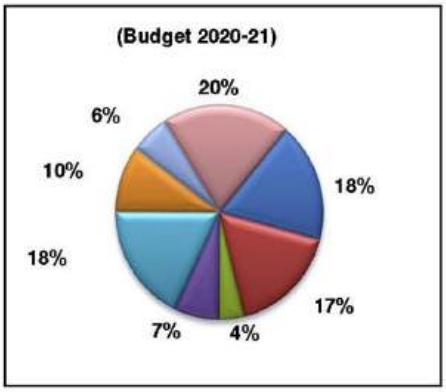
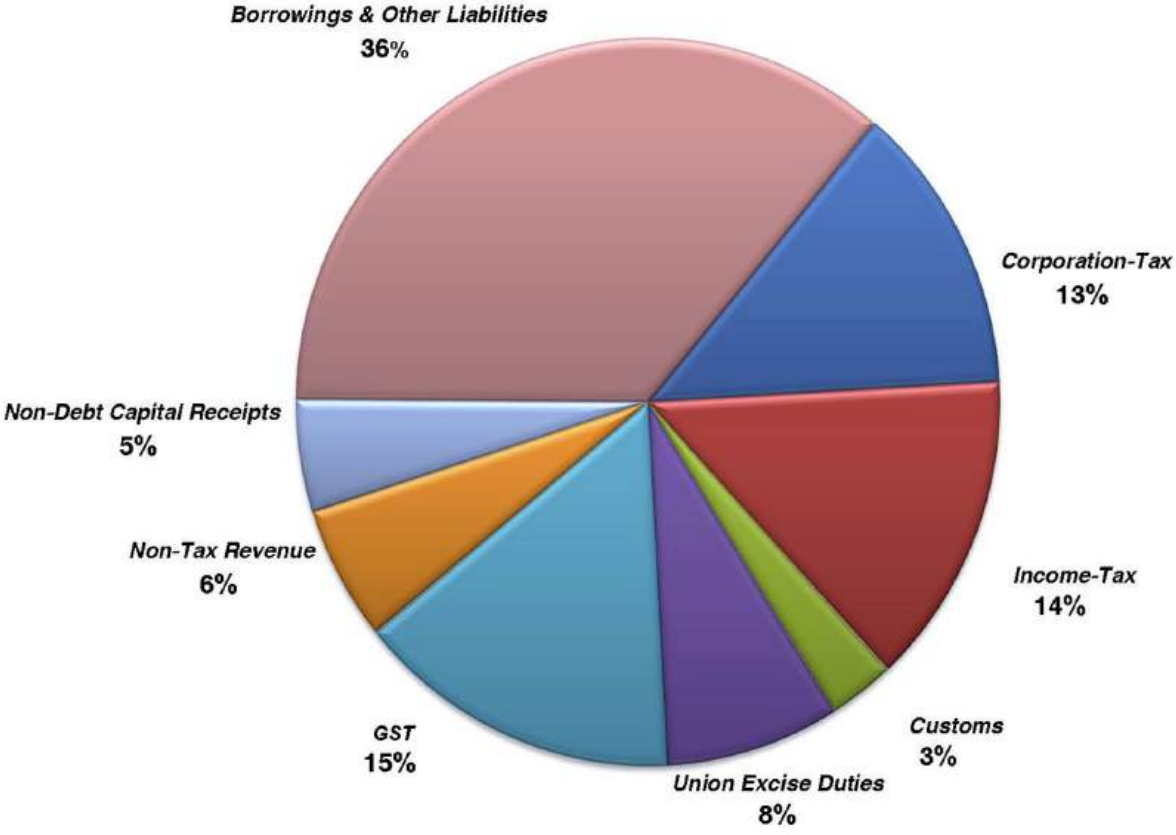
Union Budget 2021-22

SELF-RELIANT INDIA

Rupee Comes From (Budget 2021-22)





Notes:-1. *Total receipts are inclusive of States' share of taxes and duties which have been netted.*

