Highlights of Budget 2021-22 - PART-A

Why in news?

Union Finance Minister presented the Union Budget 2021-22, which is much a formal policy response to COVID-19, the once-in-a-century pandemic.

What are the key Budget priorities?

- The Budget lays a vision for AatmaNirbhar Bharat.
- The Budget proposals are set to further strengthen the *Sankalp* (oath) of Nation First, Doubling Farmer's Income, Strong Infrastructure, Healthy India, and Good Governance.
- Other priorities include Opportunities for youth, Education for All, Women Empowerment, and Inclusive Development among others.
- Additionally, on the path to fast-implementation are the 13 promises of Budget 2015-16-which were to materialize during the AmrutMahotsav of 2022, on the 75th year of Independence.
- The Budget proposals for 2021-22 rest on 6 pillars:
    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

- The Budget outlay for Health and Wellbeing is around Rs 2,23,000 crore in BE (Budget Estimate) 2021-22 as against this year's BE of Rs 94,452 crore, an increase of 137 percentage.
- A new centrally sponsored scheme, PM AatmaNirbhar Swasth Bharat Yojana, will be launched.
- The outlay for this scheme will be about Rs 64, 180 crore over 6 years, which will -
    i. develop capacities of primary, secondary, and tertiary care Health Systems
    ii. 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.
- The main interventions under the PM AatmaNirbhar Swasth Bharat Yojana are:
    - Support for close to 17,700 rural and around 11,000 urban Health and Wellness Centers
    - Setting up integrated public health labs in all districts and 3382 block public health units in 11 states
    - Establishing critical care hospital blocks in 602 districts and 12 central institutions
    - Strengthening of the National Centre for Disease Control (NCDC), its 5 regional branches and 20 metropolitan health surveillance units
    - Expansion of the Integrated Health Information Portal to all States/UTs to connect all public health labs
    - Operationalisation of 17 new Public Health Units
    - strengthening of 33 existing Public Health Units at Points of Entry, that is at 32 Airports, 11 Seaports and 7 land crossings
    - Setting up of 15 Health Emergency Operation Centers and 2 mobile hospitals
    - Setting up of -
        - a national institution for One Health
        - a Regional Research Platform for WHO South East Asia Region
        - 9 Bio-Safety Level III laboratories
        - 4 regional National Institutes for Virology
- **Vaccines** - Provision of Rs 35,000 crore is made for Covid-19 vaccine in BE 2021-22.
- The Pneumococcal Vaccine, a Made in India product, presently limited to only 5 states, will be rolled out across the country.
- This is aimed at averting 50,000 child deaths annually.
- **Nutrition** - Government will merge the Supplementary Nutrition Programme and the Poshan Abhiyan, and launch the Mission Poshan 2.0.
- This is to strengthen nutritional content, delivery, outreach, and outcome.
- Government will also adopt an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts.
- **Universal Coverage of Water Supply and Swachch Bharat Mission** - The Jal Jeevan Mission (Urban) will be launched for universal water supply in all 4,378 Urban Local Bodies.
- This will come with 2.86 crore household tap connections.
- Also, liquid waste management in 500 AMRUT cities is proposed.
- It will be implemented over 5 years, with an outlay of Rs. 2,87,000 crore.
- Moreover, the Urban Swachh Bharat Mission will be implemented with a total financial allocation of more than Rs 1,41,500 crore over a period of 5

years from 2021-2026.
- Government proposed to provide an amount of Rs. 2,217 crore for 42 urban centres with a million-plus population in this budget.
- This is aimed at tackling the burgeoning problem of air pollution.
- A voluntary vehicle scrapping policy to phase out old and unfit vehicles was also announced.
- Fitness tests have been proposed in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles

2. Physical and Financial Capital and Infrastructure

- **AatmaNirbhar Bharat- PLI Scheme** - For a USD 5 trillion economy, India's manufacturing sector has to grow in double digits on a sustained basis.
- India's manufacturing companies need to become an integral part of global supply chains, possess core competence and cutting-edge technology.
- To achieve the above, PLI (Production Linked Incentive) schemes have been announced for 13 sectors, to create manufacturing global champions for an AatmaNirbhar Bharat.
- For this, the government has committed nearly Rs.1.97 lakh crore in the next 5 years starting FY 2021-22.
- This initiative will help bring scale and size in key sectors, create and nurture global champions and provide jobs to our youth.
- **Textiles** - Mega Investment Textiles Parks (MITRA) scheme will be launched in addition to the PLI scheme.
- The aim is to enable the textile industry to become globally competitive, attract large investments and boost employment generation.
- The scheme will create world class infrastructure with plug and play facilities to enable create global champions in exports.
- As part of this, 7 Textile Parks will be established over 3 years.

