

A talk on Union Budget 2021-22 Its Implications

Department of Economics organized a Lecture on “Union Budget 2021-22, Its Implications” on 12th Feb 2021 from 12:00 noon to 1:30 pm in M.V Hall.

Sri. D.Zitendra Rao FCMA, FCA, DD, SAC was the speaker. He enlightened the students about what is budget. He further explained that ‘A Govt Budget is a financial document comprising revenue and expenses over a year.

Depending on these estimates budgets are classified into 3 categories –

- 1) Balanced budget
- 2) Surplus budget
- 3) Deficit budget.

He emphasized on Economic survey and understanding the highlights of the budget 2020-21, quoting the speech of the finance minister, he spoke on Annual Financial Statement [AFS], Budget at a glance. He also explained about the finance bill, Direct tax proposals and Indirect tax proposals.

It was a very useful lecture which enhanced the knowledge of the students in understanding the budget and its implications which is going to help them in their further studies. More than 200 students participated from the streams of BA and B-com of all the three years.

Chairperson Prof.Usha madam preceded the program. Prof. A Nakula Reddy sir, Director of Self Finance courses was the key note speaker. Our college Principal Dr. K. Jhansi Rani and all the faculty members from various departments participated in this lecture and made it a successful one.



Hand Note : 12th February 2021
Andhra Mahila Sabha – Arts & Science College for Women
Topic: Union Budget 2021 - Talk by Cma Ca D.Zitendra Rao

1. What is in Budget ?

- You may Browse at https://www.indiabudget.gov.in/doc/Key_to_Budget_Document_2021.pdf
- Plan is trap laid down to capture the future .The Budget exercise is like finalizing an annual plan for the country as a whole . The process includes the discussion on varied papers presented as given in the above URL.

2. Economic Survey :

- “The Survey makes the case for continued focus on economic growth as the most important objective for India at its stage of development. Survey, then, delineates the constituents that would strengthen effectiveness of policymaking – continued reforms, innovation, timely regulatory support and withdrawal of forbearance.”
Chief Economic Advisor, Minister of Finance, Government of India
-the policy focused on ensuring that all essentials were taken care of, which included direct benefit transfers to the vulnerable sections and the world’s largest food subsidy programme targeting 80.96 crore beneficiaries...
-A palpable V-shaped recovery in industrial production was observed over the year.....GST Collection outsmarted 2019-20 numbers from Sept 2020.
-E-way bills, electronic toll collection, rail freight and port cargo traffic not just recovered but surpassed previous year levels in Q3: 2020-21...
-Sector-wise, agriculture has remained the silver lining while contact-based services, manufacturing, construction were hit hardest, and have been recovering steadily....
- ...Agriculture is set to cushion the shock of the COVID-19 pandemic on the Indian economy in 2020-21....

3. Understanding Budget 2021

Let us understand some of the documents tabled as Budget documents as listed below in the context of Budget 2021

- ✓ Speech of the Finance Minister
- ✓ Annual Financial Statement (AFS)
- ✓ Budget at a Glance

a) Revenue Receipts	: Rs. 17.88 lakh Crores
b) Other capital Receipts	: Rs. 1.88 lakh Crores
c) Borrowings (Capital Receipt):	Rs. 15.07 lakh Crores
d) Total Receipts	: Rs. 34.83 lakh Crores
e) Revenue Expenses	: Rs. 29.29 lakh Crores
f) Capital Expenses	: Rs. 5.54 lakh Crores
g) Total Expenses	: Rs. 34.83 lakh Crores
h) Revenue Deficit (e-a)	: Rs. 11.41 lakh Crores
i) Fiscal Deficit (g –a-b)	: Rs. 15.07 lakh Crores

- ✓ Both these deficits are generally expressed as a % of GDP. For the FY 2021-22 ; the GDP is estimated at Rs.222.87 lakh Crores and thus the % stand at 5.1 and 6.8 respectively

✓ Finance Bill :

- a) To give effect to the Financial Proposals of the Central Government for the Financial Year 2021-22.
- b) It is introduced immediately after the presentation of the Union Budget
- c) 318 pages – 250 Pages is the Bill consisting 160 Clauses and 7 schedules.
- d) Deals with Income Tax – Customs – Customs tariff – Central Excise – CGST – IGST Acts and Miscellaneous acts such as Indian stamp Act – LIC Act – Securities Contracts (Regulation) Act – CST Act – SEBI Act etc..

✓ Memorandum Explaining the Provisions in the Finance Bill

✓ Implementation of Budget Announcements 2020-2021

4. Finance Bill – Direct Tax Proposals

- a. Sec.10(5) – LTC facility
- b. Sec.32 – Goodwill is not a depreciable asset – Transaction covered under CG
- c. Exemption from filing income tax returns for senior citizens (75 years and above) who only have pension and interest income. The paying bank will deduct the necessary tax on their income Sec.194P enables the deduction.
- d. Introduction of Sec.194Q : Tax collection at source – 10 Cr Turnover – Transactions exceeding Rs.50 lakhs in a year – 0.1% - failure to give PAN 5%
- e. Sec.80EEA: Additional deduction of ₹1.5 lakh shall be available for loans taken up till 31 March 2022 for purchase of affordable house – Document value of the property not to exceed Rs.45 lakhs.
- f. Increase in limit for tax audit for persons who carry out 95% of their transactions digitally
- g. Sec.43CA and Sec.56 : “Safe Harbour threshold” increased to 20% from 10% for the transactions between 12th Nov 20 to 30th June 2021.
- h. Due Date of the firm is 31st October even for Spouse of the Partner in case the firm is covered under Tax Audit.
- i. Employees Contribution to provident Fund – Sec.36 Disallowance if not paid by due date.
- j. Transfer includes Slump Sale
- k. Interest in PF account is not exempt if the contribution exceeds Rs.2.50 lakhs in any year.

5. Finance Bill – Indirect Tax Proposals

- a. Agriculture Infrastructure and Development Cess (AIDC) on certain goods : 1.5% to 100% - 25 Items that are been imported and Petrol and Diesel sale in India (Rs.2.5/- and Rs.4/-)
- b. Sec.7 of CGST – Supply of goods and services by a person to its members is a supply with effect from 1st July 2017 – Association is separate entity but not an agent.
- c. Amendment to Sec.16(2) – ITC can be availed only if the Supplier furnishes the details through OUTWARD SUPPLIES.
- d. Sec.35 (5) and Sec.44 attesting functions removed for

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