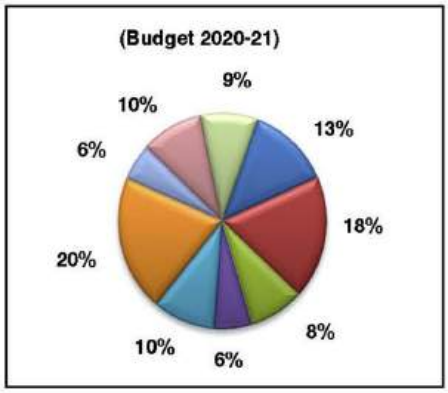
2. *Figures have been rounded.*

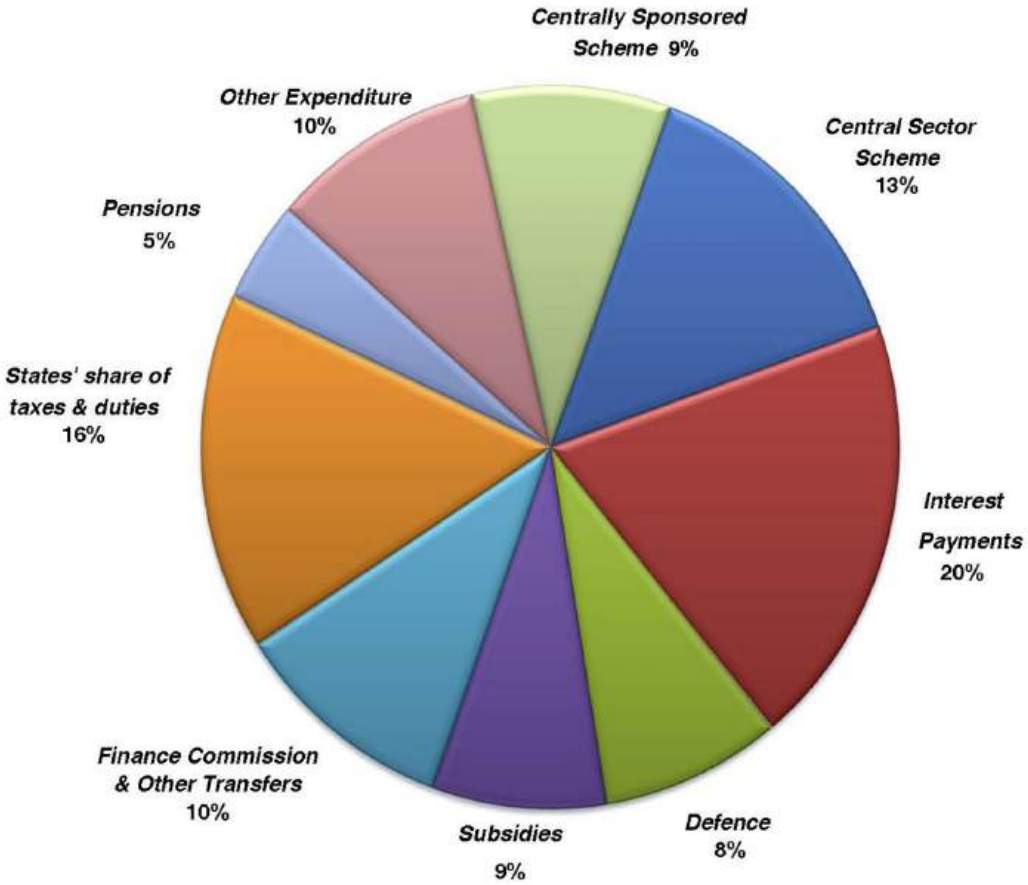
3. *Source: www.indiabudget.gov.in*

Union Budget 2021-22

SELF-RELIANT INDIA

Rupee Goes To (Budget 2021-22)





Note:- Total expenditure is inclusive of the States' share of taxes and duties which have been netted against receipts.

Source: www.indiabudget.gov.in

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MSME Bonanza

INR 3 lakh crores Collateral free Automatic Loans for Businesses, including MSMEs.

- Emergency Credit Line to Businesses/MSMEs from Banks and NBFCs up to 20 of entire outstanding credit as on 29 February 2020
- Borrowers with up to INR 25 crore outstanding and INR 100 crore turnover eligible
- Loans to have 4 year tenor with moratorium of 12 months on Principal repayment
- Interest to be capped
- 100 credit guarantee cover to Banks and NBFCs on principal and interest
- Scheme can be availed till 31st October 2020
- No guarantee fee, no fresh collateral

INR 20,000 crores Subordinate Debt for Stressed MSMEs

- Govt will facilitate provision of INR 20,000 crores as subordinate debt
- Functioning MSMEs which are NPA or are stressed will be
- eligible
- Govt will provide a support of INR 4,000 Cr to CGTMSE
- CGTMSE will provide partial Credit Guarantee support to Banks
- Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit

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MSME Bonanza

INR 50,000 cr. Equity infusion for MSMEs through Fund of Funds

- Fund of Funds with Corpus of INR 10,000 crores will be set up.
- Will provide equity funding for MSMEs with growth potential and viability.
- FoF will be operated through a Mother Fund and few daughter funds
- Fund structure will help leverage INR 50,000 crores of funds at daughter funds level
- Will encourage MSMEs to get listed on main board of Stock Exchanges.

