



Budget 2021





BACKGROUND

The Union Budget 2021-22 speech by Finance Minister (FM) Nirmala Sitharaman saw provisions laid out for a number of key sectors, with the underlying theme of making India self-reliant and starting an economic revival. The Budget had been projected to rest on 6 main pillars - 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. Via this presentation, we highlight the key proposals for various sectors under the six pillars as mentioned in the FM's speech.

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1. HEALTHCARE AND WELL-BEING

Healthcare And Well-Being

1. Health Systems

The Government to launch the PM Atmanirbhar Swasth Bharat Abhiyan Yojana. It will be a Centrally-sponsored scheme launched with an outlay worth INR 61,480 Cr over 6 years;

2. Nutrition

Merging the Supplementary Nutrition Programme and the Poshan Abhiyan and launching the Mission Poshan 2.0. Adoption of an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts.

3. Universal Water Supply

The Jal Jeevan Mission (Urban), will be launched. 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 INR 2,87,000 crore.

4. Swachh Bharat, Swasth Bharat (Clean India, Healthy India)

The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of INR 1,41,678 crore over a period of 5 years from 2021-2026.



Healthcare And Well-Being

5. Clean Air

INR 2,217 crore for 42 urban centres with a million-plus population in this budget proposed to tackle air pollution

6. Scrapping Policy

Details will be shared separately by the Ministry soon

7. Vaccine

- The Pneumococcal Vaccine, a Made in India product, is presently limited to only 5 states – it will be rolled out across the country. This will avert more than 50,000 child deaths annually.
- Commitment to provide more funds other than the already allocated INR 35,000 Crore for the COVID vaccine in BE 2021-22





2. PHYSICAL / FINANCIAL CAPITAL AND INFRASTRUCTURE

Physical / Financial Capital & Infrastructure

PRODUCTION LINKED INCENTIVE SCHEME (PLI)

- PLI schemes to create manufacturing global champions for an AtmaNirbhar Bharat have been announced for 13 sectors.
- For this, the government has committed nearly INR 1.97 lakh crore, over 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 the youth.

TEXTILES

- To enable the textile industry to become globally competitive, attract large investments and boost employment generation, a 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. 7 Textile Parks will be established over 3 years.



Physical / Financial Capital & Infrastructure

INFRASTRUCTURE

- The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects.
- Around 217 projects worth INR 1.10 lakh crore under some key infrastructure Ministries have been completed.

INFRASTRUCTURE FINANCING - DEVELOPMENT FINANCIAL INSTITUTION (DFI)

- The Govt. shall introduce a Bill to set up a DFI. INR 20,000 crore provided to capitalize this institution, targeting an INR 5 lakh crore lending portfolio in 3 years
- 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.



Asset Monetization

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 monetization are:

- 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 INR 5,000 crore are being transferred to the NHAI InvIT. Similarly, transmission assets of a value of INR 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 monetized 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 and (vii) Sports Stadiums.



Road And Railway Infra Proposals

Road Infrastructure

- More than 13,000 km length of roads, at a cost of INR 3.3 lakh crore has already been awarded under the INR 5.35 lakh crore Bharatmala Pariyojana project of which 3,800 km have been constructed. By March
- By March 2022, the Government would be awarding another 8,500 km and complete an additional 11,000 km of national highway corridors.
- Provision of an enhanced outlay of INR 1,18,101 lakh crore for Ministry of Road Transport and Highways, of which INR 1,08,230 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.



Road And Railway Infra Proposals

ECONOMIC CORRIDORS BEING PLANNED TO FURTHER AUGMENT ROAD INFRA

- 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh crore.
- 1,100 km of National Highway works in the State of Kerala at an investment of INR 65,000 crore 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 INR 25,000 crore including upgradation of existing road-Kolkata–Siliguri
- National Highway works of around INR 19,000 crore are currently in progress in the State of Assam. Further works of more than INR 34,000 crore covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years

INITIATIVES FOR RAILWAY INFRASTRUCTURE (EDFC & WDFC)

- The Sonnagar–Gomoh Section (263.7 km) of Eastern DFC will be taken up in PPP mode in 2021-22. Gomoh-Dankuni section of 274.3 km will also be taken up in short succession.
- Future dedicated freight corridor projects namely East Coast corridor from Kharagpur to Vijayawada, East-West Corridor from Bhusaval to Kharagpur to Dankuni and North-South corridor from Itarsi to Vijayawada. Detailed Project Reports will be undertaken in the first phase.
- Broad Gauge Route Kilometers (RKM) electrified is expected to reach 46,000 RKM i.e., 72% by end of 2021 from 41,548 RKM on 1st Oct 2020. 100% electrification of Broad-Gauge routes will be completed by December 2023.



Urban Infrastructure

PUBLIC TRANSPORT – BUSES

A new scheme will be launched at a cost of INR 18,000 crore to support augmentation of public bus transport services. The scheme will facilitate deployment of innovative PPP models to enable private sector players to finance, acquire, operate and maintain over 20,000 buses.