Infrastructure

- The National Infrastructure Pipeline (NIP) announced in 2019 is the first-of-its-kind, whole-of-government exercise ever undertaken.
- 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 crore under some key infrastructure Ministries have been completed.
- **Infrastructure financing** - It was emphasized that the infrastructure needs long term debt financing.
- A professionally managed Development Financial Institution is necessary to

act as a provider, enabler and catalyst for this.
- Accordingly, a Bill to set up a DFI will be introduced.
- Government has provided a sum of Rs 20,000 crore to capitalise this institution.
- The ambition is to have a lending portfolio of at least Rs 5 lakh crore for this DFI in 3 years time.
- **Asset Monetisation** - Monetizing operating public infrastructure assets is an important financing option for new infrastructure construction.
- A "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.
- Some important measures in the direction of monetisation are:
    - National Highways Authority of India (NHAI) and PGCIL each have sponsored one InvIT (Infrastructure Investment Trust).
    - Five operational roads with an estimated enterprise value of Rs 5,000 crore are being transferred to the NHAI InvIT.
    - Similarly, transmission assets of a value of Rs 7,000 crore will be transferred to the PGCIL InvIT.
    - Railways will monetize Dedicated Freight Corridor assets for operations and maintenance, after commissioning.
    - The next lot of Airports will be monetised for operations and management concession.
- 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
vii. Sports Stadiums

- **Roads and Highways Infrastructure** - More than 13,000 km length of roads, at a cost of Rs 3.3 lakh crore, has already been awarded under the Rs. 5.35 lakh crore Bharatmala Pariyojana.
- Of this, 3,800 kms have been constructed.
- By March 2022, Government would be awarding another 8,500 kms.
- It would also complete an additional 11,000 kms of national highway corridors.

- To further augment road infrastructure, more economic corridors are also being planned.
- The Budget provided an enhanced outlay of close to Rs. 1,18,000 lakh crore for Ministry of Road Transport and Highways, of which around Rs.1,08,000 crore is for capital, the highest ever.
- **Railway Infrastructure** - Indian Railways have prepared a National Rail Plan for India 2030.
- The Plan is to create a 'future ready' Railway system by 2030.
- Bringing down the logistic costs for the industry is at the core of the strategy to enable 'Make in India'.
- It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022.
- For passenger convenience and safety, and better travel experience, aesthetically designed Vista Dome LHB (Linke Hofmann Busch) coach on tourist routes is proposed.
- To further strengthen safety measures, high density network and highly utilized network routes of Indian railways will be provided.
- This will come with an indigenously developed automatic train protection system that eliminates train collision due to human error.
- Budget also provided a record sum of Rs. 1,10,055 crore for Railways of which Rs. 1,07,100 crore is for capital expenditure.
- **Urban Infrastructure** - Government will work towards raising the share of public transport in urban areas.
- It will take this up through expansion of metro rail network and augmentation of city bus service.
- A new scheme will be launched at a cost of Rs. 18,000 crore to support augmentation of public bus transport services.
- 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.
- This is aimed to provide metro rail systems at much lesser cost with same experience, convenience and safety.
- This will be deployed in Tier-2 cities and peripheral areas of Tier-1 cities.
- **Power Infrastructure** - The past 6 years have seen a number of reforms and achievements in the power sector including –
    i. the addition of 139 Giga Watts of installed capacity, connecting an additional 2.8 crore households
    ii. addition of 1.41 lakh circuit km of transmission lines
- The Budget expressed serious concern over the viability of Distribution Companies.
- In this regard, it was proposed to launch a revamped reforms-based result-

linked power distribution sector scheme.

- It will be rolled out with an outlay of around Rs. 3,06,000 crore over 5 years.
- The scheme will provide assistance to DISCOMS for Infrastructure creation including pre-paid smart metering and feeder separation, upgradation of systems, etc., tied to financial improvements.
- **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 this purpose, the budget proposes to offer more than Rs. 2,000 crore by Major Ports on Public Private Partnership mode in FY21-22.
- A scheme to promote flagging of merchant ships in India will be launched.
- It will provide subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs.
- An amount of Rs. 1624 crore will be provided over 5 years for this.
- This initiative will enable greater training and employment opportunities for Indian seafarers besides enhancing Indian companies share in global shipping.
- **Petroleum & Natural Gas** - The government has kept fuel supplies running across the country without interruption during the COVID-19 lockdown period.
- Taking note of the crucial nature of this sector in people's lives, the following key initiatives are being announced:
    1. Ujjwala Scheme which has benefited 8 crore households will be extended to cover 1 crore more beneficiaries.
    2. Government will add 100 more districts in next 3 years to the City Gas Distribution network.
    3. A gas pipeline project will be taken up in UT of Jammu & Kashmir.
    4. An independent Gas Transport System Operator will be set up.
        - The Operator is for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis.

