

Indian Constitutional Aid Association



ANALYSIS UNION BUDGET 2021-22

Author: Jahnavi Gupta
Indian Constitutional Aid Association

Significant announcements

- Ø Hikes in customs duty to benefit Make in India
- Ø Proposal to disinvest two more PSBs and a general insurance company, and numerous infrastructure pledges to poll-bound States.
- Ø Fiscal deficit stands at 9.5% of the GDP, and is estimated to be 6.8% in 2021-22.
- Ø Personal income tax slabs remain same.

Budget proposals will further strengthen

- Ø Sankalp of Nation First
- Ø Doubling Farmer's Income
- Ø Strong Infrastructure
- Ø Healthy India
- Ø Good Governance
- Ø Opportunities for youth
- Ø Education for All, Women Empowerment,
Inclusive Development among others

What's Cheaper

- Ø Gold & Silver
- Ø Iron, Steel and Copper items
- Ø Leather Goods
- Ø Nylon clothes
- Ø Insurance
- Ø Electricity
- Ø Shoes

What's Costlier

- Ø Electronic items
- Ø Mobile Phones
- Ø Chargers
- Ø Petrol and Diesel
- Ø Gems

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

Ø Budget outlay for Health and Wellbeing is **Rs 2, 23,846** crore in BE 2021-22 as against this year's BE of **Rs 94,452 crore**, an increase of 137 percentage

Ø **PM AatmaNirbhar Swasth Bharat Yojana**, will be launched with an outlay of about Rs 64, 180 crore over 6 years

The main interventions under the scheme are:

- a. Support for 17,788 rural and 11,024 urban Health and Wellness Centers
- b. Setting up integrated public health labs in all districts and 3382 block public health units in 11 states;
- c. Establishing critical care hospital blocks in 602 districts and 12 central institutions;
- d. Strengthening of the National Centre for Disease Control (NCDC), its 5 regional branches and 20 metropolitan health surveillance units;
- e. Expansion of the Integrated Health Information Portal to all States/UTs to connect all public health labs;
- f. Operationalisation of 17 new Public Health Units and strengthening of 33 existing Public Health Units at Points of Entry, that is at 32 Airports, 11 Seaports and 7 land crossings;
- g. Setting up of 15 Health Emergency Operation Centers and 2 mobile hospitals; and
- h. 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 and 4 regional National Institutes for Virology.

Vaccines

Ø Provision of Rs 35,000 crore made for Covid-19 vaccine in BE 2021-22.

Ø **The Pneumococcal Vaccine**, a Made in India product, presently limited to only 5 states, will be rolled out across the country aimed at averting 50,000 child deaths annually.

Nutrition

Ø Government will merge the Supplementary Nutrition Programme and the PoshanAbhiyan and launch the Mission Poshan 2.0.

Ø Government will adopt an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts.

Universal Coverage of Water Supply and Swachh Bharat Mission

Ø **Jal Jeevan Mission (Urban)**, will be launched for universal water supply in all 4,378 Urban Local Bodies with 2.86 crore household tap connections, as well as liquid waste management in 500 AMRUT cities.

Ø It will be implemented over 5 years, with an outlay of Rs. 2, 87,000 crore.

Ø Moreover, the Urban Swachh Bharat Mission will be implemented with a total financial allocation of Rs 1,41,678 crore over a period of 5 years from 2021-2026.

Ø Also to tackle the burgeoning problem of air pollution, government proposed to provide an amount of Rs. 2,217 crore for 42 urban centres with a million-plus population in this budget.

Ø 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

Ø AatmaNirbhar Bharat-Production Linked Incentive Scheme

Ø PLI schemes to create manufacturing global champions for an AatmaNirbhar Bharat has been announced for 13 sectors. For this, the government has committed nearly Rs.1.97 lakh crore in the next 5 years starting FY 2021-22

Textiles

Ø Scheme of **Mega Investment Textiles Parks (MITRA)** will be launched in addition to the PLI scheme. This will create world class infrastructure with plug and play facilities to enable create global champions in exports.

Ø 7 Textile Parks will be established over 3 years.

Infrastructure

Ø **The National Infrastructure Pipeline (NIP)** was launched with 6835 projects

Ø The project pipeline has now expanded to 7,400 projects.

