's monetary approach, and this complementarity should bolster its effectiveness. Increased capital expenditure will also support an economic recovery.
		Towards path of fiscal consolidation, the government intends to reach a fiscal deficit level below 4.5% of GDP by 2025-2026 with a fairly steady decline over the period.	The fiscal deficit to an extent highlights signs of a weaker-than-anticipated economic recovery. This also points towards a reassessment of medium-term growth potential because it could make it more challenging to achieve a downward trend in the debt ratio.
3	**Agriculture, Allied Activities & Rural Economy**	Price changes in MSPs- Sea change to assure price that is at least 1.5 times the cost of production across all commodities.	This is expected to incentivize the farmers to produce more as the procurement has also continued to increase at a steady pace. It will result in increase in payment to farmers substantially.
		Enhancing the agricultural credit target to Rs 16.5 lakh crores in FY22 focusing on ensuring increased credit flows to animal husbandry,	Institutional credit will also help delink farmers from non-institutional sources where they are compelled to borrow at

		dairy, and fisheries. Enhancing the allocation to the Rural Infrastructure Development Fund from Rs 30,000 crores to Rs 40,000 crores.	usurious rates of interest Fund allocation will help in providing the fund support that is needed in cost-effective ways. Government will be able to monitor the entire process and to evaluate them finally.
		To Develop inland fishing harbours and fish-landing centres along the banks of rivers and waterways. Substantial investments in the development of modern fishing harbours and fish landing centres. It has been announced that 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity.	This will provide the desired momentum to increase fish processing activities and reach foreign markets having fishery demand.
		Multipurpose Seaweed Park to be established in Tamil Nadu.	It will provide large scale employment and additional incomes as it is an emerging sector with potential to transform the lives of coastal communities.
		1,000 more mandis will be integrated with e-NAM.	This will significantly help in bringing the transparency and competitiveness into the agricultural market through e-NAM.
4	**Industry**	Mega Investment Textiles Parks (MITRA) will be launched in addition to the PLI scheme. Textile Parks will be established over 3 years.	This will enable the textile industry to become globally competitive, attract large investments and boost employment generation.
		To ensure faster resolution of cases, NCLT framework will be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced.	This will resolve the MSME related issues at a faster pace.
		As a further measure which directly benefits Start-ups and Innovators,	This will promote entrepreneurship in the

		there is propose to incentivize the incorporation of One Person Companies (OPCs) by allowing OPCs to grow without any restrictions on paid up capital and turnover, allowing their conversion into any other type of company at any time, reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and also allow Non Resident Indians to incorporate OPCs in India. In order to incentivise start-ups in the country, extend the eligibility for claiming tax holiday for start-ups by one more year - till 31st March, 2022. Further, in order to incentivise funding of the start-ups, extension of capital gains exemption for investment in start-ups by one more year till 31st March, 2022.	country. This will give a boost to the Start-Up companies in the country. This will help in achieving start-ups and ensure entrepreneurship in the country. This will encourage the start-ups to employ highly talented employees at a relatively low salary by granting them Employee Stock Option Plan (ESOPs).
		Extension of one year in additional deduction of up to Rs 1.5 lakh for interest paid on loans for affordable house purchases-100% reduction on affordable houses.	The government has maintained its focus on affordable houses. This will lead to flexibility to raise debt from FPIs, which will broaden funding avenues and enables lower cost financing.
		Two Schemes(NEBFS and IBPS) under the information technology for jobs pillar of the budget have been launched under the existing digital India programme.	The schemes will incentivize business process outsourcing and ITES operations across the country particularly in digitally deficit areas for creation of employment opportunities for youth as well encourage private investments in this particular sector.
		Basic duties on some products have been uniformly reduced to 7.5% while imports of scrap including stainless steel and alloy steel has been exempted for a period up to 31st March 2022.	These steps are likely to benefit smaller secondary steel producers.
		Extension of the Ujjawala Scheme; widening of coverage of city gas distribution network and asset monetization programme Scheme.	Overall, the proposal will augur well for the oil and gas segment with midstream and downstream companies benefiting largely.

5	**Infrastructure**	This budget has extended the National Infrastructure Pipeline (NIP) which have been announced in December 2019 is the first-of-its-kind, whole-of-government exercise ever undertaken by Government of India. The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects. Around 217 projects worth Rs 1.10 lakh crores under some key infrastructure Ministries have been completed.	This will encourage connectivity across country and will kickstart the economy.
		In NIP three provisions have been been made. Firstly, by creating the institutional structures; secondly, a big thrust on monetizing assets, and thirdly by enhancing the share of capital expenditure in central and state budgets.	This will envisage more inclusive economic growth through equitable access to infrastructure, job creation and improved standards of living; higher quality expenditure, increased government revenue and enhancement in economic activity; and will lead to better-prepared projects and increased efficiency in Infrastructural projects.
		In this Budget Significant increase in capital outlay for Ministry of road transport and highways by 35% to 1,08230 crore in FY 2022 has been proposed.	This will further augment road and national Infrastructure will revive the overall economy.
		Railways will monetize Dedicated Freight Corridor assets for operations and maintenance, after commissioning**.**	This will facilitate railway infrastructure will enhance operation and management of railway system will improve working condition.
		Indian Railways have prepared a National Rail Plan for India – 2030. The Plan is to create a 'future ready' Railway system by 2030.	This will help in bringing down the logistic cost of railway system and will in turn boost domestic industries
		Major Ports will be moving from managing their operational services on their own to a model where a private partner will manage it for them. For the purpose, 7 projects worth more than Rs 2,000 crores	This will drive urban infrastructural facilities and will lead to better connectivity and will create demand will generate revenue.

		will be offered by the Major Ports on Public Private Partnership mode in FY21-22.	
6	**Banking, Finance & Taxation**	National Monetization Pipeline" of potential brownfield infrastructure assets will be launched. An Asset Monetization dashboard will also be created for tracking the progress and to provide visibility to investors.	This is expected to infuse liquidity into the system and provide funding to the infrastructure sector. That would generate multiplier effects in the long run.
		Other core infrastructure assets that will be rolled out under the Asset Monetization Programme are: (i) NHAI Operational Toll Roads (ii) Transmission Assets of PGCIL (iii) Oil and Gas Pipelines of GAIL, IOCL and HPCL (iv) AAI Airports in Tier II and III cities, (v) Other Railway Infrastructure Assets (vi) Warehousing Assets of CPSEs such as Central Warehousing Corporation and NAFED among others and (vii) Sports Stadiums.	This can attract foreign funds seeking good and stable returns. Companies can either transfer the cash from monetisation to government or use it for their own capex.
		The budget proposed to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22.	This will boost productivity and efficiency of the economy. This is also expected to lead to investment and lead to creation of many jobs keeping in harmony with the Hon'ble Prime Minister's vision of self-reliant and inclusive India.
		The high level of provisioning by public sector banks of their stressed assets calls for measures to clean up the bank books. An Asset Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization.	This would take over the existing stressed debt that would prevent any further erosion of capital. This is also expected to ensure healthy competition, fair price and cash recovery. This initiative will unleash the 'animal spirits' and entrepreneurial energy to sustain high growth.

		The policy provides a clear roadmap for disinvestment in all non-strategic and strategic sectors. We have kept four areas that are strategic where bare minimum CPSEs will be maintained and rest privatized. In the remaining sectors all CPSEs will be privatized.	This will raise substantial funds that would go towards meeting the extra expenditure on infrastructure
		The budget proposed to make Income Tax Appellate Tribunal faceless. We shall establish a National Faceless Income Tax Appellate Tribunal Centre. All communication between the Tribunal and the appellant shall be electronic. Where personal hearing is needed, it shall be done through video-conferencing	This will reduce the cost of compliance for taxpayers and increase transparency in disposal of appeals. This will also help in achieving even work distribution in different benches resulting in best utilisation of resources. This shall make India one of the pioneers in the faceless assessment and appeals and open the doors to such innovation in other courts and tribunals.
7	**Socio-Economic developments**	100 new Sainik Schools will be set up in partnership with NGOs/private schools/states	These will emerge as exemplar schools in their regions, handholding and mentoring other schools to achieve the ideals of the Policy.
		Introducing Legislation to implement the Higher Education Commission of India; Umbrella body having four separate vehicles for standard-setting, accreditation, regulation, and funding.	It will promote autonomy of higher educational institutions.
		Over Rs 3,000 crores will be provided for skill development.	This will promote skill development initiatives at a massive level to impart the conventional as well as emerging skill sets training to the young workforce in the country.
		Realignment of the existing scheme of National Apprenticeship Training Scheme (NATS) for providing post-education apprenticeship, training of graduates and diploma holders in	This will help in promoting skill development for India’s youth in construction, operation and maintenance of infrastructure.

		Engineering.	
		Budget outlay for Health and Wellbeing is Rs 2,23,846 crores in BE 2021-22.	The ground-breaking focus on health will provide access to medical care for all in country, fuel job creation and boost economic momentum in terms of setting up of more hospitals and healthcare facilities in the country.
		Launch of a new centrally sponsored scheme, PM AtmaNirbharSwasth Bharat Yojana, with an outlay of about Rs 64,180 crores over 6 years.	This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases. This will be in addition to the National Health Mission.
		Budget proposed a voluntary vehicle scrapping policy, to phase out old and unfit vehicles.	The adoption of policy will encourage fuel-efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill.
		Launch of the Jal Jeevan Mission (Urban), aiming at universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, along with liquid waste management in 500 AMRUT cities over 5 years, with an outlay of Rs 2,87,000 crores.	Managing water resources will be the priority of the government to achieve the goal of universal health.
8	**External Sector**	Overhauling the Customs Duty structure, eliminating 80 outdated exemptions. To review more than 400 old exemptions in 2021-22 New customs duty exemption henceforth will have validity up to the 31st March following two years from the date of its issue.	The thrust of the policy is to be on easy access to raw materials and exports of value added products. The twin objective of promoting domestic manufacturing and helping India get onto global value chain and export better.
		Reducing Customs duty uniformly to	This will help in promoting

		7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels.	importing of items made from iron and steel.
		Exemption of duty on steel scrap for a period up to 31st March, 2022.	Relieve to metal re-cyclers.
		Revoking Anti-dumping duty (ADD) and Additional Customs Duty (CVD) on certain steel products.	It will help in facilitating and relieve to producers of iron and steel products along with promotion of Imports in these products.
		Reducing the BCD rates on caprolactam, nylon chips and nylon fiber & yarn to 5%.	It will help the textile industry, MSMEs, and exports, too. It will rationalize duties on raw material inputs to manmade textiles.
		Calibration of customs duty rates on chemicals.	It will encourage domestic value addition and remove inversions in the process.
		Reduction of customs duty on Naptha to 2.5%.	It will encourage domestic value addition and remove inversions in the process
		To amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards.	It will make Insurance sector a new avenue of FDI for foreign companies and would promote new investment opportunities leading to rise in growth of the sector.
		Under the new structure, the majority of Directors on the Board and key management persons would be resident Indians, with at least 50% of Directors being Independent Directors, and specified percentage of profits being retained as general reserve. To raise duty on solar invertors from 5% to 20%, and on solar lanterns from 5% to 15%.	It will build up domestic capacity in solar energy appliances manufacturing through a phased manufacturing plan for solar cells and solar panels. It will encourage domestic production of solar goods.

Source: PHD Research Bureau, PHDCCI

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Dr S P Sharma,

Chief Economist

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8. Impact on Industry

There is positive impact on industrial sector. Will give impetus to Atmanirbhar bharat, will create jobs. The recent reforms in coal and forthcoming reforms in mining will unleash the potential of this sector. Increased capex in infrastructure sector will have a multiplier effect as it will create demand across product categories including steel, TV. The slew of other structural reforms such as PLI scheme, labour and agricultural reforms are expected to keep India in the bright spot in the years to come.

S. No.	Industry/Sector	Announcement	Impact
1	**Overall Industry**	AtmaNirbhar Bharat – Production Linked Incentive scheme (PLI) has been announced. PLI schemes to create manufacturing global champions for an AtmaNirbhar Bharat have been announced for 13 sectors.	This will help in creating economies of scale,will attract investment in core manufacturing sector and will make India global hub for supply chain. This will also make our domestic Industries more competitive.
2	**Textile Industry**	Mega Investment Textiles Parks (MITRA) will be launched in addition to the PLI scheme. Textile Parks will be established over 3 years.	This will enable the textile industry to become globally competitive, attract large investments and boost employment generation.
		Withdrawal of exemption on imports of certain kind of leathers as they are domestically produced in good quantity and quality, mostly by MSMEs.There is rationalizing exemption on import of duty-free items as an incentive to exporters of 36 garments, leather, and handicraft items	This will provide working capital credit to MSMEs and promote the growth of the economy.This will promote the ease of doing business for MSMEs
3	**MSME Sector**	To give a fillip to the cash strapped MSME sector several provisions in the Budget have been done. There is enhancement in the outlay for MSME growth engine. revival of demand and investment, tax reliefs and schemes to provide impetus to domestic manufacture and exports,	This will obviate the problem of delayed payments and consequential cash flows mismatches for the MSMEs.This will promote MSME sector and will boost domestic production

		feature prominently on India Inc's wish list. To ensure faster resolution of cases, NCLT framework will be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced	This will resolve the MSME related issues at a faster pace..And e-courts system will provide a strong platform for alternate recovery of debt.
4	**Start-Ups**	As a further measure which directly benefits Start-ups and Innovators, there is propose to incentivize the incorporation of One Person Companies (OPCs) by allowing OPCs to grow without any restrictions on paid up capital and turnover, allowing their conversion into any other type of company at any time, reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and also allow Non Resident Indians (NRIs) to incorporate OPCs in India. In order to incentivise start-ups in the country, extend the eligibility for claiming tax holiday for start-ups by one more year - till 31st March, 2022. Further, in order to incentivise funding of the start-ups, extend the capital gains exemption for investment in start-ups by one more year - till 31st March, 2022.	This will promote entrepreneurship in the country. This will give a boost to the Start-Up companies in the country. This will help in achieving start-ups and ensure entrepreneurship in the country. This will encourage the start-ups to employ highly talented employees at a relatively low salary by granting them Employee Stock Option Plan (ESOPs).
5	**Real Estate**	Extension of one year in additional Deduction of up to Rs 1.5 lakh for interest paid on loans for affordable house purchases-100% reduction on affordable houses.	The government has maintained its focus on affordable houses. This will lead to flexibility to raise debt from FPIs, which will broaden funding avenues and enables lower cost financing.