- **Financial Capital** - The Finance Minister proposed to consolidate into a rationalized single Securities Markets Code, the provisions of –
    i. SEBI Act, 1992
    ii. Depositories Act, 1996
    iii. Securities Contracts (Regulation) Act, 1956
    iv. Government Securities Act, 2007
- The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC (Gujarat International Finance Tec-City - International Financial Services Centre).
- Increasing FDI in Insurance Sector - In this regard, it was proposed to

amend the Insurance Act, 1938.

- This is primarily to increase the permissible FDI limit from 49% to 74% 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.
    - At least 50% of Directors would be Independent Directors.
    - Specified percentage of profits would be retained as general reserve.
- **Disinvestment and Strategic Sale** - In spite of COVID-19, Government has kept working towards strategic disinvestment.
- A number of transactions would be completed in 2021-22.
    - These include BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, and Neelachal Ispat Nigam limited among others.
- Other than IDBI Bank, Government propose 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.
- In the AtmaNirbhar Package, the Finance Minister announced to come out with a policy of strategic disinvestment of public sector enterprises.
- The policy provides a clear roadmap for disinvestment in all non-strategic and strategic sectors.
- Government has kept four areas that are strategic where bare minimum CPSEs will be maintained and rest privatized.
- In the non-strategic sectors, CPSEs will be privatised; otherwise, they shall be closed.
- To fast forward the disinvestment policy, NITI Aayog will work out on the next list of Central Public Sector companies that would be taken up for strategic disinvestment.
- Government has estimated Rs. 1,75,000 crore as receipts from disinvestment in BE 2020-21 .

3. Inclusive Development for Aspirational India

- Under this, the Finance Minister announced to cover Agriculture and Allied sectors, farmers' welfare and rural India, migrant workers and labour, and financial inclusion.
- **Agriculture -** The MSP regime has undergone a sea change to assure price that is at least 1.5 times the cost of production across all commodities.
- The procurement has also continued to increase at a steady pace.
- This has resulted in an increase in payment to farmers substantially.
    - The number of wheat growing farmers that were benefitted increased in

2020-21 to 43.36 lakhs as compared to 35.57 lakhs in 2019-20.
    - For paddy, the farmers benefitted increased from 1.24 crore in 2019-20 to 1.54 crore in 2020-21.
    - In case of pulses, a more than 40 times increase in payment from 2013-14 was seen in 2020-2021.
    - The receipts to cotton farmers have seen a stupendous increase from Rs. 90 crore in 2013-14 to Rs. 25,974 crore (as on 27th January 2021).
- Also, Prime Minister had recently launched the SWAMITVA Scheme.
- Under this, a record of rights is being given to property owners in villages.
- Up till now, about 1.80 lakh property-owners in 1,241 villages have been provided cards.
- The Finance Minister proposed to extend this to cover all states/UTs during FY21-22.
- To provide adequate credit to farmers, Government has enhanced the agricultural credit target to Rs. 16.5 lakh crore in FY22.
- Similarly, the allocation to the Rural Infrastructure Development Fund increased from Rs. 30,000 crore to Rs. 40,000 crore.
- The Micro Irrigation Fund with a corpus of Rs.5,000 crore created under NABARD will be doubled.
- The scope of 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.
- This is to boost value addition in agriculture and allied products and their exports.
- Around 1.68 crore farmers are registered and Rs. 1.14 lakh crore of trade value has been carried out through e-NAMs.
- In view of the transparency and competitiveness that e-NAM has brought into the agricultural market, 1,000 more mandis will be integrated with e-NAM.
- The Agriculture Infrastructure Funds would be made available to APMCs for augmenting their infrastructure facilities.

- **Fisheries** - Finance Minister proposed substantial investments in the development of modern fishing harbours and fish landing centres.
- To start with, 5 major fishing harbours will be developed as hubs of economic activity.
- These are Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat.

- **Migrant Workers and Labourers** - Government has launched the One Nation One Ration Card scheme.
- Through this, beneficiaries can claim their rations anywhere in the country.
- One Nation One Ration Card plan is under implementation by 32 states and

UTs.
    - It is reaching about 69 crore beneficiaries which is a total of 86% beneficiaries being covered.
    - The remaining 4 states and UTs will be integrated in the next few months.
- Government proposes to conclude a process that began 20 years ago, with the implementation of the 4 labour codes.
- For the first time globally, social security benefits will extend to gig and platform workers.
- Minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation.
- Women will be allowed to work in all categories and also in the night-shifts with adequate protection.
- At the same time, compliance burden on employers will be reduced with single registration and licensing, and online returns.
- **Financial Inclusion** - It was announced to further facilitate credit flow under the scheme of Stand Up India for SCs, STs, and women.
- In this regard, it was proposed to reduce the margin money requirement for loans from 25% to 15% and also include loans for activities allied to agriculture.
- The Government has also provided Rs. 15,700 crore to the MSME sector which is more than double of this year's BE.

