

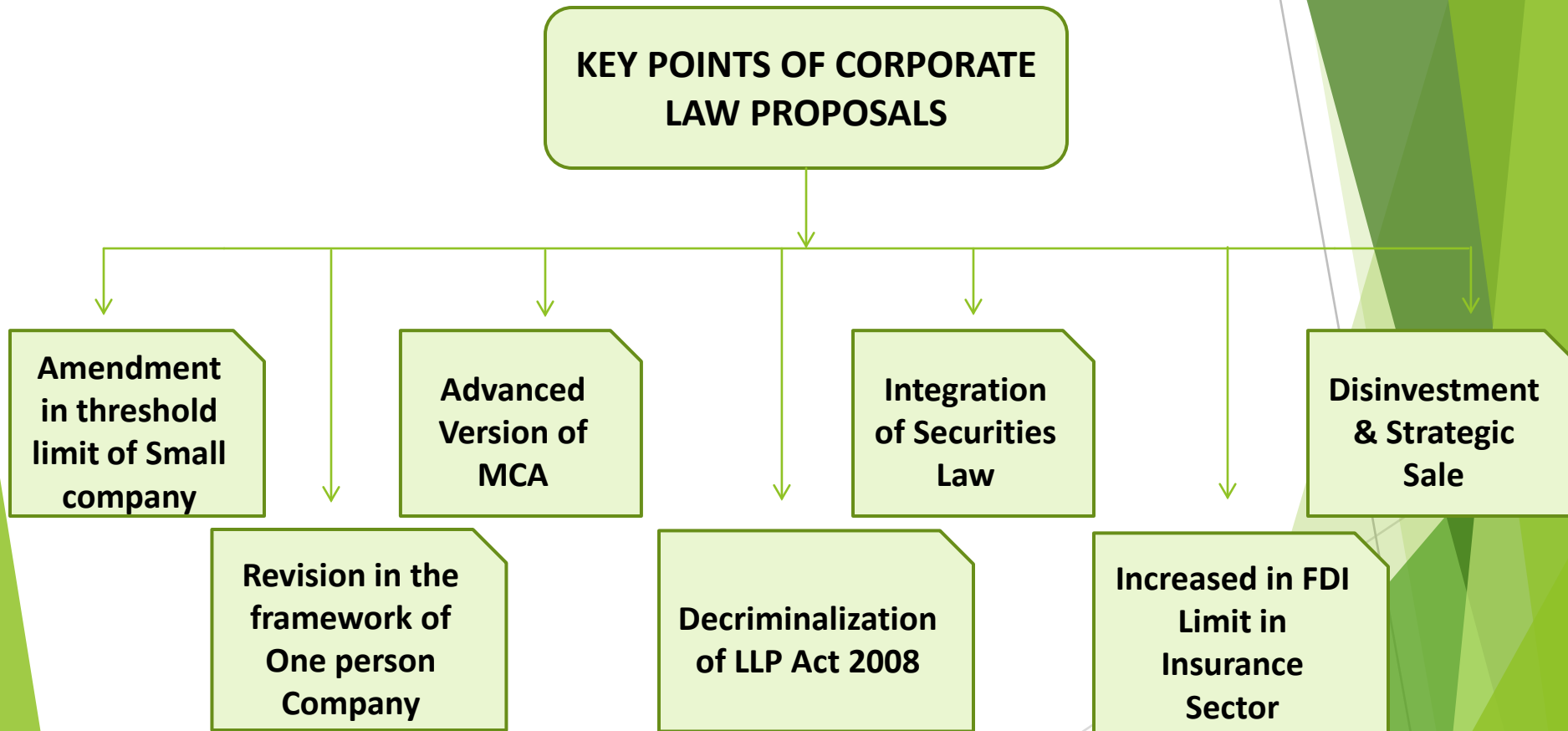


53 Years of Conviction
& Commitment

UNION BUDGET FOR THE FY 2020-21

- ▶ FIRST EVER DIGITAL BUDGET
- ▶ FOCUS ON SIX PILLERS FOR REVIVING THE ECONOMY MARRED BY PANDEMIC
- ▶ LESS GOVERNMENT AND MORE GOVERNANCE
- ▶ INDIA TO BE INVESTMENT DESTINATION

HIGH SPOTS OF BUDGET ON CORPORATE LAW



SMALL COMPANY

In the Union Budget 2021-2022, the Hon,ble FM has revised the **definition/ Threshold Limits** for categorizing the Small Companies under Companies Act 2013 are as under:

Previous Provisions	Revised Provisions
<ol style="list-style-type: none">1. Paid-up Capital not exceeding Rs. 50 Lakh.2. Turnover of the Company not exceeding Rs. 2 Crore	<ol style="list-style-type: none">1. Paid-up Capital not exceeding Rs. 2 Crore.2. Turnover of the Company not exceeding Rs. 20 Crore

The increase in thresholds will bring more than 2 lakh additional companies under the definition of 'small company' which can have a lower compliance burden including lower penalties for violations and lower filing requirements.