6	**Disinvestment and Strategic Sale in PSE**	A number of transactions namely BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, NeelachalIspat Nigam limited among others would be completed in 2021-22. Other than IDBI Bank, There has been proposed to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22.	This will increase the efficiency of Public sector and will enhance competitiveness in public sector enterprises. It gave a fillip to capex proposals of CPSEs. This will in turn encourage the market mechanism and will raise bonds. This will help in reviving the economy by increasing private investment.
		In the AtmaNirbhar Package, it had been announced the policy of strategic disinvestment of public sector enterprises. Four areas that are strategic where bare minimum CPSEs will be maintained and rest privatized. In the remaining sectors all CPSEs will be privatized.	The policy provides a clear roadmap for disinvestment in all non-strategic and strategic sector which will further lead to strengthenining of the public sector by increasing the competitiveness.
7	**Public Sector Units (PSUs)**	In order to ensure timely completion of closure of sick or loss making CPSEs there is ,introduction of revised mechanism that will ensure timely closure of such units.	This revised mechanism wsill ensure timely closure of sick units and loss making PSUs which will lead to growth and development of PSUs
8	**Fast-moving consumer goods (FMCG)**	While no specific budget announcements were made for the fast –moving consumer goods (FMCG) industry, the allocation to the major scheme- M Mahatma Gandhi national Rural Employment Guarantee Act (MGNREGA) has been reduced by 36.4%	Rural demand for this industry is expected to be minimally impacted on account of the lower allocations.

9	**Automobile**	Voluntary vehicle scrapping policy has been increased capital outlay towards infrastructure by 34.5% to Rs 5.54 trillion and 11,000km of National highway corridors completed by March 2022.	The enhanced focus on infrastructure development will augment demand for construction equipment, including commercial vehicle.
10	**IT/ITES**	Two Schemes (NEBFS and IBPS) under the information technology for jobs pillar of the budget have been launched under the existing digital India programme.	The schemes will incentivize business process outsourcing and ITES operations across the country particularly in digitally deficit areas for creation of employment opportunities for youth as well encourage private investments in this particular sector.
11	**Electronic and Mobile Phone Industry**	There is withdrawal of few exemptions on parts of chargers and sub-parts of mobiles. Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.	This will increase the price of mobile phone and will discourage imports of mobile. And it will also enable large investments in the electronics and will boost domestic manufacturing.
12	**Steel and Metals**	Basic duties on some products have been uniformly reduced to 7.5% while imports of scrap including stainless steel and alloy steel has been exempted for a period up to 31st March 2022.	These steps are likely to benefit smaller secondary steel producers.
13	**Oil and gas**	Extension of the Ujjawala Scheme; widening of coverage of city gas distribution network and asset monetization programme Scheme.	Overall, the proposal will augur well for the oil and gas segment with midstream and downstream companies benefiting largely.
14	**Capital Goods**	Budgetary allocation to capex up to 26%over the last year's revised estimates. Boost to manufacturing (PLI) Scheme	This will help in boosting top line growth for companies in the engeenering , construction and capital goods sector.This also will reduce the impact on PSU to increase their debt funding.

Source: PHD Research Bureau, PHDCCI

9. Impact on Infrastructure

The Union Budget 2021-22 has given a massive push and impetus to the infrastructure sector through some great initiatives and announcements. Key reforms announced for strengthening infrastructure include extension of redefinition of MSMEs, Agriculture and Labour Reforms, Privatisation of Public Sector Undertakings, One Nation One Ration Card, and Production Linked Incentive Schemes are some of the notable reforms carried out during this period. Extension of National Infrastructure Pipeline to 7400 projects focuses on a forward looking outlook on infrastructure projects, creating jobs, improving ease of living, and providing equitable access of infrastructure to all, thereby making growth more inclusive.

Impact on Infrastructure

S.No	Parameter	Announcement	Impact
1	**Wellness, Water and Sanitation**	In this Budget it has been proposed to launch The JalJeevan Mission (Urban),It aims at universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities. It will be implemented over 5 years, with an outlay of Rs 2,87,000crores.	This will help in strengthening water and sanitation services will will provide universal water supply and create large scale employment opportunities.
		Swachch Bharat, Swasth Bharat	
		For further swachhta of urban India, the 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.	This will help in rolling out value added services in quality public infrastructure for citizens.
		The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of Rs 1,41,678crores over a period of 5 years from 2021-2026.	This will help in creating infrastructural facilities in urban local bodies.The urban swachh Bharat mission will act as a bridge between villages and cities by giving a clear rodmap for facilitation of infrastructural facilities in India.

2	**Infrastructure**	This Budge has extended the National Infrastructure Pipeline (NIP) which have been announced in December 2019 is the first-of-its-kind, whole-of-government exercise ever undertaken by Government of India. The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects. Around 217 projects worth Rs 1.10 lakh crores under some key infrastructure Ministries have been completed.	This will encourage connectivity across country and will kikstart the economy. The NIP is a specific target which this government is committed to achieving over the coming years. It will require a major increase in funding both from the government and the financial sector
		In NIP three provision have been been made. Firstly, by creating the institutional structures; secondly, by a big thrust on monetizing assets, and thirdly by enhancing the share of capital expenditure in central and state budgets.	This will envisaged immense- more inclusive economic growth through equitable access to infrastructure, job creation and improved standards of living; higher quality expenditure, increased government revenue and enhancement in economic activity; and will lead to better-prepared projects and increased efficiency in Infrastructural projects.
3	**National Roads Infrastructure and Highways**	In this Budget Significant increase in capital outlay for Ministry of road transport and highways by 35% to 1,08230 crore in FY 2022 has been proposed.	This will further augment road and national Infrastructure will revive the overall economy.
		National Highways Authority of India and PGCIL each have sponsored one InvIT that will attract international and domestic institutional investors. Five operational roads with an estimated enterprise value of Rs 5,000 crores are being transferred to the NHAI InvIT. Similarly, transmission assets of a value of Rs 7,000 crores will be transferred to the PGCIL InvIT	The focus is also on creating institutional structures and giving a big thrust to monetizing assets to achieve the goals of the National Infrastructure Pipeline (NIP). This will also encourage foreign investments in the country and will attract international and domestic institutional investors.

5	Roads and Highways Infrastructure	By March 2022, it has been proposed to award another 8,500 kms and complete an additional 11,000 kms of national highway corridors. To further augment road infrastructure, more economic corridors are also being planned. Some are: 3,500 km of National Highway works in the state of Tamil Nadu at an investment of Rs 1.03 lakh crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year. 1,100 km of National Highway works in the State of Kerala at an investment of Rs 65,000 crores including 600 km section of Mumbai-Kanyakumari corridor in Kerala. 675 km of highway works in the state of West Bengal at a cost of Rs 25,000 crores including upgradation of existing road- Kolkata – Siliguri. National Highway works of around Rs 19,000 crores are currently in progress in the State of Assam. Further works of more than Rs 34,000 crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years. An enhanced outlay of Rs 1,18,101 crores for Ministry of Road Transport and Highways, of which Rs 1,08,230 crores is for capital, the highest ever.	To further augment road infrastructure and will lead to facilitation of state infrastructure. This will also boost the economy by creating more jobs and will augment growth and development

6	**Railway Infrastructure**	Railways will monetize Dedicated Freight Corridor assets for operations and maintenance, after commissioning**.**	This will facilitate railway infrastructure will enhance operation and management of railway system will improve working condition.
		Indian Railways have prepared a National Rail Plan for India – 2030. The Plan is to create a 'future ready' Railway system by 2030. It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022.	This will help in bringing down the logistic cost of railway system and will in turn boost domestic industries
7	**Urban Infrastructure**	A total of 702 km of conventional metro is operational and another 1,016 km of metro and RRTS is under construction in 27 cities. Two new technologies i.e., 'MetroLite' and 'MetroNeo' will be deployed to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.	This will further strengthen this effort, high density network and highly utilized network routes of Indian railways and will be provided with an indigenously developed automatic train protection system that eliminates train collision due to human error.
		Central counterpart funding will be provided to: a. Kochi Metro Railway Phase-II of 11.5 km at a cost of Rs 1957.05 crores. b. Chennai Metro Railway Phase-II of 118.9 km at a cost of Rs 63,246 crores. c. Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of Rs 14,788 crores.	The scheme will boost the automobile sector, provide fillip to economic growth, create employment opportunities for our youth and enhance ease of mobility for urban residents. This will drive urban infrastructural facilities and will lead to better connectivity and will create demand will generate revenue.
8	**Power Infrastructure**	A revamped reforms-based result-linked power distribution sector scheme has been launched with an outlay of Rs 3, 05,984crores over 5 years. The scheme will provide assistance to DISCOMS for Infrastructure creation including pre-paid smart metering and feeder separation.	This Scheme will help to reduce losses and improve the efficiency of electricity distribution companies (discoms) and will lead to financial improvement with up gradation in the electrical sector.

9	**Ports, Shipping, Waterways**	Major Ports will be moving from managing their operational services on their own to a model where a private partner will manage it for them. For the purpose, 7 projects worth more than Rs 2,000 crores will be offered by the Major Ports on Public Private Partnership mode in FY21-22. A scheme to promote flagging of merchant ships in India will be launched by providing subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs. An amount of Rs 1624 crores will be provided over 5 years. The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC	This will improve the competitiveness of major ports.It will also provide opportunity for private players This will promote domestic shipping industry and will enhance their competitiveness at global level. This initiative will enable greater training and employment opportunities for Indian seafarers besides enhancing Indian companies share in global shipping.
10	**Telecom Sector**	Revenue receipts budgeted at Rs 53,987 crore. Bharat Ndet spending at Rs 7,000 crore.(	This will improve the service of Telecom sector with mixed participation.
11	**Insurance Sector**	There has propose to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards. Under the new structure, the majority of Directors on the Board and key management persons would be resident Indians, with at least 50% of Directors being Independent Directors, and specified percentage of profits being retained as general reserve.	This will help to increase a large number of Funds investor in India. This will help in ease of doing business in India. This will attract foreign direct in vestment and will make India lucarative destination in coming years.
12	**Recapitalization of Public Sector Undertakings**	To further consolidate the financial capacity of PSBs, further recapitalization of Rs 20,000 crores is proposed in 2021-22. Some relaxation has been proposed relating to prohibition	This will help in recapitalization of Public sector undertakings and increase the efficiency of Public sector Undertakings.

		on private funding, restriction on commercial activities, and direct investment in infrastructure.	
13	**Attracting foreign investment into infrastructure sector**	In order to allow funding of infrastructure by issue of Zero Coupon Bonds, it has been proposed to make notified Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero Coupon Bonds.	This will increase the investment prospects in infrastructural projects.
14	**Affordable Housing**	This Government sees 'Housing for All' and affordable housing as priority areas. In the July 2019 Budget, an additional deduction of interest, amounting to Rs1.5 lakh, for loan taken to purchase an affordable house and to eend the eligibility of this deduction by one more year, to 31st March 2022. The additional deduction of Rs 1.5 lakh shall therefore be available for loans taken up till 31st March 2022, for the purchase of an affordable house.	This will help to have affordable and smart houses for all by easing loan facility.

Source: PHD Research Bureau, PHDCCI

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Warm regards

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10. Impact on Banking, Finance & Taxation

The Union Budget 2021-22 has delivered quality and praise worthy taxation reforms across the banking sector, financial markets and infrastructure financing. The viability of distribution companies has been one of the highlights of the budget. Infrastructure financing has been addressed that covers the debt component, asset monetisation and foreign participation through the InvITs and REITs route.

Impact on Banking, Finance & Taxation

S.No	Parameter	Announcement	Impact
1	**Development Financial Institutions (DFIs)**	A professionally managed Development Financial Institution is necessary to act as a provider, enabler and catalyst for infrastructure financing. A bill shall be introduced to set up a DFI. A sum of Rs 20,000 crores to capitalise this institution is provided. The target is to have a lending portfolio of at least Rs 5 lakh crores for this DFI in three years time.	The infrastructure sector is bound to get a big boost with the formation of DFIs. Infrastructure needs long term financing. Professionally managed DFIs is necessary to act as provider, enabler and catalyst for infrastructure financing.
2	**Debt Financing of InVITs and REITs by Foreign Portfolio Investors**	Debt Financing of InVITs and REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations	This will further ease access of finance to InVITS and REITs thus augmenting funds for infrastructure and real estate sectors.
3	**Asset Monetisation**	"National Monetization Pipeline" of potential brownfield infrastructure assets will be launched. An Asset Monetization dashboard will also be created for tracking the progress and to provide visibility to investors. Other core infrastructure assets that will be rolled out under the Asset Monetization Programme are: (i) NHAI Operational Toll Roads (ii) Transmission Assets of PGCIL (iii) Oil and Gas Pipelines of	This would act as an engine to power the Indian economy out of the post COVID slump. This is expected to infuse liquidity into the system and provide funding to the infrastructure sector. That would generate multiplier effects in the long run. This can attract foreign funds seeking good and stable returns. Companies can either transfer the cash from monetisation to government or use it for their own capex.