Ø Around 217 projects worth Rs 1.10 lakh crore under some key infrastructure Ministries have been completed.

Infrastructure financing - Development Financial Institution (DFI)

Ø A Bill to set up a DFI will be introduced, Government has provided a sum of Rs 20,000 crore to capitalize this institution and the ambition is to have a lending portfolio of at least Rs 5 lakh crore for this DFI in three years time.

Asset Monetization

- Ø A “**National Monetization Pipeline**” of potential Brownfield infrastructure assets will be launched.
- Ø An Asset Monetization dashboard will also be created for tracking the progress and to provide visibility to investors.
- Ø Some **important measures in the direction** of monetization are:
 - a. 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 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.
 - b. Railways will monetize Dedicated Freight Corridor assets for operations and maintenance, after commissioning.
 - c. The next lot of Airports will be monetized for operations and management concession.
 - d. 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

- Ø By March 2022, Government would be awarding 8,500 kms and complete an additional 11,000 kms of national highway corridors.
- Ø She also provided an enhanced outlay of Rs. 1,18,101 lakh crore for Ministry of Road Transport and Highways, of which Rs.1,08,230 crore is for capital, the highest ever.

Railway Infrastructure

- Ø Indian Railways have prepared a National Rail Plan for India – 2030. The Plan is to create a ‘**future ready**’ Railway system by 2030.
- Ø It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022.
- Ø For Passenger convenience and safety the following measures are proposed:
 - a. Introduction of aesthetically designed Vista Dome LHB coach on tourist routes to give a better travel experience to passengers.
 - b. To further strengthen this effort, high density network and highly utilized network routes of Indian railways will be provided with an indigenously developed automatic train protection system that eliminates train collision due to human error.
 - c. 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

- Ø Government will work towards raising the share of public transport in urban areas 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.
- Ø 1,016 km of metro and RRTS are under construction in 27 cities.
- Ø 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.

Power Infrastructure

- Ø Launch of a revamped reforms-based result-linked power distribution sector scheme with an outlay of Rs. 3, 05,984 crore over 5 years.
- Ø 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

- Ø 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 the budget proposes to offer more than Rs. 2,000 crore by Major Ports on Public Private Partnership mode in FY21-22.
- Ø 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 crore will be provided over 5 years. This initiative will enable greater training and employment opportunities for Indian seafarers besides enhancing Indian companies share in global shipping.

Petroleum & Natural Gas

Ø Key initiatives are being announced:

- a. Ujjwala Scheme which has benefited 8 crore households will be extended to cover 1 crore more beneficiaries.
- b. Government will add 100 more districts in next 3 years to the City Gas Distribution network.
- c. A gas pipeline project will be taken up in Union Territory of Jammu & Kashmir.
- d. An independent Gas Transport System Operator will be set up for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis.

Financial Capital

Ø The Finance Minister proposed to consolidate 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.

Ø The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC.

Increasing FDI in Insurance Sector

- Ø She also proposed to amend the Insurance Act, 1938 to increase the permissible **FDI limit from 49% to 74%** and allow foreign ownership and control with safeguards.
- Ø 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.

Disinvestment and Strategic Sale

- Ø Privatization of two Public Sector Banks and one General Insurance company in the year 2021-22.
- Ø In 2021-22, Government would also bring the **IPO of LIC**
- Ø **AtmaNirbhar Package**, 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 estimated Rs. 1, 75,000 crore as receipts from disinvestment in BE 2020-21.

3. Inclusive Development for Aspirational India

Agriculture

- Ø 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 Finance Minister said in her speech.
- Ø In 2020-2021, the amount, paid to farmers, was Rs. 75,060 crore. The number of **wheat** growing farmers that were benefitted increased in 2020-21 to 43.36 lakh.
- Ø For **paddy**, the farmers benefitted increased from 1.24 crore in 2019-20 to 1.54 crore in 2020-21.
- Ø In the same vein, in case of **pulses**, the amount paid is at Rs.10, 530 crore, a more than 40 times increase from 2013-14.
- Ø 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).
- Ø To provide adequate credit to our farmers, Government has enhanced the agricultural credit target to Rs. 16.5 lakh crore in FY22.
- Ø Similarly, the allocation to the Rural Infrastructure Development Fund increased from Rs. 30,000 crore to Rs. 40,000 crore.
- Ø The Micro Irrigation Fund, with a corpus of Rs.5, 000 crore has been created under NABARD will be doubled.
- Ø In an important announcement to boost value addition in agriculture and allied products and their exports, the scope of **‘Operation Green Scheme’** that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.
- Ø Around 1.68 crore farmers are registered and Rs. 1.14 lakh crore of trade value has been carried out through **e-NAMs**. Keeping in view 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