EXEMPTIONS TO THE SMALL COMPANIES OVER LARGE COMPANIES

SMALL COMPANIES	LARGE COMPANIES
1. Cash Flow Statement not required along with Financial Statements.	1. Cash Flow Statement is compulsorily required with Financial Statements of the Company
2. Two Board Meetings are required with the duration not exceeding 180 days	2. Four board meetings in a financial year with a gap of not more than 120 days between two board meetings.
3. Concise Directors Report	3. Detailed Directors Report
4. Statutory auditors are not required to comment on Internal Controls	4. Statutory auditors are required to comment on Internal Controls

ADVANCED VERSION OF MCA 21 3.0 (SCOPE FOR PROFESSIONALS)

The Ministry has proposed to revamp the MCA portal by launching **MCA21 Version 3.0** in the financial year 2021-22. **The new version** will include:

1. **Data Analytics.**
2. **Artificial intelligence and machine learning drive**
3. **Additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.**
4. **This project is envisioned to strengthen enforcement,**
5. **Promote Ease of doing Business**
6. **Facilitate seamless integration and data exchange among regulators.**
7. **This project is aligned with global best practices and aided by emerging technologies such as Artificial Technologies.**

This system is the first Mission Mode e-Governance project of the Government of India.

ONE PERSON COMPANY

The proposal for amendment in the **Provisions of Incorporation of One Personal Company for NON-RESIDENT OF INDIA (NRI)**

Previous Provisions	Revised Provisions
<ol style="list-style-type: none">1. Residential limit required for incorporation was 182 days2. Turnover of the Company not exceeding Rs. 2 Crore	<ol style="list-style-type: none">1. Now proposed to reduced the Residential Limit to 120 days for NRI2. Turnover of the Company not exceeding Rs. 20 Crore

CONVERSION OF OPC INTO PVT & PUBLIC COMPANY

Following are the amendments in the provisions of Conversion of One Person Company:

PREVIOUS PROVISIONS	REVISED PROVISIONS
1. OPC cannot be convert into Public/ Private Company before completion of period of 2 years.	OPC can be converted before 2 years of completion if paid up Capital exceeds 50 lakh and Turnover exceeds 2 Crore.

Proposal in Conversion of OPC

- Removal of monetary limit and convert itself into any other kind .

Process of Conversion

- **(Alter its memorandum and articles by passing a resolution in accordance with sub-section (3) of section 122)**
- Conversion into private or public other than Sec 8 Company as per the requirement file an application in e-Form No.INC-6
- Registrar shall approve the form and issue the Certificate.

The requirement of filing INC-5 for conversion of OPC has been done away with and the format of INC-6 has been changed.

AMENDMENTS IN THE LLP ACT, 2008

In the Union Budget 2021-22 the Government proposes following amendments:

- ▶ Proposal to decriminalize 12 offences and 1 penal provision has been proposed to be omitted the motive behind this to reduce burden on NCLT.
- ▶ Introduction of explicit provisions for issuance of secured NCDs by LLPs.
- ▶ Restricting the merger of LLPs with companies.
- ▶ Introduction of accounting standards for certain classes of LLP.

Integration of Securities Law

SINGEL SECURITES MARKET CODE -consolidate SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007

- ▶ GOLD EXCHANGE – SEBI
- ▶ FINANCIAL CHARTER – Single Charter for all financial investors across all financial products.

Increased in FDI Limit in Insurance Sector

- Enhancing FDI 49% to 74% allow foreign ownership and control with safeguards.
- **Board Composition changed for better controls**
- Majority Directors/ KMPs Resident Indian
- Min 50% directors will be Independent
- Specified percentage to be retained as General Reserve

Guidelines to be issued by the government for safeguarding control in Insurance Sector:

1. **Virtue of Shareholding**
2. **Management rights**
3. **Shareholders Agreements**
4. **Voting Agreements**
5. **Any other manner as per applicable.**