		GAIL, IOCL and HPCL (iv) AAI Airports in Tier II and III cities, (v) Other Railway Infrastructure Assets (vi) Warehousing Assets of CPSEs such as Central Warehousing Corporation and NAFED among others and (vii) Sports Stadiums.	
4	**Increase in capital expenditure**	The budget has provided Rs 5.54 lakh crores which is 34.5% more than the BE of 2020-21	The budget's emphasis on capital expenditure marks a noteworthy shift, and higher investment in India's physical infrastructure should help to raise investment potential and competitiveness in the economy over time.
		More than Rs 2 lakh crores have been provided to States and Autonomous Bodies for their Capital Expenditure	The stimulus would help India in recovering from COVID-19 pandemic. This is also expected to generate multiplier effects by creating demand, employment and growth for the economy.
5	**Consolidation of the provisions**	Consolidation of the provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007 into a rationalized single Securities Markets Code	This would help in eliminate overlapping and outdated laws. This would also result in multiple benefits for the markets. Firstly, the consolidation of different provisions would eliminate duplication, simplify the law and improve the ease of doing business. Secondly, it would modernise the law. This would also make the Indian corporate legal framework simpler, business friendly and reduce the compliance costs.
6	**Fin-Tech hub at the GIFT-IFSC**	The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC.	Utilising the infrastructure at GIFT city and strengthening the existing infrastructure at GIFT are progression in right direction. All the tax incentives will put the GIFT City on par with financial hubs such as London, New York, Singapore, Hong Kong and Dubai.

7	**Corporate Bond Market**	The budget has proposed to create a permanent institutional framework. The proposed body would purchase investment grade debt securities both in stressed and normal times and help in the development of the Bond market.	This would enhance secondary market liquidity. The move is aimed at developing the corporate bond market. This would act as an incentive in the corporate bond market and is also positive for debt mutual funds.
8	**Investor charter**	Towards investor protection, the budget proposed to introduce an investor charter as a right of all financial investors across all financial products	The new charter will standardise, rationalise and provide clarity on ensuring service standards are implemented and expectations are maintained.
9	**Privatization of two Public Sector Banks and one General Insurance company in the year 2021-22**	The budget proposed to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22. In 2021-22, Government would also bring the IPO of LIC for which the requisite amendments will be made in this Session itself.	This will boost productivity and efficiency of the economy. This is also expected to lead to investment and lead to creation of many jobs keeping in harmony with the Hon'ble Prime Minister's vision of self-reliant and inclusive India.
10	**Stressed Asset Resolution by setting up a New Structure**	The high level of provisioning by public sector banks of their stressed assets calls for measures to clean up the bank books. An Asset Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization.	This would take over the existing stressed debt that would prevent any further erosion of capital. This is also expected to ensure healthy competition, fair price and cash recovery. This initiative will unleash the 'animal spirits' and entrepreneurial energy to sustain high growth.
11	**Recapitalization of PSBs /Disinvestment of public sector enterprises**	To further consolidate the financial capacity of PSBs, further recapitalization of Rs 20,000 crores is proposed in 2021-22.	This is expected to bring in huge amount of private sector investment, enhance productivity and then take India to a higher growth trajectory. the government has kick-started selective denationalisation in the financial sector

		The policy provides a clear roadmap for disinvestment in all non-strategic and strategic sectors. The government has kept four areas that are strategic where bare minimum CPSEs will be maintained and rest privatized. In the remaining sectors all CPSEs will be privatized.	This will raise substantial funds that would go towards meeting the extra expenditure on infrastructure.
12	**Improving credit discipline**	The budget proposed amendments to the DICGC Act, 1961. To improve credit discipline while continuing to protect the interest of small borrowers, for NBFCs with minimum asset size of Rs 100 crores, the minimum loan size eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 is proposed to be reduced to Rs 20 lakhs.	This would bring relief for depositors of banks that are currently under stress. The amendment will ensure that if a bank is temporarily unable to fulfil its obligations, the depositors of such a bank can get easy and time-bound access to their deposits to the extent of the deposit insurance cover. This would also ensure continued protection of small borrowers, as it has reduced the threshold for minimum loan size to invoke debt recovery under the SARFAESI route to Rs 20 lakhs.
13	**Financial Inclusion**	To further facilitate credit flow under the scheme of Stand Up India for SCs, STs, and women, budget proposed to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture.	Financial inclusion will result in greater ease of doing business.
14	**Relief to Senior Citizens**	Budget proposed to reduce compliance burden on senior citizens who are 75 years of age and above. For senior citizens who only have pension and interest income, it has been proposed, exemption from filing their income tax returns. The paying bank will deduct the necessary tax on their income.	This measure has been taken to address the concerns of investors and to make India more business friendly.

15	**Reduction in Time Limits**	In order to reduce compliance burden, the time-limit for re-opening of assessment is being reduced to 3 years from the current 6 years from the end of the relevant assessment year. Re-opening up to 10 years is proposed to be allowed only if there is evidence of undisclosed income of Rs 50 lakh or more for a year. Further, it is proposed to completely remove discretion in re-opening and henceforth re-opening shall be made only in cases flagged by system on the basis of data analytics, objection of C&AG and in search/survey cases. Further, in order to bring certainty in income tax proceedings at the earliest, it is also proposed to reduce the time limits for general assessment or processing of income tax return by three months and also for filing of returns.	This would help the government control the feared 'tax terrorism'. This will be a relief for most small prudent taxpayers as they would not be subjected to reassessment uncertainties for a prolonged period. This is also likely to give some relief in mergers and acquisition situations.
16	**Dispute Resolution Committee**	To further reduce litigation for small taxpayers, budget proposed to constitute a Dispute Resolution Committee for them, which will be faceless to ensure efficiency, transparency and accountability. Anyone with a taxable income up to Rs 50 lakh and disputed income up to Rs 10 lakh shall be eligible to approach the Committee.	Under this mechanism the assesse would have an option to opt for or not opt for the dispute resolution. This also brings in more efficiency, transparency and accountability.
17	**Faceless ITAT**	The budget proposed to make Income Tax Appellate Tribunal faceless. It is proposed to establish a National Faceless Income Tax Appellate Tribunal Centre. All communication between the Tribunal and the appellant shall be electronic. Where personal hearing is	This will reduce the cost of compliance for taxpayers and increase transparency in disposal of appeals. This will also help in achieving even work distribution in different benches resulting in best utilisation of resources. This shall make India one of the pioneers in the faceless

		needed, it shall be done through video-conferencing	assessment and appeals and open the doors to such innovation in other courts and tribunals.
18	**Relief for Dividend**	To provide ease of compliance, the budget proposed to make dividend payment to REIT/ InvIT exempt from TDS. For Foreign Portfolio Investors, the budget proposed to enable deduction of tax on dividend income at lower treaty rate.	The removal of TDS could increase the in-hand dividends unitholders receive from REITs and InvITs. This will also promote investments in the asset class. The proposal is expected to cut TDS rates for offshore funds by as much as 50%. This would remove an important anomaly for FPIs.
19	**Tax incentives to IFSC**	Budget proposed to include, among others, tax holiday for capital gains for aircraft leasing companies, tax exemption for aircraft lease rentals paid to foreign lessors; tax incentive for relocating foreign funds in the IFSC; and to allow tax exemption to the investment division of foreign banks located in IFSC.	This will help attract the foreign investments
20	**Pre-filling of Returns**	In order to ease compliance for the taxpayer, details of salary income, tax payments, TDS, etc. already come pre-filled in income tax returns. To further ease filing of returns, details of capital gains from listed securities, dividend income, and interest from banks, post office, etc. will also be pre-filled.	This will increase the tax compliance; reduce the cost in filing returns. This is also an effort to improve and rationalise tax administration.
21	**Incentives for Start-ups**	Extend the eligibility for claiming tax holiday for start-ups by one more year - till 31st March, 2022. Further, in order to incentivise funding of the start-ups, budget proposed to extend the capital gains exemption for investment in start-ups by one more year- till 31st March, 2022.	This would incentivise start-ups in the country. This would also provide stability to the start-ups. The amount saved will help start-ups focus on building products and services and also pass on a part of this value to the end customer.

22	**Tax incentives for Affordable Housing and Affordable Rental Housing Project**	In order to incentivise purchase of affordable house, it is proposed to extend the eligibility period for claim of additional deduction for interest of Rs 1.5 lakh paid for loan taken for purchase of an affordable house to 31st March 2022. In order to increase the supply of affordable house, it is proposed to extend eligibility period for claiming tax holiday for affordable housing project by one more year to 31st March, 2022. In order to promote supply of Affordable Rental Housing for the migrant workers, it is also proposed to allow a new tax exemption for the notified Affordable Rental Housing Projects.	This would help bring in more new supply in this segment.
23	**Zero Coupon Bonds by Infrastructure Debt Fund (IDF)**	It is proposed to make Zero Coupon Bonds issued by notified IDF eligible for tax benefit.	This would allow funding of infrastructure, and would attract the investments. This would also act as another source of fund mobilisation for various big-ticket projects.
24	**Rationalisation of taxation of Unit Linked Insurance Plan (ULIP)**	In order to rationalise taxation of ULIP, it is proposed to allow tax exemption for maturity proceed of the ULIP having annual premium up to Rs 2.5 lakh. However, the amount received on death shall continue to remain exempt without any limit on the annual premium. The cap of Rs 2.5 lakh on the annual premium of ULIP shall be applicable only for the policies taken on or after 01.02.2021. Further, in order to provide parity, the non-exempt ULIP shall be provided same concessional capital gains taxation regime as available to the mutual fund.	This means that tax laws are now less skewed against competing investment products like mutual funds.

25	**Exemption from Audit**	To incentivise digital transactions and to reduce the compliance burden of the person who is carrying almost all of their transactions digitally, it is proposed to increase the limit for tax audit for persons who are undertaking 95% of their transactions digitally from Rs 5 crore to Rs 10 crore.	This is expected to help active traders.

Source: PHD Research Bureau, PHDCCI

11. Strategic Disinvestments

In the Union Budget 2021-22, Hon'ble Finance Minister Smt Nirmala Sitharaman, pegged the divestment target at Rs 1.75 lakh crore in BE 2021-22. Further, it has been announced in the Budget to unlock value by monetising assets like highways and transmission lines. Disinvestment plan and the monetisation of assets has the great potential to help balance the fiscal equation as well as infrastructure creation, if carried out in an efficient and effective manner.

Reliance on divestments and asset monetisation for resource mobilisation in the Budget is highly appreciable as the traditional ways of increasing taxes for generating revenues, may not have been a feasible and appropriate step amid the daunting impact of pandemic COVID-19.

Further, monetizing operating public infrastructure assets is a very important financing option for new infrastructure construction. Besides this, Hon'ble Finance Minister also announced the setting up an asset monetisation dashboard to track the progress and provide visibility to investors. Infrastructural investment in the country is crucial at this juncture to provide a multiplier effect to boost demand and rejuvenate overall economic growth trajectory.

Roadmap for disinvestment in 2021-22

- Strategic disinvestment to be completed- BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, NeelachalIspat Nigam limited, among others.

- Privatization of two Public Sector Banks (other than IDBI Bank) and one General Insurance company.

- Proposed to come out with IPO (initial public offering) of LIC (Life Insurance Corporation).

The fiscal consolidation path factors in government's receipts from sale of stake in public sector enterprises, or disinvestment. To fast forward the disinvestment policy, the Government has asked NITI Aayog to work out on the next list of Central Public Sector companies that would be taken up for strategic disinvestment. Apart from raising resources, disinvestment will contribute to economic growth and new jobs as post disinvestment, growth of Central Public Sector Enterprises (CPSEs)/ financial institutions will be through infusion of private capital, technology and best management practices.

Going ahead, the strategic sale process needs to be transparent and there should be accountability for the usage of proceeds from disinvestment and asset monetization

Government's Disinvestment Target and Achievements

No.	Financial Year	Target (in Rs. Crore)	Achievement (in Rs. Crore)
1	2021-22	1,75,000	-
2	2020-21	2,10,000	19,499
3	2019-20	1,05,000	50,298
4	2018-19	80,000	84,972
5	2017-18	1,00,000	1,00,056
6	2016-17	56,500[1]	46,246[2]
7	2015-16	41,000[3]	23,997
8	2014-15	43,425	24,349
Total (2014-15 to 2020-21)		**6,35,925**	**3,49,417**

Source: PHD Research Bureau, PHDCCI, compiled from Department of Investment and Public Asset Management, Government of India.
Notes: [1] amount including Rs. 36,000 crore as disinvestment of CPSEs and Rs. 20,500 crore from strategic disinvestment; [2] amount including Rs. 35,467.87 crore from disinvestment of CPSEs and Rs. 10,778.71 crore from disinvestment of strategic holdings and income from management of SUUTI investment; [3] excluding strategic disinvestment of Rs. 28,500 crore.

12. Impact on External Sector

The pandemic of COVID-19 has led to a sharp decline in global trade, reduction in commodity prices and tighter external financing conditions with implications for current account balances and currencies of different countries globally.

After a period of 17 years, India to end with an Annual Current Account Surplus which will be a great achievement for the economy. India's merchandise trade deficit was lower at US$ 57.5 billion in April-December, 2020 as compared to US$ 125.9 billion in the corresponding period last year. There is contraction in merchandise exports by 15.7% to US$ 200.8 billion in April-December, 2020, from US$ 238.3 billion in April-December, 2019. There is decline of total merchandise imports by (-) 29.1% to US$ 258.3 billion during April-

December, 2020 from US$ 364.2 billion during the same period last year. As imports volume has decelerated, the trade balance with China and the US has improved.