Existing and Revised Definition of MSMEs

Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment<Rs. 25 lac	Investment<Rs. 5 cr.	Investment <Rs. 10 cr.
Services Enterprise	Investment<Rs. 10 lac	Investment< Rs. 2 cr.	Investment<Rs. 5 cr.

Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment< Rs. 1 cr. and Turnover < Rs.5 cr.	Investment< Rs. 10 cr. and Turnover < Rs.50 cr.	Investment< Rs. 20 cr. and Turnover < Rs.100 cr.

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MSME Bonanza

Global tenders in Government Procurement to be disallowed upto INR 200 crores

- Indian MSMEs and other companies will largely benefit from these tenders
- This will create opportunity as well as competitiveness for the MSMEs & remove unfair competition
- This will also increase the business of MSMEs

Other interventions for MSMEs

- e-market linkage for MSMEs to be promoted to act as a replacement for trade fairs and exhibitions.
- Fintech will be used to enhance transaction based lending using the data generated by the e-marketplace.
- MSME receivables from Govt and CPSEs to be released in 45 days

We provide MSME registration, funding & advisory services. For more information, please contact us.

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NBFCs, HFCs & MFIs

INR 30,000 crore Special Liquidity Scheme for NBFCs/HFCs/MFIs

- Under this scheme investment will be made in both primary and secondary market transactions in investment grade debt paper of NBFCs/HFCs/MFIs
- Securities will be fully guaranteed by GoI
- This will provide liquidity support for NBFCs/HFC/MFIs and mutual funds and create confidence in the market

INR 45,000 crore Partial Credit Guarantee Scheme 2.0 for NBFCs

- Existing PCGS scheme to be extended to cover borrowings such as primary issuance of Bonds/ CPs (liability side of balance sheets) of such entities
- First 20% of loss will be borne by the Guarantor i.e. Government of India
- AA paper and below including unrated paper eligible for investment (esp. relevant for many MFIs)

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DISCOMs

INR 90,000 Cr. Liquidity Injection for DISCOMs

- PFC/REC to infuse liquidity of INR 90,000 cr to DISCOMs against receivables
- Loans to be given against State guarantees for exclusive purpose of discharging liabilities of Discoms to Gencos
- Central Public Sector Generation Companies shall give rebate to Discoms which shall be passed on to the final consumers (industries)

CONTRACTORS

Extension of up to 6 months (without costs to contractor) to be provided by all Central Agencies (like Railways, Ministry of Road Transport & Highways, Central PWD, etc.)

Government agencies to partially release bank guarantees, to the extent contracts are partially completed, to ease cash flows

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REAL ESTATE

Ministry of Housing and Urban Affairs will advise States/UTs and their Regulatory Authorities to the following effect

- **Treat COVID 19 as an event of Force Majeure under RERA**
- **Extend the registration and completion date suo moto by 6 months for all registered projects expiring on or after 25th March, 2020 without individual applications**
- **Regulatory Authorities may extend this for another period of upto 3 months, if needed**
- **Issue fresh 'Project Registration Certificates' automatically with revised timelines**
- **Extend timelines for various statuary compliances under RERA concurrently**

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DIRECT TAX MEASURES

INR 50,000 crores liquidity through TDS/TCS rate reduction

- **In order to provide more funds at the disposal of the taxpayers, the rates of Tax Deduction at Source (for non salaried specified payments made to residents and rates of Tax Collection at Source (for the specified receipts shall be reduced by 25% of the existing rates**
- **This reduction shall be applicable for the remaining part of the FY 2020-21 from 14 May 2020 to 31st March, 2021**
- **All pending refunds to charitable trusts and non-corporate businesses professions including proprietorship, partnership, LLP and Co operatives shall be issued immediately**
- **Due date of all income tax return for FY 2019 20 will be extended from 31st July, 2020 31st October, 2020 to 30th November, 2020 and Tax audit from 30th September, 2020 to 31st October, 2020**
- **Date of assessments getting barred on 30th September, 2020 extended to 31st December, 2020 and those getting barred on 31st March, 2021 will be extended to 30th September, 2021**
- **Period of Vivad se Vishwas Scheme for making payment without additional amount will be extended to 31st December, 2020**

We provide direct tax related services including ITR filling, TDS, international taxation, litigation, SFT, etc. For more information, please contact us.

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