4. Reinvigorating Human Capital

- More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy.
- Also, 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.
- It was also proposed to set up a Higher Education Commission of India.
    - This will be an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding.
- For accessible higher education in Ladakh, Government proposed to set up a Central University in Leh.
- **Scheduled Castes and Scheduled Tribes Welfare** - Government has set a target of establishing 750 Eklavya model residential schools in tribal areas.
- This would come with increase in unit cost of each such school from Rs. 20 crore to Rs. 38 crore, and for hilly and difficult areas, to Rs. 48 crore.
- Similarly, under the revamped Post Matric Scholarship Scheme for the welfare of Scheduled Castes, the Central Assistance was enhanced.
- Around Rs. 35,200 crore was allocated for 6 years till 2025-2026, to benefit 4 crore SC students.

- **Skilling** - An initiative is underway in partnership with the United Arab Emirates (UAE) in this regard.
- The aim is to benchmark skill qualifications, assessment, and certification, accompanied by the deployment of certified workforce.
- The Government also has a collaborative Training Inter Training Programme (TITP) between India and Japan.
- This is to facilitate transfer of Japanese industrial and vocational skills, technique, and knowledge.
- The same would be taken forward with many more countries.

5. Innovation and R&D

- In the Budget Speech of July 2019, announcement was made on the National Research Foundation (NRF).
- It was added that the NRF outlay would be of Rs. 50,000 crore, over 5 years.
- The NRF will ensure that the overall research ecosystem of the country is strengthened with focus on identified national-priority thrust areas.
- Government will now undertake a new initiative, the National Language Translation Mission (NTLM).
- This will enable the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.
- The New Space India Limited (NSIL), a PSU under the Department of Space will execute the PSLV-CS51 launch.
- As part of the Gaganyaan mission activities, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia.
- The first unmanned launch is slated for December 2021.

6. Minimum Government, Maximum Governance

- The Budget proposes to take steps to bring reforms in Tribunals for speedy delivery of justice.
    - It also proposes to take further measures to rationalise the functioning of Tribunals.
- Government has introduced the National Commission for Allied Healthcare Professionals Bill in Parliament.
    - It came with a view to ensure transparent and efficient regulation of the 56 allied healthcare professions.
- It was also announced that the forthcoming Census could be the first digital census in the history of India.
    - For this monumental task, around Rs. 3,700 crore is allocated in the year 2021-2022.

What are the other key mentions in the Budget?

- **Revenue and Expenditure** - On Fiscal position, it was underlined that the pandemic's impact on the economy resulted in a weak revenue inflow.
- It was also mentioned that as the health situation stabilised, and the lockdown was slowly lifted, Government spending was ramped up so as to revive domestic demand.
- As a result, against an original BE expenditure of Rs. 30.42 lakh crore for 2020-2021, RE estimates are Rs. 34.50 lakh crore and quality of expenditure was maintained.
- The capital expenditure, estimated in RE is Rs. 4.39 lakh crore in 2020-2021 as against Rs. 4.12 lakh crore in BE 2020-21.
- **Fiscal Deficit** - The Finance Minister said that the fiscal deficit in RE 2020-21 was pegged at 9.5% of GDP.
    - This has been funded through Government borrowings, multilateral borrowings, Small Saving Funds and short term borrowings.
    - The Government would need another Rs 80,000 crore for which it would be approaching the markets in these 2 months.
- The fiscal deficit in BE 2021-2022 is estimated to be 6.8% of GDP.
- The gross borrowing from the market for the next year would be around 12 lakh crore.
- The FRBM Act mandates fiscal deficit of 3% of GDP to be achieved by 31st March 2020-2021.
- The effect of this year's unforeseen and unprecedented circumstances has necessitated the submission of a deviation statement under Sections 4 (5) and 7 (3) (b) of the FRBM Act.
    - The Finance Minister laid this on the Table of the House as part of the FRBM Documents.
- It is spelt out that the government plans to continue the path of fiscal consolidation.
- It intends to reach a fiscal deficit level below 4.5% of GDP by 2025-2026 with a fairly steady decline over the period.
- This is planned to be achieved by -
    i. increasing the buoyancy of tax revenue through improved compliance
    ii. increased receipts from monetisation of assets, including Public Sector Enterprises and land
- On 9th December 2020, the 15th Finance Commission submitted its final report, covering the period 2021-2026.
- The Government has laid the Commission's report, along with the explanatory memorandum retaining the vertical shares of the states at 41%.
- On the Commission's recommendation, the Budget provided around Rs. 1,18,500 crore as revenue deficit grant to 17 states in 2021-22.
- Also, in accordance with its recommendation, Government is allowing a

normal ceiling of net borrowing for the states at 4% of GSDP for the year 2021-2022.

Source: PIB