India's external debt stands at US$ 556.2 billion at end of September 2020 which is a decrease of US$ 2.0 billion (0.4%) as compared to end-March 2020. As on January 08, 2021, India's forex reserves stands at an all-time high of US$ 586.1 billion, covering about 18 months' worth of imports. Along with robust capital inflows, India is experiencing a Current Account Surplus leading to a BoP surplus since Q4 of FY2019-20.

India is experiencing robust FDI and FPI inflows with Net FDI inflows of US$ 27.5 billion during April-October, 2020 registering a growth of 14.8% as compared to first seven months of FY2019-20. During April-December 2020, Net FPI inflows stands at US$ 28.5 billion as against US$ 12.3 billion in corresponding period of last year. Major FDI equity flow is in the non-manufacturing sector. Similarly, industries like automobile, telecommunication, metallurgical, non-conventional energy, chemical (other than fertilizers), food processing, petroleum & natural gas got the bulk of FDI within the manufacturing sector.

S.No	Parameter	Announcement	Impact
1.	**Custom duty Structure**	Overhauling the Customs Duty structure, eliminating 80 outdated exemptions.	The thrust of the policy is to be on easy access to raw materials and exports of value added products.
		To review more than 400 old exemptions in 2021-22 New customs duty exemption henceforth will have validity up to the 31st March following two years from the date of its issue.	The twin objective of promoting domestic manufacturing and helping India get onto global value chain and export better.
2.	**Mobile and Parts**	Withdrawal of a few exemptions on parts of chargers and sub-parts of mobiles. Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.	It will add greater value addition to the domestic electronic manufacturing of the products.
3.	**Iron and Steel Industry**	Reducing Customs duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels.	This will help in promoting importing of items made from iron and steel.
		Exemption of duty on steel scrap for a period up to 31st March, 2022.	It will provide relief to metal re-cyclers and will increase imports of these items.

		Revoking Anti-dumping duty (ADD) and Additional Customs Duty (CVD) on certain steel products.	It will help in facilitating and relieve to producers of iron and steel products along with promotion of Imports in these products.
		Reducing duty on copper scrap from 5% to 2.5%.	It will provide relief to copper re-cyclers and will increase imports of these items.
4.	**Textile**	Reducing the BCD rates on caprolactam, nylon chips and nylon fiber & yarn to 5%.	It will help the textile industry, MSMEs, and exports, too. It will rationalize duties on raw material inputs to manmade textiles.
5.	**Chemicals**	Calibration of customs duty rates on chemicals.	It will encourage domestic value addition and remove inversions in the process.
		Reduction of customs duty on Naptha to 2.5%.	It will encourage domestic value addition and remove inversions in the process.
6.	**Insurance sector**	To amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards. Under the new structure, the majority of Directors on the Board and key management persons would be resident Indians, with at least 50% of Directors being Independent Directors, and specified percentage of profits being retained as general reserve.	It will make Insurance sector a new avenue of FDI for foreign companies and would promote new investment opportunities leading to rise in growth of the sector.
7.	**Gold and Silver**	Rationalizing custom duty on gold and silver.	It will reduce the prices of precious metals and will it bring to the previous level of before 2019 as the duty was raised from 10% to 12.5% in July 2019.
8.	**Renewable Energy**	To raise duty on solar invertors from 5% to 20%, and on solar lanterns from 5% to 15%.	It will build up domestic capacity in solar energy appliances manufacturing through a phased manufacturing plan for solar cells

			and solar panels. It will encourage domestic production of solar goods.
9.	**Capital Equipment and Auto Parts**	To withdraw exemptions on tunnel boring machine. It will attract a customs duty of 7.5%; and its parts a duty of 2.5%. Also, to raise customs duty on certain auto parts to 15%.	It will bring the price of the specific auto parts on par with general rate on auto parts. There will be increase in production of heavy capital equipment domestically.
10.	**MSME Products**	To increase duty from 10% to 15% on steel screws and plastic builder wares and on prawn feed from 5% to 15%.	It will discourage imports from other countries and domestic manufacturing will increase of such items.
		To rationalize exemption on import of duty-free items	It will be an incentive to exporters of garments, leather, and handicraft items as almost all these items are made domestically by MSMEs.
		To withdraw exemption on imports of certain kind of leathers and raising duty on finished synthetic gem stones.	It will reduce imports of leather items and finished synthetic gem stones and increase domestic production as they are domestically produced in good quantity and quality, mostly by MSMEs.
11.	**Agriculture Products**	To raise customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%	It will reduce imports of cotton and raw silk and yarn items leading to increase domestic production It will encourage 'Atmanirbharta' (self-reliance) in key agricultural crops that the country now imports to meet its burgeoning demand.
		To withdraw end-use based concession on denatured ethyl alcohol.	Encourage the use of local equipment and reduce imports from other countries.
		To impose an Agriculture Infrastructure and Development Cess (AIDC) on a small number of items.	There is an immediate need to improve agricultural infrastructure so that we produce more, while also conserving and processing agricultural output efficiently. This will ensure enhanced remuneration for our farmers.

12.	**Rationalization of Procedures and Easing of Compliance**	Proposal to certain changes in the provisions relating to ADD and CVD levies and prescribing of definite timelines for Custom investigations.	It will help in judicious application of these levies and helped in completing the Customs investigations on time.
13.	**Attracting foreign investment into infrastructure sector**	To relax some of the conditions relating to prohibition on private funding, restriction on commercial activities, and direct investment in infrastructure.	It would ensure that a large number of Funds invest in India.

Source: PHD Research Bureau, PHDCCI

13. Impact on Agriculture and Allied sector & Rural Economy

Agriculture was the only sector to grow for April-June 2020 among eight used to compute India's Gross Domestic Product (GDP). The rural economy, particularly the agriculture sector, showed a lot of resilience and ensured food security and livelihood opportunities for many in the wake of the pandemic. However, it has been argued that the real wages in rural areas have fallen and the farm gate prices for agricultural commodities have dropped visibly in the recent months. The budgetary expenditure towards the sector has increased by Rs. 11,022 crore (i.e. 7.5 per cent of the Union Budget expenditure) in 2021-22 (BE) as compared to 2020-21 (BE). The Union Government had announced a plethora of policy recommendations as a part of COVID-19 economic measures.

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investment in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted effort of scientists to get early maturing varieties of pulses and the increase in minimum support price.

S.No	Parameter	Announcement	Impact
1	**Launch of SWAMITVA Scheme.**	Extension of the scheme to cover property owners in villages in all states/UTs.	It will bring financial stability to the citizens in rural India by enabling them to use their property as a financial asset for taking loans and other financial benefits. Also, it will create accurate land records for rural planning.

2	**Price changes in MSPs**	Sea change to assure price that is at least 1.5 times the cost of production across all commodities.	It incentivize the farmers to produce more as the procurement has also continued to increase at a steady pace. It will result in increase in payment to farmers substantially.
3	**Providing adequate credit to our farmers**	Enhancing the agricultural credit target to Rs 16.5 lakh crores in FY22 focusing on ensuring increased credit flows to animal husbandry, dairy, and fisheries.	Institutional credit will also help delink farmers from non-institutional sources where they are compelled to borrow at usurious rates of interest
4	**Rural Infrastructure Development Fund**	Enhancing the allocation to the Rural Infrastructure Development Fund from Rs 30,000 crores to Rs 40,000 crores.	Fund allocation will help in providing the fund support that is needed in cost-effective ways. Government will be able to monitor the entire process and to evaluate them finally.
5	**Micro Irrigation Fund**	Micro Irrigation funds, with a corpus of Rs 5,000 crores created under NABARD, has been proposed to double it by augmenting it by another Rs 5,000 crores.	Additional funding will facilitate State Governments efforts in mobilizing additional resources for expanding coverage under micro irrigation and incentivizing its adoption beyond provisions of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY-PDMC).
6	**Operation Green Scheme**	The scope of 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.	It will boost value addition in agriculture and allied products and their exports making India's position strong in global market.
7	**Agriculture Infrastructure Fund**	The Agriculture Infrastructure Fund would be made available to APMCs for augmenting their infrastructure facilities.	It will lead to better accessibility of credit by Agri-entrepreneurs, start-ups, and farmer groups for construction of warehouses, sorting grading unit and pack houses, creation of supply chain and cold chain facilities. Besides, the fund will also help setting up of Primary Agriculture processing centres and strengthening vision from seed to market.

8	**Mandis Integration with e-NAMs**	1,000 more mandis will be integrated with e-NAM.	This will significantly help in bringing the transparency and competitiveness into the agricultural market through e-NAM.
9	**Modern fishing harbours and fish landing centres**	To Develop inland fishing harbours and fish-landing centres along the banks of rivers and waterways. Substantial investments in the development of modern fishing harbours and fish landing centres. It has been announced that 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity.	This will provide the desired momentum to increase fish processing activities and reach foreign markets having fishery demand.
10	**Seaweed Farming**	Multipurpose Seaweed Park to be established in Tamil Nadu.	It will provide large scale employment and additional incomes as it is an emerging sector with potential to transform the lives of coastal communities.

Source: PHD Research Bureau, PHDCCI

14. Impact on Socio-Economic Segments

Due to the COVID-19 outbreak, the schooling system in India has moved away from the traditional classroom setup to digital platforms. This unplanned and rapid move towards online education has created learning inequalities among children. Moreover, the digital divide is also pushing a large number of children out of school. In this backdrop, the education sector has received a budget of Rs. 93,224 crore for 2021-22 (Budget Estimate (BE)), which is a 6.13 per cent dip from the budget estimates for 2020-21. This decrease is largely on account of an 8.3 per cent reduction in the school education budget. While, the budget speech hailed 'education for all' as part of the government's ultimate goal of Atma Nirbhar Bharat, the sector does not get enough support in terms of budgetary allocation. It is widely acknowledged that the health sector had been suffering from weak infrastructure, human resource shortage, and high out-of-pocket expenditure (OoPE), even before the COVID-19 pandemic hit the country. The situation has been exacerbated by the pandemic. The Budget Speech 2021-22 emphasised on the same, announcing Rs. 64,180 crore over six years under the new centrally sponsored scheme (CSS), Pradhan Mantri Atmanirbhar Swasth Bharat Yojana (PM-ASBY) for development of primary, secondary and tertiary levels of healthcare, and an overall Rs. 2,23,846 crore for health and wellbeing. In the BE for 2021-22, the Department of Drinking Water & Sanitation under the Ministry of Jal Shak has witnessed a substantial increase (179 per cent) from the previous year's allocation which is a positive move towards sectoral development of the country.

S.No	Parameter	Announcement	Impact
1	**Education**	**School Education** 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.	There will be strengthening of more than 15,000 schools qualitatively to include all components of the National Education Policy. These will emerge as exemplar schools in their regions, handholding and mentoring other schools to achieve the ideals of the Policy
		Higher Education Introducing Legislation to implement the Higher Education Commission of India.	It will promote autonomy of higher educational institutions. It will reduce the scope of regulation, and eliminate interference in the management of higher educational institutions. Umbrella body having four separate vehicles for standard-setting, accreditation, regulation, and funding.
		To create formal umbrella structures in various research institutions, universities, and colleges supported by the Government of India in 9 cities, while also retaining their internal autonomy.	It will infuse better synergy into the higher educational system along with promotion of qualitative research and innovation ideas.
		To set up a Central University in Leh.	For higher accessibility of higher education to children in Ladakh.
2.	**Welfare of women**	Women will be allowed to work in all categories and also in the night-shifts with adequate protection.	Enhance women empowerment by increasing employability among women in the country.
		Under the Scheme of Stand Up India for SCs, STs, and women, there will be reduction in the margin money requirement from 25% to 15%, and to include loans for activities allied to agriculture.	This will give a significant boost to the capacity building and overall development of women in the country.

		To provide 1,000 crores for the welfare of Tea workers especially women and their children in Assam and West Bengal along with formation of a special scheme for the same.	It will directly impact the rural employability along with greater independence and substantial financial help to women for survival of their families.
3.	**Skill development**	Over Rs 3,000 crores will be provided for skill development.	This will promote skill development initiatives at a massive level to impart the conventional as well as emerging skill sets training to the young workforce in the country.
		Realignment of the existing scheme of National Apprenticeship Training Scheme (NATS) for providing post-education apprenticeship, training of graduates and diploma holders in Engineering.	This will help in promoting skill development for India's youth in construction, operation and maintenance of infrastructure.
		To amend the Apprenticeship Act	It will further enhancing apprenticeship opportunities for our youth.
		Initiation of a collaborative Training Inter Training Programme (TITP) between India and Japan. The initiative will be taken forward with many more countries.	It will help in facilitating transfer of Japanese industrial and vocational skills, technique, and knowledge.
		An initiative is underway, in partnership with the United Arab Emirates (UAE), to benchmark skill qualifications, assessment, and certification, accompanied by the deployment of certified workforce.	It will provide a platform to assess the skill benchmarking and certification programs in the country.
4.	**Scheduled Castes and Scheduled Tribes Welfare**	Set a target of establishing 750 Eklavya model residential schools in tribal areas. To increase the unit cost of each such school from Rs 20 crores to Rs 38 crores, and for hilly and difficult areas, to Rs 48 crores.	This would help in creating robust infrastructure facilities for tribal students in various regions.

