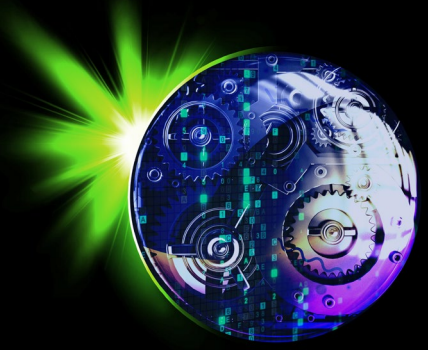


Union Budget 2021 Economic indicators



GDP to contract by
7.7 percent in FY20-21

GDP growth for
FY22 is projected at
11 percent*



Current account
recorded a
surplus of
3.1 percent
of GDP in H1 FY21
due to modest
imports

May record a
surplus of
2 percent
for FY21 altogether



The RBI cut repo rate by
115 basis points to
4 percent after March 2020

Continues with
an accommodative
monetary policy stance



Net FDI inflow jumps to
US\$27.5 billion for April-October 2020
14.8 percent higher than April-October 2019



Fiscal deficit in FY21 is projected
to increase to **9.5 percent**
of GDP

To target **6.8 percent**
in FY22 and below
4.5 percent
by 2025-2026



CPI averaged at
6.6 percent
from April to December
2020, driven primarily
by food
inflation and
supply
disruptions



INR averaged at **74.63**
from April to December
2020 as against
70.38
from April to
December in 2019

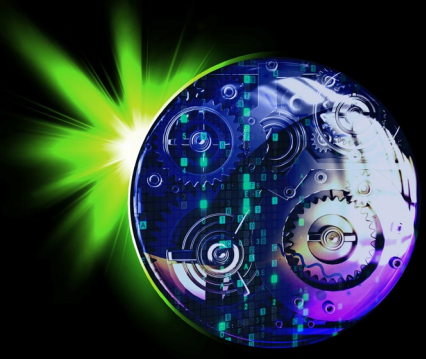


Exports
contracted by
15.7 percent
to **US\$ 200.8 billion**
from April to December 2020



*Growth is measured on a year-over-year basis on real values.

Union Budget 2021 Top 10 policy announcements



Government-owned development finance institution for infrastructure debt financing to be set up



Public sector banks proposed to be recapitalised up to INR 20,000 crores (~US\$2.67 billion)



A new asset reconstruction company and an asset management company will take over existing stressed debt



A new entity to be introduced to purchase debt securities; infrastructure debt funds to be allowed to raise capital through zero coupon bonds; infrastructure trusts to be enabled to borrow from foreign portfolio investors (FPIs)



A single securities markets code to be introduced by consolidating four existing acts covering capital market, depositories, securities contracts, and government securities regulations



Privatisation of two public sector banks and a general insurance company announced; ongoing disinvestments of four public sector enterprises to be completed in FY22



Pipeline for monetisation of public assets such as roads, railways, oil and gas infrastructure, power transmission infrastructure, warehouses, sports stadiums, etc., to be put in place



Foreign direct investment limit in the insurance sector proposed to be hiked from 49 percent to 74 percent



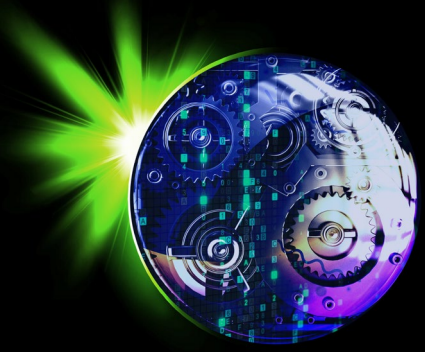
Higher Education Commission to be established through a legislation for standard-setting, accreditation, regulation, and funding



Regulated gold exchanges to be set up countrywide



Union Budget 2021 Top 10 tax highlights



No changes to corporate or personal income-tax rates



International Financial Services Centre (IFSC): Eligibility conditions for India based fund manager regime relaxed; income-tax exemption expanded for offshore banking units; royalty income from aircraft leasing to IFSC units exempted



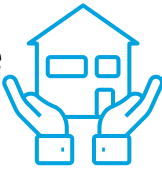
Equalisation levy expanded by clarifying a) scope of online sale of goods/provision of services and b) consideration on which the levy applies



Tax holiday extended to startups incorporated up to 31 March 2022; capital gains exemption on investment in startups extended to 31 March 2022



Tax holiday on affordable housing projects extended to those approved by 31 March 2022; scope of the tax holiday expanded to cover affordable rental housing projects



New tax deduction at source (TDS) at 0.1% introduced for payments by specified persons for purchase of goods from a resident seller



Income-tax assessment timelines and the re-assessment window to be reduced to nine months and halved to three years, respectively



Faceless Income-tax Appellate Tribunal (ITAT) appeals scheme with dynamic jurisdiction to be introduced; Authority for Advance Rulings replaced by Board for Advance Rulings; Settlement Commission discontinued – pending applications to be heard by interim boards



A new Agriculture Infrastructure and Development Cess (AIDC) on import of 25 notified products from 2 February 2021 and as excise duty on petrol and diesel once notified; consequential reduction in basic customs duty also announced



Customs duty structure to be rationalised by eliminating outdated exemptions and phasing out of all conditional exemptions by 31 March immediately after two years of introduction

