

Union Budget 2021: A Step Forward

The Union Budget 2021 has given a major thrust to infrastructure creation by expanding the National Infrastructure Pipeline (NIP) to 7,400 projects, budgeting Rs. 5.54 lakh crore towards capital expenditure for FY 2021-22 and facilitating it through setting up of a Development Finance Institution for infrastructure financing, offering PPP-mode for major port operation, asset monetisation, allocation of Rs. 3.06 lakh crore over a period of five years for a revamped, reforms-based and result-linked new power distribution sector scheme etc.

India is a country with a huge population. In order to encourage labour-intensive manufacturing sectors such as textiles that boost employment generation and exports, the government has proposed setting up of seven Textile Parks over three years to attract large scale investments, reducing Basic Customs Duty (BCD) on caprolactam, nylon chips and nylon fiber and yarn to encourage manufacture of man-made textiles, and increasing customs duty on cotton and raw silk and silk yarn as a step towards import substitution. The government has also rationalised exemption on import of duty-free items to incentivise exporters of garments, leather, and handicraft items, and withdrawn exemption on imports of certain kind of leathers.

In continuation with the objective of making India self-reliant (Atmanirbhar Bharat), the government has withdrawn some exemptions on imports of parts of chargers and sub-parts of mobiles and revised duty on some parts of mobiles to 2.5% from 'nil' rate, calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions, and raised duty on solar invertors from 5% to 20% and on solar lanterns from 5% to 15% to encourage domestic production.

For facilitating businesses, the government has proposed setting up of an Asset Reconstruction Company Limited and Asset Management Company for stressed asset resolution, decriminalising the Limited Liability Partnership (LLP) Act, 2008, easing compliance requirement of small companies by revising their definition under Companies Act, 2013, increasing turnover limit for tax audit to Rs. 10 crore from Rs. 5 crore for entities carrying out 95% transactions digitally etc.

For making cheap raw materials available to MSMEs, the government has uniformly reduced customs duty on certain iron and steel products, revoked Anti-Dumping Duty (ADD) and Counter-Veiling Duty (CVD) on certain steel products, exempted duty on steel scrap up to 31st March, 2022, and reduced duty on copper scrap from 5% to 2.5%.

To promote financial inclusion, the government has proposed to create a portal to collect information on unorganised labour force, migrant workers especially, to help formulate

schemes for them, provide social security benefits for gig and platform workers through implementation of labour codes and reduce margin money requirement under Stand Up India scheme for SCs, STs and women to 15%, among other measures.

With the objective of facilitating trade, the government has announced the Turant Customs initiative, a Faceless, Paperless, and Contactless Customs measure, and proposed to introduce a new procedure for administration of Rules of Origin to avoid misuse of our FTAs.

The government has continued its focus on alternative sources of energy such as renewable energy to fight against global warming through a capital infusion of Rs. 1,000 crore to Solar Energy Corporation of India and Rs. 1,500 crore to Indian Renewable Energy Development Agency.

Other notable announcements include the 'Operation Green Scheme' to be extended to 22 perishable products, to boost value addition in agriculture and allied products, 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, time limit for re-opening of income tax cases reduced to 3 years from 6 years, National Faceless Income Tax Appellate Tribunal Centre to be established, and consumers to have alternatives to choose their Power Distribution Company for enhancing competitiveness.

Notifications

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Key Highlights of Union Budget 2021-22

<https://pib.gov.in/PressReleasePage.aspx?PRID=1693907>

Govt. announces launch of Mega Investment Textiles Parks

<https://pib.gov.in/PressReleasePage.aspx?PRID=1694058>

GST Revenue collection for January 2021 almost touches ₹1.20 lakh crore

<https://pib.gov.in/PressReleasePage.aspx?PRID=1693779>