		Post Matric Scholarship Scheme, for the welfare of Scheduled Castes. Thereby, enhanced the Central Assistance by allotting Rs 35,219 crores for 6 years till 2025-2026, to benefit 4 crores SC students.	It will enable post-secondary stage Scheduled Caste students studying at post matriculation to complete their education through financial assistance by scheme provisions.
5.	**Health & Sanitation**	Taking a holistic approach to Health, there will be focus on strengthening three areas: Preventive, Curative, and Wellbeing.	It will help in providing a broader overview about the steps to be undertaken for healthcare development.
		Budget outlay for Health and Wellbeing is Rs 2,23,846 crores in BE 2021-22.	The ground-breaking focus on health will provide access to medical care for all in the country, fuel job creation and boost economic momentum in terms of setting up of more hospitals and healthcare facilities in the country.
		Launch of a new centrally sponsored scheme, **PM AtmaNirbharSwasth Bharat Yojana**, with an outlay of about Rs 64,180 crores over 6 years.	This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases. This will be in addition to the National Health Mission.
		Merging of Supplementary Nutrition Programme and the Poshan Abhiyan and launch the Mission Poshan 2.0.	To strengthen nutritional content, delivery, outreach, and outcome.
		Adoption of an intensified strategy under Mission POSHAN 2.0 to improve nutritional outcomes across 112 Aspirational Districts.	It will nurture health, wellness & immunity of children and pregnant women thereby making a concerted effort towards eradicating malnutrition from its roots.
6.	**Vaccines**	Made in India Pneumococcal Vaccine, is presently limited to only 5 states will be rolled out across the country.	This will avert more than 50,000 child deaths annually.

		Provision of Rs 35,000 crores for Covid-19 vaccine in BE 2021-22.	It will help in reducing the negative impact of Covid-19 over health of individuals and smooth functioning of daily activities will make the economy strong.
7.	**Water Supply**	Importance of clean water, sanitation, and clean environment, as a pre requisite to achieving universal health.	This will give a push to the Government's aim to enhance climate change adaptation with a focus on Disaster Resilient Infrastructure.
		Launch of the JalJeevan Mission (Urban), aiming at universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, along with liquid waste management in 500 AMRUT cities over 5 years, with an outlay of Rs 2,87,000 crores.	It indicates that managing water resources will be the priority of the government to achieve the goal of universal health. Also, liquid waste management will help in reducing the water pollution.
8.	**Swachch Bharat, Swasth Bharat**	The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of Rs 1,41,678 crores over a period of 5 years from 2021-2026.	The focus of mission is 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. It will promote swachhta of urban India.
		States that are formulating and implementing plans for ensuring cleaner air in cities above onemillion to be encouraged	This would ensure pollution free environment for the citizens of the country leading to better health outcomes.
9.	**Environment & Climate Change**	Allocation of an amount of Rs 2,217 crores for 42 urban centres with a million-plus population in the budget.	This will give a push to the Government's aim to enhance climate change adaptation with a focus on tackling the burgeoning problem of air pollution.

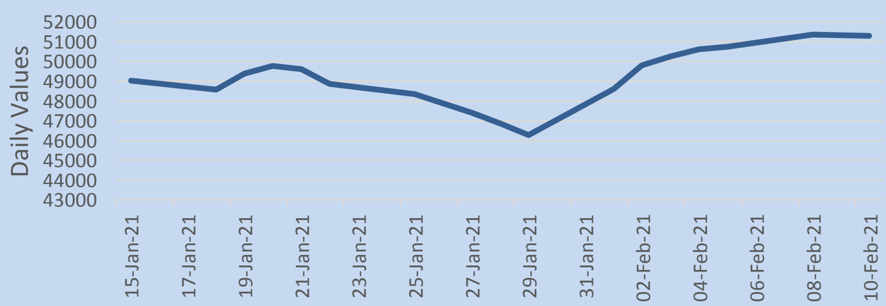
		Announcement of a voluntary vehicle scrapping policy, to phase out old and unfit vehicles.	The adoption of policy will encourage fuel-efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill.
		Vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles.	Reduction of hassles in conducting the fitness tests of the automobiles both at private as well as commercial front.
10.	**Labour Welfare**	The late deposit of employee's contribution by the employer will not be allowed as deduction to the employer.	Employees' contributions are deposited on time and therefore, there will not be a loss of interest or income for the employees.

Source: PHD Research Bureau, PHDCCI

15. Stock Markets create Gung Ho on the back of dynamic Union Budget 2021-22

The Union budget 2021-22 presented by Hon'ble Finance Minister exceeded the expectations of the Stock Market participants. The proposals of increase in foreign shareholding of insurance companies from 49% to 74%, LIC IPO and list of government companies to be privatised are highly appreciative. The announcement of privatisation of 2 public sector banks and 1 insurance company as well as the introduction of Investment Charter adds to the market elevating reforms. Since the announcement of Union Budget 2021-22, markets are making new and new highs on the back of reforms announced by the government in the various growth-promising sectors of the economy. The connotation of infrastructure expenditure multiplier is received by the investors very positively as infrastructure spending is going to push the growth trajectory of the Indian economy to significantly higher level and to become a US $ 5 trillion economy going forward.

Market New Highs so Far: BSE Sensex Daily Close Figures



Source: PHD Research Bureau, PHDCCI compiled from BSE India Sensex

16. Impact of Union Budget on States

The total transfers to states and UTs has increased by 5.7% to Rs. 13.8 lakh crore in 2021-22, against Rs 13.13 lakh crore in revised estimates of financial year 2020-21. The devolution of States' share in taxes has the highest share in the composition of transfers to states & UTs and has increased to around Rs 6.6 lakh crore in 2021-22 from Rs 5.5 lakh crore in financial year 2020-21, with the growth rate of 21%. The Finance Commission Grants have a growth rate of 21.1% .

Transfer of resources to states and union territories with legislature (in Rs.crore)

	2020-21 (Revised Estimates)	2021-22 (Budget Estimates)	% Growth
Devolution of States share in taxes	549959	665563	21
Scheme related and Other Transfers	171873	90055	(-)47.6
Finance Commission Grants	182352	220843	21.1
Total Transfer to Delhi, Puducherry & Jammu & Kashmir	50963	48686	(-)4.5
Total Transfer to States/UTs	1313937	1388502	5.7

Sources: PHD Research Bureau, PHDCCI compiled from Union Budget 2021-22

17. Programme on Shadow Budget: 2021-22

PHD Chamber of Commerce and Industry (PHDCCI), in collaboration with EGROW (Foundation of Economic Growth and Welfare) organized a Programme on **"Shadow Budget: 2021-22"** on 15th January 2021 in virtual cum physical mode, broadcasted live by NewsX TV Channel. The eminent speakers at the interactive session were **Dr Arvind Virmani**, Renowned Economist and Chairman, EGROW, **Dr Charan Singh**, Renowned Economist and Chief Executive, EGROW, **Dr. Rattan Chand**, Director, EGROW and Former Chief Director, Monitoring and Evaluation, Ministry of Health and Family Welfare, Government of India, **Dr. Askok Vishandass** Director at EGROW and Former Chairman of CACP (Commission for Agricultural Costs and Prices), **Col M P Singh**, Defence Analyst**,** **Shri Sanjay Aggarwal**, President, PHDCCI, **Shri Pradeep Multani**, Senior Vice President, PHDCCI, and **Shri Sandeep Aggarwal** ji, Chairman, Industry Affairs Committee, PHD Chamber and **Shri Saurabh Sanyal**, Secretary General, PHD Chamber. The programme was opened and was moderated by **Shri Uday Pratap Singh**, NewsX.

Dr Arvind Virmani, Renowned Economist, and Chairman, EGROW, projected that India will witness a double digit growth rate of around 10% for FY2021-22. He said that this rebound in GDP growth is attributed to the proactive reforms undertaken by the Government. He stated that post the effective implementation of reform agenda of the Government, the country will record around 7.5% of growth over next decade. He emphasized on the importance of MSME sector with respect to employment creation and exports. For boosting the growth of MSMES, he suggested the direct tax and indirect tax codes should be simplified. He said that India needs 21st century tax codes to support Aatmanirbhar startups and MSMEs. He stated that the external sector reforms complements internal sector reforms. He appreciated the production linked incentive scheme and recommended that PLI scheme should be supported with tariff reforms. He said that India should sign more FTAs with USA, UK and Euro Area to enhance its position in the global supply chain and to drive export growth. He opined that the unemployment rate has somewhat normalized post lockdown, however, indoor and contact services still needs revival. In regard to welfare reforms, he recommended welfare stack, welfare card and direct benefit transfer schemes. He opined that pubic healthcare systems needs to revamped and sewage system needs to be modernized, swatch Bharat mission needs to be broadened and health education should be made more prevalent since the school level.

Shri Sanjay Aggarwal, President, PHD Chamber of Commerce and Industry, mentioned that the manpower issues in police, judiciary and health need to be concentrated upon in the Union budget 2021-22. He talked about the indices introduced by the PHDCCI to track the growth trajectory of the Indian economy over the last few months. He mentioned about the trinity of the Stimulus of Policy, Financials and Confidence instilled by the Government during the last 9 months have enhanced the economic activity at significantly higher level, the December month economic activity based on the composite index of three broad economic indicators including GST collections, Passenger Vehicle Sales and SENSEX is at its 33 months high. He then mentioned about the EBM index and appreciated the Government for pulling the economy from the low growth of (-)23.9% in Q1 FY 2020-21 to the overall growth of (-)7.7% in FY 2020-21 in the extremely difficult time of Pandemic COVID-19. At this juncture, to continue the recovery momentum of economic and business activity, immediate policy attention is required towards credit access to industry and services sectors. Credit disbursement should be the top most priority at this juncture by the banking sector.

Glimpse of the Programme on Shadow Budget: 2021-22

From left to right: Col M P Singh, Defence Analyst; Shri Sandeep Aggarwal, Chairman, Industry Affairs Committee, PHD Chamber; Shri Uday Pratap Singh, Moderator, NewsX Channel; Shri Sanjay Aggarwal, President, PHD Chamber of Commerce and Industry, Dr. Askok Vishandass Director at EGROW and Former Chairman of CACP (Commission for Agricultural Costs and Prices); and Shri Saurabh Sanyal, Secretary General, PHD Chamber

Dr Charan Singh, Renowned Economist and Chief Executive, EGROW, opined that the Government should allow pensioned to use LTC benefit to revive the demand and kick start the economic growth. He said that India should have a fiscal policy committee and a fiscal institution. He suggested that in post COVID times, there will be a need to focus more on mental health. He recommended that there should be synergies between MSMEs and NBFCs.

Dr. Rattan Chand, Director, EGROW and Former Chief Director, Monitoring and Evaluation, Ministry of Health and Family Welfare, Government of India, emphasized on need of changing lifestyle and adopting a healthy one. He suggested that there is a need to increase healthcare expenditure as percent of GDP for strengthening Research and Development, infrastructure, manpower and logistics requirement.

Dr. Askok Vishandass Director at EGROW and Former Chairman of CACP (Commission for Agricultural Costs and Prices) said that Farmers income have to be increased with the increase in farm productivity. He also said that Agriculture has the potential to contribute to demand. India needs Stable agriculture trade policy. Organic produce of agriculture exports need to be bolstered.

Col M P Singh, Defence Analyst, highlighted his expectations from the budget that spending on defence to increase between 12%-15% of Rs 60-62 thousand crore of allocation as compared to last year. He suggested for reversing of trend of increase in revenue expenditure and decrease in capital expenditure. He opined that Budget should fillip towards make in India. Private sector needs to be encouraged in production of small arms in India. He was of belief that if arms and ammunitions are manufactured within India, their rate would be half the rate of their imports and would add to the pool of savings that could be invested in other sectors.

Shri Pradeep Multani, Senior Vice President, PHD Chamber of Commerce and Industry, said that the Government has been working proactively to revive and rejuvenate the trade, industry and economy from the dynamic and difficult times caused by health and economic impact of COVID-19. Over the years, India has been continuously improving in World Bank's Ease of Doing Business Rankings and has jumped by 79 spots from 142nd rank in 2015 to 63rd rank in 2020 among 190 economies. At this juncture, working on the low scoring factors for the country in respect of registering property, payment of taxes and enforcement of contracts would prove to be transformational for India. He also suggested to reduce the costs of doing business including costs of capital, costs of power, costs of logistics, costs of land and availability of land and costs of labour, availability of skilled labour and costs of compliances.

Shri Sandeep Aggarwal ji, Chairman, Industry Affairs Committee, PHD Chamber said that the development of a robust manufacturing sector must be a key priority of the Government with significantly enhanced contribution in GDP. The focus must be on greater allocations towards Research & Development (R&D) as it helps in strengthening global competitiveness with productivity improvements. Furthermore, extreme support to MSMEs and Startups is required to help them recover from the daunting impact of pandemic COVID -19. He added that promotion of the manufacturing sector and creation of a conducive manufacturing ecosystem will not only enable better connectivity with global supply chains but also establish backward linkages with the MSMEs sector in the country leading to overall growth in the economy and creation of huge employment opportunities.

Shri Saurabh Sanyal, Secretary General, PHDCCI, proposed the formal vote of thanks at the Programme and thanked the esteemed speakers for sparing their invaluable time to share their key insights on the subject. While giving the glimpse of current economic situation, he suggested that there is a need to lower interest rates for consumers and businesses, lesser compliances for MSMEs vis-à-vis ease of doing business at the ground level along with policy attention on credit access to industry and services sectors to continue with the recovery momentum of economic and business activity, going ahead.