∅ To start with, 5 major fishing harbours – **Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat** – will be developed as hubs of economic activity.

Migrant Workers and Laborers

∅ Government has launched the **One Nation One Ration Card scheme** through which beneficiaries can claim their rations anywhere in the country. One Nation One Ration Card plan is under implementation by 32 states and UTs, reaching about 69 crore beneficiaries – that's a total of 86% beneficiaries 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

∅ To further facilitate credit flow under the scheme of Stand up India for SCs, STs, and women, the Finance Minister proposed to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture.

∅ A number of steps were taken to support the MSME sector and in this Budget, Government has provided Rs. 15,700 crore to this sector – more than double of this year's BE.

4. Reinvigorating Human Capital

Education

- Ø The Finance Minister said that the **National Education Policy (NEP)** announced recently has had good reception but in reality the child education sector remains underfunded which has gone down from 2.18 percent in 2020-21 to 1.74 percent in 2021-22.
- Ø 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy.
- Ø **100 new Sainik Schools** will be set up in partnership with NGOs/private schools/states.
- Ø She also proposed to set up a **Higher Education Commission of India**, as an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding.
- Ø For accessible higher education in Ladakh, Government proposed to set up a **Central University in Leh**.
- Ø Blind eye towards children by the Government by giving them only 2.46 per cent of the total Union Budget 2021-22 and the lowest share in the budget in the last ten years.
- Ø In Department of School Education and Literacy the allocation has been a decreased to 9.17 percent.
- Ø Ministry of Women and Child Development has also seen a decreased allocation of 20.05 percent.
- Ø In Ministry of Youth Affairs and Sports the decreased allocation is 8.70percent.
- Ø The allocations for Department of Health & Family Welfare has increased by 15.47 per cent (BE) in the Union Budget 2021-22.

Share in Union Budget-

Health - 0.11 percent

- Ø The NRHM-Flexible Pool under child health has observed an increase of almost 16 percent with a total outlay of Rs. 3459 Crore in the Union Budget 2021-22.
- Ø The allocation for the Mid-Day Meal Scheme has received a 4.55 per cent increase with a total outlay of Rs. 11500 Crore in the Union Budget 2021-22.
- Ø It is the only sector in which there has been an increase in the allocation of funds.
- Ø PM AtmaNirbhar Swasth Bharat Yojana with an outlay of Rs. 64810 Crore over six years is a welcome move.

Development – 0.57 percent

- Ø Education – 1.74 percent, The allocation for key flagship programme, Samagra Shiksha has been reduced by 19.87 as against the previous year amidst a crisis that has affected child education, particularly in terms of both access and quality of education.

Protection – 0.03 percent

- Ø Their share has been reduced in comparison to previous years let alone any increase in any sector. Now, in the Union Budget 2021-22, Child Protection Services and Child Welfare Services are merged to constitute what is being called Mission Vatsalya, which has received a total of Rs. 900 Crore. This is a huge shortfall of 40 per cent when measured against an allocation of Rs. 1500 Crore for ICPS alone in Union Budget 2020-21.

Scheduled Castes and Scheduled Tribes Welfare

- Ø Government has set a target of establishing **750 Eklavya model residential schools** in tribal areas 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.
- Ø **Post Matric Scholarship Scheme** for the welfare of Scheduled Castes, the Central Assistance was enhanced and allocated Rs. 35,219 crore for 6 years till 2025-2026, to benefit 4 crore SC students.

Skilling

- Ø 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.
- Ø The Government also has a collaborative **Training Inter Training Programme (TITP)** between India and Japan to facilitate transfer of Japanese industrial and vocational skills, technique, and knowledge and the same would be taken forward with many more countries.