PUBLIC TRANSPORT - METRO

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.

CENTRAL COUNTERPART FUNDING WILL BE PROVIDED TO:

- Kochi Metro Railway Phase-II of 11.5 km at a cost of INR 1957.05 crore
- Chennai Metro Railway Phase-II of 118.9 km at a cost of INR 63,246 crore
- Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of INR 14,788 crore
- Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of INR 5,976 crore and INR 2,092 crore respectively



Power Infrastructure & Ports, Shipping, And Waterways

POWER INFRA

A framework will be put in place to give consumers the alternatives to choose from among more than one Distribution Company. A revamped reforms-based result-linked power distribution sector scheme will be launched with an outlay of INR 3,05,984 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. It has been proposed to launch a Hydrogen Energy Mission in 2021-22 for generating hydrogen from green power sources.

PORTS, SHIPPING, AND WATERWAYS

Projects worth more than INR 2,000 crore 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 with INR 1624 crore provided over 5 years. Recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) will be doubled by 2024, which is expected to generate an additional 1.5 lakh jobs for India's youth.



Petroleum And Natural Gas

Taking note of the crucial nature of this sector in people's lives, the following key initiatives were announced:

- Ujjwala Scheme, which has benefited 8 crores households will be extended to cover 1 crore more beneficiaries
- Addition of 100 more districts in next 3 years to the City Gas Distribution network.
- A gas pipeline project will be taken up in Union Territory of Jammu & Kashmir.
- 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

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

- Proposal to create a permanent institutional framework to instill confidence amongst the participants in the Corporate Bond Market during times of stress and to generally enhance secondary market liquidity
- The proposed body would purchase investment grade debt securities both in stressed and normal times and help in the development of the Bond market.

- In the budget of 2018-19, Government had announced its intent to establish a system of regulated gold exchanges in the country.
- For this, SEBI will be notified as the regulator & Warehousing Development & Regulatory Authority will be strengthened to set up a commodity market eco system arrangement including vaulting, assaying, logistics, etc. in addition to warehousing.

- Proposal to introduce an investor charter as a right of all financial investors across all financial products for investor protection.
- Proposal to provide additional capital infusion of INR 1,000 crore to Solar Energy Corporation of India & INR 1,500 crore to Indian Renewable Energy Development Agency.



Financial Capital

1. Increasing FDI In Insurance Sector

Proposal 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.

2. 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.

3. Recapitalization of PSBs

To further consolidate the financial capacity of PSBs, further recapitalization of INR 20,000 crore is proposed in 2021-22.





3. INCLUSIVE DEVELOPMENT FOR ASPIRATIONAL INDIA

Agriculture

- Early this year, the Hon'ble PM had 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. New proposal during FY21-22 to extend this to cover all states/UTs
- Enhanced agricultural credit target to INR 16.5 lakh crore in FY22
- Enhancing the allocation to the Rural Infrastructure Development Fund from INR 30,000 crore to INR 40,000 crore
- The Micro Irrigation Fund, with a corpus of `INR 5,000 crore has been created under NABARD. Proposal to double it by augmenting it by another INR 5,000 crore





4. REINVIGORATING HUMAN CAPITAL

Skilling

APPRENTICESHIP

- Proposal to amend the Apprenticeship Act with a view to further enhancing apprenticeship opportunities for our youth.
- Realigning the existing scheme of National Apprenticeship Training Scheme (NATS) for providing post-education apprenticeship, training of graduates and diploma holders in Engineering.
- Over INR 3,000 crore will be provided for this.

CROSS-CULTURAL EXPANSION

- 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.
- Training Inter Training Programme (TITP) between India and Japan to facilitate transfer of Japanese industrial and vocational skills, technique, and knowledge; taking forward this initiative with many more countries.





5. INNOVATION AND R&D

Innovation And R&D

- The National Research Foundation to have an outlay of INR 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.
- Earmarking INR 1,500 crore for a proposed scheme that will provide financial incentive to promote digital modes of payment
- 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.
- Launching a Deep Ocean Mission with a budget outlay of more than INR 4,000 crore over five years. This Mission will cover deep ocean survey exploration and projects for the conservation of deep sea bio-diversity.





6. MINIMUM GOVERNMENT, MAXIMUM GOVERNANCE

Minimum Government, Maximum Governance

- Introduction of 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. Additionally, to bring about transparency, efficiency and governance reforms in the nursing profession, The National Nursing and Midwifery Commission Bill will be introduced by the Government for passing.
- Proposal to set up a Conciliation Mechanism and mandate its use for quick resolution of contractual disputes. This will instill confidence in private investors and contractors.
- Allocation of INR 3,768 crore for the country's first ever digital census in 2021-22.
- Provision of INR 1,000 crore for the welfare of tea workers, especially women and their children in Assam and West Bengal. A special scheme will be devised for the same.



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