18. Budget Viewing Session 2021-22

Economic Affairs Committee of PHD Chamber organised Budget Viewing Session 2021-22 on 1st February 2021, in Hybrid: Physical and Virtual mode. **Dr Ajay Chhibber**, Renowned Economist and Distinguished Visiting Scholar, The Elliott School of International Affairs, The George Washington University, US; **Dr NR Bhanumurthy**, Renowned Economist and Vice Chancellor, BASE University, Bengaluru; **Prof (Dr) Ram Singh**, Renowned Economist and Professor, Delhi School of Economics, DU, were the eminent speakers at the programme. **Shri Sanjay Aggarwal**, President, PHD Chamber; **Shri Pradeep Multani**, Sr. Vice President, PHD Chamber; **Shri Saket** Dalm**ia**, Vice President, PHD Chamber graced the programme with industry expectations from budget and viewpoints on announcements. Respected Former Presidents of PHD Chamber, including **Dr. Ashok Khanna, Shri K S Mehta, Smt Sushma Berlia, Shri Sanjay Bhatia, Shri Salil Bhandari, Shri Sandip Somany, Shri Alok Shriram, Dr Mahesh Gupta, Shri Gopal Jiwarajka, Shri Anil Khaitan, Shri Rajeev Talwar**, **Dr D K Aggarwal** graced the programme with their participation and viewpoints on the budget announcements. Eminent speakers from the expert committees **Shri Anil Chopra**, Chairman of Economic Affairs Committee, **Shri Sandeep Aggarwal,** Chairman, Industry Affairs Committee, **Shri Mukul Bagla**, Chairman, Direct Taxes Committee, **Shri Bimal Jain**, Chairman, Indirect Taxes Committee, **Shri Vijay Bhushan**, Chairman, Capital Market & Commodity Market Committee, **Mr. Vikram Singh Mehta**, Co-Chair of Economic Affairs Committee, **Dr. Vinod Kumar**, Professor, Jagan Institute of Management Studies (JIMS), Rohini, **Shri Saurabh Sanyal**, Secretary General, PHD Chamber provided their expert reactions on the budget. The programme concluded with an extensive discussion of around 4 hours with around 200 participants physical and virtual.

Glimpse of the Budget Viewing Session 2021-22

From Left to right: **Shri Saurabh Sanyal**, Secretary General, PHD Chamber; **Shri Vijay Bhushan,** Chairman, Capital Market & Commodity Market Committee, PHD Chamber; **Shri Sanjay Aggarwal,** President, PHD Chamber**; Shri Pradeep Multani,** Sr. Vice President, PHD Chamber; **Dr S P Sharma**, Chief Economist, PHD Research Bureau, PHD Chamber

From left to right: **Shri Rajeev Talwar**, Former President, PHD Chamber; **Shri Gopal Jiwarajka**, Former President, PHD Chamber; **Dr. Mahesh Gupta,** Former President, PHD Chamber; **Shri Sanjay Aggarwal,** President, PHD Chamber; **Shri Bimal Jain**, Chairman, Indirect Taxes Committee, PHD Chamber; **Shri Pradeep Multani**, Sr. Vice President, PHD Chamber; **Shri Saket Dalmia**, Vice President, PHD Chamber

From left to right: **Shri Vikram Singh Mehta**, Co-Chairman, Economic Affairs Committee, PHD Chamber; **Shri Mukul Bagla,** Chairman, Direct Taxes Committee, PHD Chamber; **Shri Pradeep Multani**, Sr. Vice President, PHD Chamber; **Shri Saket Dalmia**, Vice President, PHD Chamber; **Shri Bimal Jain**, Chairman, Indirect Taxes Committee, PHD Chamber; **Dr. Vinod Kumar**, Professor, Jagan Institute of Management Studies (JIMS), Rohini

From left to right: **Shri Vikram Singh Mehta**, Co-Chairman, Economic Affairs Committee, PHD Chamber; **Shri Mukul Bagla,** Chairman, Direct Taxes Committee, PHD Chamber; **Shri Pradeep Multani**, Sr. Vice President, PHD Chamber; **Shri Saket Dalmia**, Vice President, PHD Chamber; **Shri Bimal Jain**, Chairman, Indirect Taxes Committee, PHD Chamber; **Dr. Vinod Kumar**, Professor, Jagan Institute of Management Studies (JIMS), Rohini

From left to right: **Ms Kritika Bhasin**, Research Officer, PHD Research Bureau, PHD Chamber; **Shri Saurabh Sanyal**, Secretary General, PHD Chamber; **Shri Vikram Singh Mehta**, Co-Chairman, Economic Affairs Committee, PHD Chamber; **Shri Vijay Bhushan,** Chairman, Capital Market & Commodity Market Committee, PHD Chamber; **Shri Saket Dalmia**, Vice President, PHD Chamber; **Dr S P Sharma**, Chief Economist, PHD Research Bureau, PHD Chamber; **Smt Sakshi Gupta**, Senior Research Officer, PHD Research Bureau, PHD Chamber

From left to right: **Shri Vikram Singh Mehta**, Co-Chairman, Economic Affairs Committee, PHD Chamber; **Ms Kritika Bhasin**, Research Officer, PHD Research Bureau, PHD Chamber; **Smt Aparajita Mangotra**, Joint Secretary, PHD Chamber; **Shri Saurabh Sanyal**, Secretary General, PHD Chamber; **Shri Vijay Bhushan,** Chairman, Capital Market & Commodity Market Committee, PHD Chamber; **Shri Saket Dalmia**, Vice President, PHD Chamber; **Dr S P Sharma**, Chief Economist, PHD Research Bureau, PHD Chamber; **Smt Sakshi Gupta**, Senior Research Officer, PHD Research Bureau, PHD Chamber

Dr Ajay Chhibber , Renowned Economist and Distinguished Visiting Scholar, The Elliott School of International Affairs, The George Washington University, US said that Union Budget 2021-22 is the historic budget and is important as in 1991-92 and certainly after the Great Financial Crisis 2008-09. His four expectations from the budget were to nurture and to revive the economy; safety and

health sector; progress through export led growth and to set the stage for recovery for much faster growth.
According to him, the first expectation is most important in which country is having a recovery underway but economic survey calls it V-shaped recovery. The growth trajectory is quite uneven and some people call it K-shaped recovery path. MSME sector needs much attention as it is one of the growth oriented sector in the economy. However, some sectors are doing better as compared to others. Large sectors are not doing well especially travel and tourism, hospitality, etc. Pandemic is quite heavy on these sectors.

Pandemic has led to very heavy rise in unemployment and possibly sharp increase in poverty in the country. This year it is very likely to see 7-8% growth which is better than as predicted by IMF and other agencies. Fiscal expenditure is quite high this year which needs to be contained as well. India is having the lowest fiscal deficit in the world economies. So, there is need to revive this economy growth, more progress for MSME sector particularly. This progress should be budgeted and not on the back of the banking system. There should also be more spending on completion of projects this year specially housing and infrastructure projects as it has more multiplier effect. There should also be hope to see the extension of free rations to poor families along with expansion of MGNREGA programs. The budget is expected to get the big push theory in practice with prime focus on physical infrastructure, railway tariffs and streamlining of industry and trade bodies.

Shri Sanjay Aggawal, President, PHD Chamber in pre budget session said that positive economic forfront is expected in the budget. He said that health expenditure should go up. Economic survey also stressed on infrastructure sector and that is something we would like to hear from in the budget as well. He mentioned that DFIs need to be setup or measures should be proposed to strengthen the existing DFIs. He said there is sufficent space for India of Rs 25-27 lakh crore to fund the NIP. Budget deficits should not be concerned about in the short term. He also said that MSME sector needs funding aggressively. He then mentioned about vacancies in police, judiciary needs to be filled in. For Startups he said that there is a need to widen definition of startups and tax holiday to be given. He mentioned that agriculture and policy reforms have sustained India during the pandemic. He also expressed his expectation that budget should include something on DBTs. He said that India has survived better during pandemic covid 19.

He mentioned about losses in terms of human lives is much lower than countires like UK and USA. India has gone out of its way to export vaccines to 6 countries. He said that this is huge gesture on behalf of Indian people. This would position India very strongly on the global front. He also said that there is a dichotomy in income tax be it the induival tax rate or corporate tax rates. He said that there should be uniformity in both the rates and that peak of 40% in personal income tax should come down. In the post budget session he congratulated Mrs Nirmala Sitharaman, Hon'ble Finance Minister for presenting a historic budget and considering the aspirations of all sections of the society for the improvement of standards of living and ease of doing business in industry across the segments. He said the focus of budget on six pillars, including Health and Well-Being, Physical and Financial capital and infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and Research & Development, and Minimum Government, and Maximum Governance is highly encouraging and would go a long way to build a New India.

Dr NR Bhanumurthy, Renowned Economist and Vice Chancellor, BASE University, Bengaluru said that the Union Budget 2021-22 will not be for only next fiscal year but it will be focusing on macro objectives of attaining growth rate as per the projected rate. The tax policies should be according to the fiscal responsibility roadmap during next few years. Government should be having more focus over the state expenditures like healthcare and infrastructure their budget outlines as during

COVID-19, most of the states were suffering from fiscal constraints due to heavy expenditure. The import tariff lines should be in comparison with world economies.

Prof (Dr) Ram Singh, Professor, Delhi School of Economics, Delhi University praised the budget announcements. He said that it is encouraging to know that the government came out generously for fiscal deficit and was not conservative. He appreciated the willingness of government to take a liberal view of fiscal deficit. He said that budget has looked beyond COVID with a horizon for next 3-5 years. He said that government's announcement for investments in health are encouraging and will give a good boost to the demand. He then mentioned about the push given to infrastructure for mobilising private sector towards investments. This would then generate employment in various sectors. He mentioned that government could have announced more for agriculture sector by way of direct support to farmers given the current scenario. He then said that some of the capital expenditure could be diverted to countryside to create employment in rural areas.

Dr. Vinod Kumar, Professor, Jagan Institute of Management Studies (JIMS), Rohini appreciated the budget announcements. He mentioned that as announced by the Hon'ble Finance Minister, it is encouraging to know that the GST collections have increased over the years. He appreciated the announcement of LIC IPO. He said that automobile and infrastructure have been given big boost, spillover of which would be in terms of the demand creation and investment is needed in steel and cement which will improve employment and GDP growth. The bond market has been lying low in India for so many years. But through budget it will be given big boost. He mentioned the reactions of bond market and stock market that have been very encouraging. He said that FDI in insurance sector has increased. He said that great relief has been provided for MSMEs. Overall he praised the budget.

Shri Pradeep Multani, Sr. Vice President, PHD Chamber said that while the government has been working proactively to revive the economy and rejuvenate the trade, industry and economy from the negative impact of COVID-19, our expectations from the budget to be announced are numerous. He complemented the government for outstanding way to handle the pandemic and worked continuously in positive direction. He said that US has four times less population than India but the death rates in US are double than that of India. According to him, the Union Budget 2021-22 must prioritize growth oriented budget and fiscal deficit should be secondary for the government. The focus should be over spending and to create demand in the economy so that there will recovery in consumption. Government must provide funds for long term projects. There should be development of financial institutions for financing mid-size companies in India. such a DFI can bring money from sovereign wealth funds and other long term institutional investors. He rightly said that there should be small utilization of foreign exchange reserve funds. There should be launching of built India bonds denominated in INR to raise noble capital for 20-50 years tenure at very low interest rates prevailing across the world to boost economic and social infrastructure projects. The government should also focus on incentivizing research and development if India has to remain growth oriented in this era of development. Also, he was of the view that government should provide stability in the tax regime as well. It would make industry more competitive. In the post budget session he said that 11% projected GDP growth by Eocnomic Survey or 11.5% by IMF is encouraging.

Shri Saket Dalmia, Vice President, PHD Chamber said that it is essential to observe the overall environment that the Union Budget announcements have created. He said that the government expenditure has been increased in the budget which is needed to kick-start the demand. He then mentioned that the budget has announced creation of DFIs, opening FDI in insurance sector, decreased custom duties. He then mentioned that a lot more could have been done for the MSMEs.

He also mentioned that in a developing country like India government focus towards consolidation is too early. He then gave a formal vote of thanks to all the eminent speakers, former presidents, chairmen and co-chairman, audience, and others who joined the session physically and virtually. He said that the government has presented an encouraging budget to shrug off the fear of COVID-19. He said that pandemic coronavirus had created a problem for smaller businesses to operate. He said that the budget has provided an opportunity for the small unorganised sector to bounce back.

Dr. Ashok Khanna Former President, PHD Chamber and Chairman cum Managing Director, Khanna Watches Ltd. was praiseworthy for the budget. He mentioned that a lot of emphasis has been on infrastructure building. He then said that scrapping policy has been given a forefront. He mentioned about the announcements related to power sector, ports and railways. He highlighted that this budget has provisioned for no ITR filing for the senior citizen pensioners. He said that FDI is bound to increase in insurance sector, tax holiday for affordable housing is good. Exemption in indirect taxes will be re-examined. Disinvestment given impetus. Unleashed landholdings are bound to lay foundation for Atmanirbhar Bharat.

Smt Sushma Berlia, Former President, PHD Chamber and President, Martin & Harris Pvt. Ltd. mentioned that the budget had focused on economic, national and entrepreneurship areas. She said that the budget is visionary and transparent. She said that the hope that was built in budget will come out in the details later on. She expressed her concern towards fiscal deficit and inflation. She appreciated the infrastructure and capital investments. In terms of health and education, she said that the budget has given maximum focus on health in terms of preventive measures, research & innovation. She also mentioned about the allied health missions that have been introduced in the budget. She said that the vision that has been laid in budget should be faster in implementation. For the education, she mentioned that National education Policy (NEP) has been appreciated nationwide and has been one of the significant steps of the government which is truly visionary and intent. She appreciated the National Commission for Higher Education that has been set-up. For skilling she said that realignment of apprenticeship scheme is very well thought by the government.

Shri Sanjay Bhatia Former President, PHD Chamber and Managing Director Hindustan Tin Works Ltd. praised the 6 pillars of Budget and vision lad for Atmanirbhar. He said that all the pillars are important and good focus has been given on each by the government. He appreciated the capital expenditure target of the government. He appreciated the asset monetization and decriminalization of Companies Act proposed in the budget. He mentioned about the Employers 'contribution towards Provident Fund. He welcomed the reduction of custom duty on steel and other associated products.