5. Innovation and R&D

- Ø **National Research Foundation (NRF)** outlay will be of Rs. 50,000 crore, over 5 years. It will ensure that the overall research ecosystem of the country is strengthened with focus on identified national-priority thrust areas.
- Ø Government will undertake a new initiative – **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.
- Ø **The New Space India Limited (NSIL)**, a PSU under the Department of Space will execute the PSLV-CS51 launch, carrying the Amazonia Satellite from Brazil, along with a few smaller Indian satellites.
- Ø 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

- Ø Dwelling on the last of the six pillars of the Budget, the Finance Minister proposed to take a number of steps to bring reforms in Tribunals in the last few years for speedy delivery of justice and proposes to take further measures to rationalize the functioning of Tribunals.
- Ø Government has introduced the **National Commission for Allied Healthcare Professionals Bill** in Parliament, with a view to ensure transparent and efficient regulation of the 56 allied healthcare professions.
- Ø 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.
- Ø The Finance Minister said fiscal **deficit** in RE 2020-21 is pegged at 9.5% of GDP and it has been funded through Government borrowings, multilateral borrowings, Small Saving Funds and short term borrowings. She added that 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.
- Ø Smt. Sitharaman announced that the Government plan to continue the path of fiscal consolidation, and intend to reach a fiscal deficit level below 4.5% of GDP by 2025-2026 with a fairly steady decline over the period.
- Ø In accordance with the views of the 15th Finance Commission, Government is allowing a **normal ceiling of net borrowing** for the states at 4% of GSDP for the year 2021-2022.
- Ø The FRBM Act mandates fiscal deficit of 3% of GDP to be achieved by 31st March 2020-2021
- Ø 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 Rs. 1, 18,452 crore as revenue deficit grant to 17 states in 2021-22.

DIRECT TAX PROPOSALS

- ∅ The Finance Minister provided relief to **senior citizens** in filing of income tax returns, reduced time limit for income tax proceedings announced setting up of **the Dispute Resolution Committee**, faceless ITAT, relaxation to NRIs, increase in exemption limit from audit and relief for dividend income.
- ∅ She also announced steps to attract foreign investment into infrastructure, relief to affordable housing and rental housing, tax incentives to IFSC, relief to small charitable trusts, and steps for incentivizing Start-ups in the country.
- ∅ The Budget seeks to reduce compliance burden on senior citizens who are of 75 years of age and above. Such senior citizens having only pension and interest income will be exempted from filing their income tax return. The paying Bank will deduct the necessary tax on their income.
- ∅ The Budget proposes to notify rules for removing the hardship of **non-Resident Indians** returning to India on the issue of their accrued incomes in their foreign retirement account. The Budget proposes to make dividend payment to REIT/InvIT exempt from TDS. For Foreign Portfolio Investors, the Budget proposes deduction of tax on dividend income at lower treaty rate.
- ∅ The Budget provides that advanced tax liability on dividend income shall arise only after the declaration or payment of dividend. The Minister said that this was being done as the amount of dividend income cannot be estimated correctly by the shareholders for paying advance tax.
- ∅ The Finance Minister 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.

- Ø In order to increase the supply of affordable houses, she also announced extension of eligibility period for claiming tax holiday for affordable housing projects by one more year to 31st March, 2022. For promoting supply of affordable rental housing for the migrant workers, the Minister announced a new tax exemption for the notified affordable rental housing projects.
- Ø In order to incentivize start ups in the country, Smt. Sitharaman announced extension in the eligibility for claiming tax holiday for startups by one more year till 31st March, 2022.
- Ø In order to incentivize funding of start ups, she proposed extending the Capital Gains exemption for investment in startups by one more year till 31st March, 2022.
- Ø The Finance Minister said that delay in deposit of the contribution of employees towards various welfare funds results in permanent loss of interest/income for the employees. In order to ensure timely deposit of employee's contribution to these funds by the employers, she announced that late deposit of employee's contribution shall never be allowed as deduction to the employer.
- Ø In order to reduce compliance burden, the Budget provides reduction in the time-limit for reopening of income tax proceeding for three years from the present six years. In serious tax evasion cases, where there is evidence of concealment of income of Rs. 50 lakh or more in a year, the assessment can be reopened up to 10 years but only after the approval of the Principal Chief Commissioner.
- Ø Stating the resolve of the Government to reduce litigation in the taxation system, the Finance Minister said that the **Direct Tax Vivad se Vishwas Scheme** announced by the Government has been received well. Until 30th January, 2021, over one lakh ten thousand tax payers have opted to settle tax dispute of over Rs. 85 thousand crores under the Scheme. To further reduce litigation of small tax payers, she proposed to constitute a **Dispute Resolution Committee**. 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. She also announced setting up of National **Faceless Income Tax Appellate Tribunal Centre**.