Shri Salil Bhandari, Former President, PHD Chamber and Founder, BGJC & Associates LLP, mentioned that the government has announced forward looking budget. Long term initiatives will stimulate investments in new structure for stressed assets. Research fund of Rs 50 thousand crores, setting up of DFIs and textile mega parks, asset monetization, increased capex depict a rounded budget. The budget is like a 360 degree appraisal of government. 6 pillars are strategic and key areas of government through which funds would be flowing, he said.

Shri Sandip Somany Former President, PHD Chamber and Vice Chairman & Managing Director, HSIL Limited said that from fundamental point of view, the budget is in right direction, is strategic and bold. From manufacturing point of view the manufacturing needs to grow. Government has already launched the PLI scheme, which is a welcome move. He said that Custom duty etc will protect new manufacturing sector. The raw materials being cheaper, disinvestment target is aggressive. Disinvestment plans for 2 PSUs and 1 insurance company is a bold move. DFI focus is good. 1 person company seems to be excellent idea. Gradual decrease of fiscal target after 4 years, is a positive move. Not being tempted in difficult year to raise taxes and get quick buck and having consistent roadmap for tax. Great budget given the circumstances. He mentioned that DFI should also be setup for non-infrastructure projects at competitive rates.

Shri Alok Shriram, Former President, PHD Chamber and Senior Managing Director & CEO, DCM Shriram Industries Ltd. said that a good budget has been announced. He said that encouraging steps have been taken in the budget for textile sector. The announcement for textile parks and taking care of the inverted duty structure towards man-made fibre. He said that this would bring in technology for the textile sector, in leather etc so many incentives have been given. He said that education industry should have been given a big boost. Tourism sector should also have been given a boost because it creates low skilled jobs quickly. He then mentioned that ease of doing business should improve in states.

Shri Anil Khaitan, Former President, PHD Chamber and Chairman & Managing Director, Sunil Healthcare Ltd. said an excellent budget has been presented. Professional and extremely structured budget with fine balance between fiscal expansion and growth. She allocated around Rs 2.3 lakh crore towards health band vaccines. The social infrastructure investment will increase demand and employment. Implementation is key now. India is at point of inflexion and is ready to take off and become a competitor to China. Direct tax, disinvestment, Sr. citizen pensioners no ITR filing, borrowings of Rs 12 lakh core, among others are crucial announcements through which the economic growth can rejuvenate.

Shri Rajeev Talwar, Former President, PHD Chamber and CEO & Whole Time Director, DLF Ltd. said that stock markets have responded well with the budget announcements. Sensex has gone pretty high. Pro-growth budget has been announced, he said. He mentioned that affordable housing has been the cornerstone in the budget. He appreciated the Income tax appellate tribunal that will be faceless will resolve the disputes. He said that Input tax credit in GST for real estate should be introduced. Huge expenditure outlay in roads and railways will lead to a big jump in employment and growth of economy. This will have very far reaching effects. He also said that development for research and innovation are very close to mind of Hon'ble Prime Minister, to which the budget has given a due impetus.

Shri Anil Kumar Chopra, Chairman, Economic Affairs Committee, PHD Chamber said that the Hon'ble Finance Minister has presented an inclusive budget. He said that there was something for everyone in the budget. He said that the budget is also for aspirational India. He said that the six pillars of budget were exemplary. He then mentioned that the budget was needed the most for physical infrastructure, disinvestments, DFIs, capital outlays, decriminalisation of LLPS. He said that this would stimulate the demand and industry. He said that in all fairness the budget has advocated to both the demand and supply. He also appreciated the faceless assessment of taxes.

Shri Mukul Bagla, Chairman, Direct Taxes Committee, PHD Chamber said that for direct taxes there were not much of announcements. He highlighted few provisions that budget focused towards that included transparency in the tax system. He said that through the budget the government is trying to reduce corruption in income tax department. He also mentioned that in order to reduce compliance burden, the time-limit for re-opening of assessment is being reduced to 3 years from the current 6 years from the end of the relevant assessment year. Re-opening up to 10 years is proposed to be allowed only if there is evidence of undisclosed income of Rs 50 lakh or more for a year. Further, it is proposed to completely remove discretion in re-opening and henceforth re-opening shall be made only in cases flagged by system on the basis of data analytics, objection of

C&AG and in search/survey cases. This is something which would be interesting. He said that this will make the taxpayer confident.

Shri Bimal Jain, Chairman, Indirect Taxes Committee, PHD Chamber appreciated the budget announcements. He said that GST collections for December 2020 and January 2021 have been good and will give government some space towards rationalisation. He said that it is important to know from where the government is collecting money. He mentioned that it is important to look at IGST collections on imports as well. He mentioned that a GST roadmap was expected for petroleum products however it was not discussed. He said that for real estate sector there is no ITC, it is creating cascading effects. For custom duty perspective, he mentioned that some space for rationalisation is given but in reality it will have to be seen. He also mentioned about ease of doing business should come from simpler mode.

Shri Vijay Bhushan, Chairman, Capital Market & Commodity Market Committee, PHD Chamber said that Indian economy is witnessing a V-shaped recovery. He said that Atmanirbhar Bharat campaign on capital market is already progressing. He mentioned that over the years the flow of money from FIIs has changed.

Shri Sandeep Aggarwal, Chairman, Industry Affairs Committee, PHD Chamber in the pre budget session appreciated the PHD Chamber for being at the forefront for presenting the industry views to government and concerned Ministries. Industry requires investment boost, he said. In telecom sector amount needs to be increased in NIP. The telcom industry is actually going to add USD 1 trillion to USD 5 trillion economy. Telecom sector can provide boost to construction because of towers, cable lines to be put in, subsea cables to be put in. Infrastructrue plan needs to be upgraded and amount of investment in this from government sector should be increased. Huge demand needs to come in automobile industry because sudden change from pertrol, diesel to ppower. The civil infra across country needs to be put in. Charging infra needs to be put in. Government needs to invest because it is a long term investment. He said that it is expected that automobile charging station, automobile conversion from petrol and diesel to electrical and telecom infra will be improved.

Shri Saurabh Sanyal, Secretary General, PHD Chamber opened the budget viewing session by putting forward his expectations from the budget 2021-22. He said that the pandemic has hit all the economies, business shutdown, job losses, GDP contractions, pandemic casualties, economic losses; out of which a new era has come of digital supremacy. He mentioned that the economy has been witnessing proactive measures undertaken by Government of India and state governments, especially in the last few months. Further measures are needed to accelerate growth and create jobs, increase household incomes, boost income and consumption demand, to get the economy out of the rut, provide relief for work from home expenditures. Post the presentation of budget by Hon'ble Finance Minister, Smt Nirmala Sitharaman in the parliament, he appreciated the budget and said that this would lay a foundation for US$ 5 trillion economy.

Dr. S P Sharma, Chief Economist, PHD Chamber said that budget is being presented at a very crucial juncture, when the Indian economy is on the path of recovery. Post the budget announcements made by Hon'ble Finance Minister Smt Nirmala Sitharaman, Dr SP Sharma said that a growth oriented budget has been introduced with a focus on health aspects of the economy.

19. Post Budget Interactive Session on "Implications of Union Budget 2021"

The Direct Taxes Committee of PHD Chamber organized a Post Budget Interactive Session on "Implications of Union Budget 2021" on Thursday, 4th February 2021 from 11.00 am to 1.00 pm.

Mr. Pradeep Multani, Senior Vice President, PHD Chamber felt that providing impetus to the healthcare sector was the need of hour and this was suitably taken care of in the Union Budget. He lauded the PM Atmanirbhar Swasth Bharat Yojana which will be launched with a total outlay of Rs 64,180 crore over a period of next 6 years. He stated that One Nation, One Ration Card scheme launched through which beneficiaries can claim their rations anywhere in the country. The migrant workers particular benefit from scheme. It is highly appreciable that the Ujjwala scheme will be expanded to over one crore more beneficiaries. He mentioned that we agree with the vision of the budget on growth of manufacturing sector in double digits on a sustained basis as well as making domestic companies an integral part of global supply chains for achieving a US$ 5 trillion dollar economy.

Mr. Anil Kumar Chopra, Chairman, Economic Affairs Committee Mentor, Direct Taxes Committee, PHD Chamber mentioned that the Government has timed its action for the best interest of nation. The focus of budget includes Health and Well-Being, Physical and Financial capital and infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and Research & Development, and Minimum Government, and Maximum Governance is highly encouraging and would go a long way to build a New India. He stated that Foreign Direct Investment (FDI) limit in insurance has been increased from 49% to 74% that will create opportunities for the investors. To enhance rural employment the Government has taken a great initiative for the agriculture and rural sector. He observed that the Finance Minister had laid emphasis on promoting investment which is indeed gratifying. He urged widening the tax base and gathering information with the use of technology. He said that the Union Budget 2021-22 Minister is a historic budget and will in turn provide a multiplier effect to boost demand and rejuvenate overall economic growth trajectory.

Mr. Mukul Bagla, Chairman, Direct Taxes Committee stated that the Union Budget 2021 presented by Hon'ble Finance Minister Smt. Nirmala Sitharaman is bold and offers not only a direction for growth but also a strong intent for reforms. It is highly appreciable to exempt the senior citizens from filing income tax returns if pension income and interest income are their only annual income source. Provision is made for faceless proceedings before the Income Tax Appellate Tribunal (ITAT) in a jurisdiction less manner. It will reduce the cost of compliance for taxpayers, and increase transparency in the disposal of appeals. Further, it will also help achieve even distribution of work in different benches and ensure efficient administration.

Glimpse of the Post Budget Interactive Session on "Implications of Union Budget 2021"

From Left to Right: First Row: Mr. Pradeep Multani, Senior Vice President, PHD Chamber; **Mr. Sanjay Aggarwal,** President, PHD Chamber; **Mr Kamlesh Chandra Varshney**, JS (TPL-I), CBDT; Mr. **Pramod Chandra Mody,** Chairman, **CBDT**
From Left to Right: Second Row: Mr. Anil Khaitan, Former President**; Mr. Rajeev Talwar,** Former President, **Mr. D K Aggarwal,** Former President**, Mr. Saket Dalmia,** Vice President, PHD Chamber
From Left to Right: Third Row: Dr. S P Sharma, Chief Economist, PHD Chamber; **Mr. Saurabh Sanyal**, Secretary General, PHD Chamber; **Mr. Mukul Bagla,** Chairman, Direct Taxes Committee, PHD Chamber; **Mr. Anil Kumar Chopra,** Chairman,Economic Affairs Committee and Mentor, Direct Taxes Committee**,** PHD Chamber

Mr. Saket Dalmia,Vice President, PHD Chamber proposed a hearty vote of thanks to the Chief Guest, Guest of Honour and the participants for joining the Session. He felt that the proposal to create a permanent institutional framework to buy investment grade debt securities in stressed and normal times and to deepen the bond market is a very positive step for debt mutual funds. He appreciated the additional tax deduction of Rs 1.5 lakh on interest paid on housing loan for purchase of affordable homes by one more year to March 31, 2022, a move aimed at boosting demand in the sluggish real estate sector.

Mr. Saurabh Sanyal, Secretary General, PHD Chamber & **Dr. S P Sharma,** Chief Economist, PHD Chamber also attended the Session

20. Demystifying Union Budget 2021-22: Interactive Session with Hon’ble Minister of Finance, Smt Nirmala Sitharaman

PHD Chamber of Commerce and Industry organised an Interactive Session with Hon’ble Finance Minister Smt Nirmala Sitharaman on "Demystifying Union Budget 2021-22" on 8th February 2021. **Smt Nirmala Sitharaman,** Hon’ble Finance Minister, Government of India, graced the occasion as the Chief Guest. **Sh. Sanjay Aggarwal**, President; **Sh. Pradeep Multani**, Senior Vice President; **Sh. Saket Dalmia**, Vice President, graced the session with their viewpoints on budget. Respected Former Presidents of PHD Chamber, including, **Dr. Ashok Khanna, Sh. KS Mehta, Sh. Sanjay Bhatia, Sh. Ashok Kajaria, Sh. Salil Bhandari, Sh. Alok Shriram, Dr Mahesh Gupta, Sh. Gopal Jiwarajka, Sh. Anil Khaitan, Sh. Rajeev Talwar and Dr D K Aggarwal** provided their viewpoints on the various sections of Budget 2021-22. Chairman of the expert committees of PHD Chamber, including **Sh. Anil Kumar Chopra**, Economic Affairs Committee and Mentor, Direct Taxes Committee; **Sh. Mukul Bagla**, Direct Taxes Committee; and **Sh. Vijay Bhushan**, Capital Markets Committee, gave their expert comments on the budget. Shri Saurabh Sanyal, Secretary General opened the session with his comments on the budget.

Glimpse of the Demystifying Union Budget 2021-22: Interactive Session with Hon’ble Minister of Finance, Smt Nirmala Sitharaman

From Left to Right: First Row: Sh. Pradeep Multani, Senior Vice President, PHD Chamber; Sh. Sanjay Aggarwal, President, PHD Chamber; Sh. Saket Dalmia, Vice President, PHD Chamber; Smt Nirmala Sitharaman, Hon’ble Finance Minister of India along with other dignitaries from Ministry of Finance; Dr Ashok Khanna, Former President, PHD Chamber; Sh. KS Mehta, Former President, PHD Chamber

Second Row: Sh. Sanjay Bhatia, Former President, PHD Chamber; Sh. Alok Shriram, Former President, PHD Chamber; Sh. Gopal Jiwarajka, Former President, PHD Chamber.

Third Row: Sh. Anil Khaitan, Former President, PHD Chamber; Sh. Rajeev Talwa, Former President, PHD Chamber; Dr D K Aggarwal, Former President, PHD Chamber; Sh. Anil Chopra, Chairman, Economic Affairs Committee and Mentor, Direct Taxes Committee, PHD Chamber.

Forth Row: Sh. Vijay Bhushan, Chairman, Capital Market Committee, PHD Chamber; Sh. Mukul Bagla, Direct Taxes Committee, PHD Chamber; Sh. Saurabh Sanyal, Secretary General, PHD Chamber and Dr S P Sharma, Chief Economist, PHD Chamber

Smt. Nirmala Sitharaman, Hon'ble Union Minister for Finance & Corporate Affairs, said that the Central Government is governed by the principle of "Minimum Government - Maximum Governance" and presented the same philosophy through the Union Budget 2021-22 recently. She mentioned that the Government has spent big on those areas of activity which gives a big multiplier effect. The multiplier was the key where the money was going. While acknowledging that the industry has welcomed the steps, Smt. Sitharaman said that the Government believes that welfare is when one empowers people. She informed that the Government is also taking steps to carefully monitor the fiscal deficit. She mentioned that the Mool Mantra now is that fiscal deficit is something that one cannot escape, but at the same time, it needs to be carefully tackled. The Hon'ble Finance Minister mentioned that the Government can give stimulus package to revive the economy, however, funding the long term infrastructure financing is the job of the Development Finance Institution (DFI). She said that it is not the job of just one DFI, but it is an opportunity for private DFIs to come into play. With many private DFIs competing, the entire process would become competitive. She mentioned that the Government has managed to make the Union Budget transparent. There is nothing under wraps or swept under the carpet. Whatever the government is borrowing or spending is open for everyone to see. She said that the Government has formulated the budget after taking into consideration the valid viewpoints from the industry chambers and viewpoints of several ministries, submitted to the ministry throughout the pandemic. The government had released mini budgets and relief measures throughout the pandemic, which has resulted in the strengthening of Indian economy. She also mentioned that the constraints have been both at the global level and at the country level.

Dr. Ajay Bhusan Prasad Pandey, Secretary, Ministry of Finance, Government of India, while addressing the queries, said that MEIS was applicable till 30th December 2020. Necessary funds have been given to DGFT, and he requested the former presidents of PHD Chamber to contact DGFT regarding the same. He also mentioned that from 1st January 2021, RoDTEP has come into effect. GK Pillai committee has been deliberating related to RoDTEP rates and whenever the committee submit their rates, it will be applicable w.e.f January 1, 2021. On personal income tax front, he said that there are 138 crore people in the country and income tax is paid by 1.7 crore people. A large population have income below taxable limit of Rs 5 lakh. He mentioned that one should not change income tax rate every year in budget in either direction because there has to be stability in rates.

Sh. Sanjay Aggarwal, President, PHD Chamber, opened the session with introductory remarks appreciating the Union Budget 2021-22. He said that the Budget is highly encouraging and will go a long way in making of AtmaNirbhar Bharat. He recognized the importance of outlay of expenditure on Infrastructural project and said that the announcements related to National Infrastructural Pipeline is highly lucrative. He further added that there is a need for further minimum government and maximum governance. This budget has given boost to Infrastructural Highways which will increase connectivity and will boost Infrastructural facilities. Shri Sanjay Aggarwal stated that PHD chamber is the voice of Industry and is fully committed for growth of MSME sector. He said that Iron and Steel is the promising sector showing strong growth trajectory. He said that the calibrated fiscal policy adopted by the Government to rejuvenate the economic growth and development in the country with an increased fiscal deficit for the year 2021-22 at 6.8% is highly appreciable. Shri Aggarwal said that these measures will help increase the funds for infrastructural investment in the country and will, in turn, provide a multiplier effect as stated by the Hon'ble Finance Minister to boost demand and rejuvenate the overall economic growth trajectory.

Sh. Pradeep Multani, Sr. Vice President, PHD Chamber, gave the formal vote of thanks. He thanked the Hon'ble Finance Minister for sharing her views on the budget. He said that the budget is growth oriented, demand boosting and investment inducing. He mentioned that the budget has introduced no changes in the taxes and maintained the stability of rates. He was of view that the maximum governance and minimum government will reduce cost of doing business. Relaxing fiscal deficit and increasing spending on agriculture, healthcare are welcome and will result in job creation. He opined that strong rebound of GDP growth will make India fastest growing economy in world and make US$5 trillion economy in coming times.

Respected Former Presidents of PHD Chamber provided their appended inputs:

They appreciated the announcements made in the Union Budget 2021-22, said that the budget will change the history of India and congratulated Hon'ble Minister of Finance for presenting the historic budget. They submitted that in the finance bill, PSBs are facing 17% NPA. These are national assets which must be productive and to that purpose is one scheme of takeover from RBI is being considered so that healthy units come at rescue of these units. Another submission related to the department reviewing merger and demerger laws. In reference to the matter of goodwill, they said that its genuine purchase or change of control of ownership and allowance of depreciation on the same. They also submitted that exporters today are facing huge problems from the point of view of the availability of containers and exorbitant increase in the freight of the containers that are or will be affecting country's exports. They discussed about incentives/funds stuck up in scheme of MEIS and RoDTEP. While mentioning about incentives provided to industry to grow, reduced custom duty on iron and steel industry, non-tariff barriers in imports, among others, they put forward the problems faced by metal packaging industry in the same regard.

They appraised the Government for accepting a 9.6% fiscal deficit, which shows the level of transparency in the system. They said that the key to Hon'ble Finance Minister's thoughts seems to be to enlarge the economic pie along with providing more to the weaker section and bringing them up. They said that industry is the path to job creation and Government's recognition of importance of small industries through change in the definition is appreciable. They suggested that area where rectification could be undertaken is providing relief in personal income tax that would act as a confidence booster for salaried class. They mentioned that the budget speech dealt with some changes outside the budget. In this regard, they requested the Government to implement them to provide cumulative effect on the country.

They said that there is a need to go full throttle for industry investment and growth of the country. They gave suggestion regarding GST laws and other laws. They complemented for advance ruling available to them and that it provides clear view of the grey areas. They mentioned that advance ruling is bent more towards revenue. They pointed that the promotion of material has been withdrawn, though a lot of material is used for promotion of material for consumers. They suggested that there should be some judiciary in the committee of advance ruling who could take the viewpoints from both sides. They praised the announcement in the budget speech regarding access to power by consumers from different power distributors and mentioned that if the same is implemented at jet speed, would reduce the cost of power for the businesses.

Trade & Investment Facilitation Services

TIFS

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SINGLE WINDOW INFORMATION AND PROCEDURAL FACILITATION

Trade and Investment Facilitation Services (TIFS) is a vital component for international trade and investment community. It is envisioned to facilitate firms across the globe for trade and investments in India while simultaneously meeting India's rapidly growing appetite for new markets to enhance trade and investments.

Considering the thirst of the Nation to place India at the forefront of Global Economic Architecture, PHD Chamber of Commerce and Industry launched a specialized desk on Trade and Investment Facilitation Services (TIFS) on 31st March 2017. TIFS is an information and advisory hub to provide requisite and detailed information to facilitate national and international business firms to invest in India; advising them on prospective business opportunities in India in general and in States and promising sectors in particular.

Vision of TIFS

We aim to make India a US$ 100 billion (per annum) investment destination in the next five years and to enhance India's trade trajectory to the higher level. We envisage US$ 1000 billion merchandize trade (exports and imports) and US$ 500 billion services trade (exports and imports) per annum in the next five years.

Geographical Area

TIFS covers pan India from Jammu Kashmir in the North to Tamil Nadu in the South and from Gujarat in the West to Arunachal Pradesh in the East.

Three role dimensions

1. **Information role:**

Serving as a key link to all information centres on all national and regional/local regulations and clearances. This includes maintaining or having direct and easy access to such information. This also means constant updating of such information.

2. **Catalyst role:**

Providing facilitative advisory services to help overcome key obstacles and strengthen key positive enablers for enhanced trade and investments. This includes providing information or "leads" on opportunities that would benefit international business community to invest in India.

3. **Networking role:**

Effective networking with relevant Indian and overseas agencies and leveraging of such networks in the direction of risk mitigation and enhancing trade and investments.

Strategic Collaborators of TIFS

TIFS work in close coordination with Trade Consulars' of different countries as well as international trade and business community and international chambers of commerce. Further, for facilitating and providing information on procedural requirements, TIFS also work in close coordination with the government both at the central and the state level as well as industry associations in India.

- Trade Consular's of different countries
- Government including Central and State
- Industry Associations
- International Trade and Business Community
- International Chambers of Commerce
- International Consulting Firms

How TIFS work in assisting investors?

It is envisaged to be the first-point-one-stop reference for potential investors from around the world. Our team of domain and functional experts provides sector-and state-specific inputs, and hand- holding support to investors. We assist with location identification, expediting regulatory approvals, facilitating meetings with relevant government and corporate officials among others. For instance, if an investor A from Germany wants to invest USD 100 million in a textile business in India.

- A team of trained staff will be associated with the task for maintaining a physical helpdesk and provide the investor with all the help required regarding the relevant approvals to set up a business and information related to investment areas across India.
- Facility to set up meetings of the investors with Government officials for specific investor queries, both at the state government and central government level.
- Regular updates on various economic developments in India in general and sector specific in particular.
- Updates on state level developments related to policy amendments, sectoral developments, taxation mechanism, infrastructural, etc.
- Updates on Foreign Direct Investment norms, Foreign Trade Policy, etc.

TIFS undertakes the following activities

i. Through regular research and networking with Government bodies, Entrepreneurs, Industry associations, Embassies/Consulates, Investment delegations, etc., the TIFS gather information on possible trade and investment opportunities in various sectors of the Indian economy.

ii. TIFS advises prospective traders and investors, national and international, in their process of filing applications and helping them meet other procedural and regulatory requirements. For this purpose, information on specific trade and investment guidelines at the state and central level is provided by TIFS.

iii. TIFS provides information at a broad level to international investors about possible potential joint venture partners in India. If TIFS is aware of any Indian parties interested in formation of Joint Ventures (JVs) with some global partners, such information is made available to interested investors.

iv. In case of requests made by individual investors to undertake specific research assignments, financial analysis or due diligence of any specific joint venture partner or Mergers & Acquisitions (M&A) targets, TIFS provides adequate resources to carry out such requests on an agreed cost.

v. In a nutshell, TIFS increases understanding amongst national and international investors on the promising investment areas and requirements and regulations for making investments. Facilitates in dealing with the Government in application procedures amongst the national and international Investors. Reduce lead time in investment processes and procedural transactions.

Registration

Registration is open to both Indian and foreign entities.

Registration fee is for your registration with TIFS program to receive updates on trade and investment scenario regularly for 1 year from the date of registration. However, for your specific queries consultancy charges would vary from case to case basis for facilitation services on detailed projects and exhaustive research studies.

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21. Conclusions

The Union Budget 2021-22 is growth oriented, demand boosting, investment inducing and employment creating. The budget has aimed at fiscal expansion with key focus on capital spending.

The Hon'ble Finance Minister has conceptualized the budget proposals on six pillars – health and wellbeing, physical and financial capital and infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation and Research and Development, and minimum government - maximum governance. In the wake of COVID-19, the budget has provided an impetus for healthcare and wellness improvement, skill development, infrastructure boost and education.

The budget has been growth oriented due to which it had cascading effects on the stock markets that were bullish. The Union Budget has very strikingly attracted the foreign players to invest in India, at the same time allowing the private players to compete and synergise with the government on multiple projects. The government has very well adopted for fiscal consolidation in a gradual phase over the years till 2025-26.

The budget has addressed the legacy issues for the economy. The setting up of an asset reconstruction company and asset management company to take over the stressed assets of the banking sector and is an attempt at cleaning up the NPA. The budget at this juncture has created a spur with clear-headed fiscal and economic strategizing economic and revving economic growth. With Union Budget 2021-22, India is well poised to be the land of promise and hope.

In the direct tax landscape, the announcements such as relief to senior citizens, pre-filling of tax returns and setting up the Dispute Resolution Committee, among others have been proposed to simplify the tax administration, bring transparency, ease compliance, and reduce litigation. Furthermore, in line with the overall objectives, the budget has put forward measures for attracting foreign investments. The custom duty provisions have been rationalised by revising its structure and sector-specific changes in the customs duty rates.

Disinvestment and strategic sale of assets of government have been another highlight of the Union Budget 2021-22. It has been very clearly defined in the budget that public sector would be restricted to 4 major areas, with minimum government and maximum governance. The budget has mainly focused on the areas in terms of spending such as infrastructure which is expected to reap significant multiplier effects in terms of demand creation and employment generation that will pull the economy to a higher growth trajectory.

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Disclaimer

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PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers. The Research Bureau has undertaken various policy studies for Government of India and state governments.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
• Research Studies	• Macro Economy	• Economic Affairs Newsletter (EAC)	• Trade & Investment Facilitation Services (TIFS)
• State Profiles	• States Development	• Forex and FEMA Newsletter	
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• Thematic Research Reports	• Foreign exchange market	• Trade & Investment Facilitation Services (TIFS) newsletter	
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13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
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93. Impact of Pandemic COVID-19 : PHD Chamber's detailed representation on short term and long term measures submitted to the Government (April 2020)
94. Mitigating the Impact of Pandemic COVID-19 on Trade & Industry: PHDCCI Representations to Government of India and State Governments (April 2020)
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107. The Future of Expanding India-USA Bilateral Relations-Strengthening bilateral ties through FTA (November 2020)
108. PHDCCI Economy GPS Index January 2021

B. State Reports

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111. Punjab: The State Profile (November 2011)
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