- Ø Budget proposes to increase the limit for **tax audit** for persons who are undertaking 95 per cent of their transaction digitally from **Rs. 5 Crore to Rs. 10 Crore**.
- Ø In order to allow funding of infrastructure by issue of **zero coupon bonds**, the Budget proposes to make notified infrastructure debt funds eligible to raise funds by issuing tax efficient zero coupon bonds.
- Ø In order to promote International Financial Services Centre (IFSC) in GIFT City, the Budget proposes more tax incentives.
- Ø The Budget proposes those details of capital gains from listed securities, dividend income and interest from banks; post office etc. will also be pre-filled to ease filing of returns. Details of salary income, tax payment, TDS etc already come pre-filled in returns.
- Ø In order to reduce compliance burden on the small charitable trust running educational institutions and hospitals, the Budget proposes to increase the limit on annual receipts for these trusts from present Rs.1 Crore to Rs. 5 Crore for non-applicability of various compliances.

INDIRECT TAX PROPOSALS

- Ø The capacity of GSTN system has been announced.
- Ø With respect to the custom duty policy in this regard, she proposed to review 400 old exemptions in the custom duty structure this year.
- Ø Extensive consultation will be conducted and from 1st October, 2021, a revised custom duty structure free of distortions will be put in place.
- Ø She also proposed that any new custom duty exemptions henceforth will have validity up to the 31st March following 2 years of the date of its issue.
- Ø The Finance Minister announced withdrawal of a few exemptions on parts of chargers and sub-parts of **mobile phones** further some parts of mobiles will move from “NIL” rate to a moderate 2.5 per cent
- Ø . She also announced reducing custom duty uniformly to 7.5 per cent on **semis, flat, and long products of non-alloy and stainless steel**. She also announced exempting duty on steel scrap for a period up to 31st March 2022.
- Ø Stressing on the need to rationalize duty on raw material inputs to man-made textile, the Finance Minister announced bringing **nylon** chain on par with polyester and other man-made fibers. Announcing uniform deduction of the BCD rates on Caprolactam, nylon chips and nylon fiber and yarn to 5 per cent, the Minister said this will help the textile industry, MSMEs and exports too.

- Ø She also announced calibration of customs duty rate on chemical to encourage domestic value addition and to remove inversions. The Minister also announced rationalization of custom duty on **gold and silver**.
- Ø She announced raising duty on **solar inverter** from 5 per cent to 20 percent and on solar lanterns from 5 per cent to 15 per cent.
- Ø Revision in duty rates on certain items immediately including tunnel boring machine and certain auto parts.
- Ø The Budget proposes certain changes to benefit MSMEs which include increasing duty on steel screws, plastic builder wares and prawn feed. It also provide for rationalizing exemption on import of duty free items as an incentives to exporters of **garments leather and handicraft items**.
- Ø It also provides withdrawing exemption on imports of certain kind of **leather** and raising custom duty on finished **synthetic gem stones**.
- Ø To benefit farmers, the Finance Minister announced raising custom duty on **cotton, raw silk and silk yarn**.
- Ø She also announced withdrawing end-use based concessions on **denatured ethyl alcohol**.
- Ø The Minister also proposed an **Agriculture Infrastructure and Development Cess** on a small number of items.
- Ø Regarding rationalization of procedures and easing of compliance, the Finance Minister proposed certain changes in the provisions relating to ADD and CVD levies. The Minister said that the **Turant Custom Initiative** rolled out in 2020 has helped in putting a check of misuse of FTAs.

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