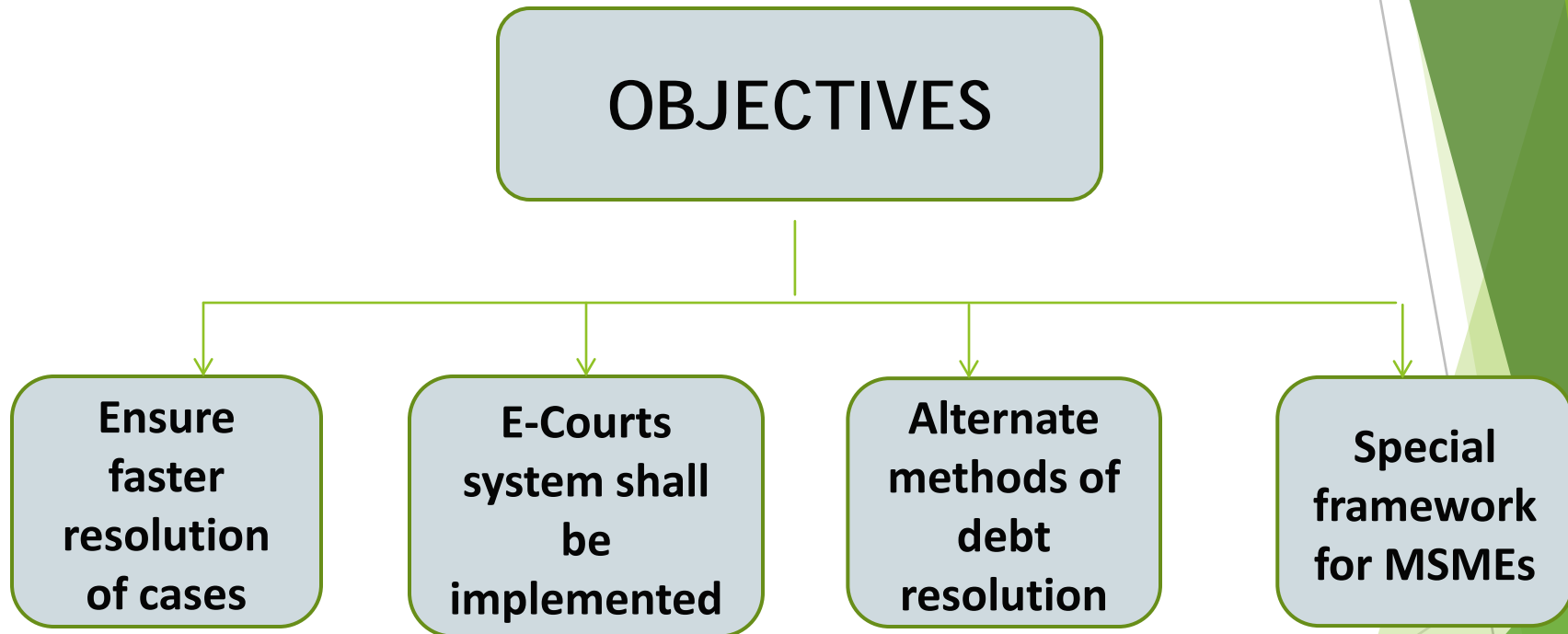
DISINVESTMENT PRIVATISATION AND STRATEGIC SALE

- ▶ **BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited among others are completed in 2021-22.**
- ▶ Privatization- a new concept has been introduced to privatise (not disinvestment 2 PSBs- one PSB Other than IDBI Bank and one General Insurance company in the year 2021-22. (would require legislative amendments)
- ▶ **Proposal for bringing the IPO of LIC for which I am bringing the requisite amendments in this Session itself.**

In the Atma Nirbhar Package

- four areas that are strategic where bare minimum **Central Public Sector Enterprises (CPSEs)** will be maintained and rest privatized.
- To expedite **NITI AYO**G to work for list of **Central Public Sector Enterprises (CPSEs)**.
- **Incentivize States** to take to disinvestment of their Public Sector Companies (**incentive package of Central Funds for States**)
- Idle assets like Surplus land with PSEs would be utilized for Atma Nirbhar Bharat package.
- Monetizing of land through SPV for direct sale or concession
- Revised mechanism for timely closure of sick units/ loss making CPSEs.
- Estimated Budget` 1,75,000 crores as receipts from disinvestment in BE 2021-22

Strengthening of NCLT framework



OTHER PROPOSALS IN CORPORATE LAWS

- ▶ **FOR NBFC SECTOR: Non-Banking Financial Company (NBFCs) having Minimum Asset Size of 100 Crores, Debt recovery under SERFESI To be reduced from 50 Lakhs to 20 Lakhs- more coverage for NBFCs.**
- ▶ **PERMANENT INSTITUTIONAL FRAMEWORK FOR BOND MARKET** – for enhancing liquidity during stressed and normal times.

STRESSED ASSET RESOLUTION BY SETTING UP A NEW STRUCTURE

- ▶ Asset Reconstruction Company and Asset Management Company would be set up with more capital
- ▶ Objective to take over the stressed assets of the Public Sector Banks and clean up the books
- ▶ Better valuation under one specialized management
- ▶ Disposal to Alter Investment Funds (AIFs)

6 Pillars of the Union Budget 2021-22

1. Health and Wellbeing

2. Physical & Financial Capital and infrastructure

3. Inclusive development for Aspirational India

4. Reinvigorating Human Capital

5. Innovation and Research & Development

6. Minimum Government and Maximum Governance

HEALTH AND WELLBEING

- ▶ **Total amount of Budget allocated for Health and Wellbeing Sector is Rs. 2.24 Lakh Crore for FY 2021-22 as against Rs. 0.94 Lakh Crore in FY 2020-21 an increase of 137% from last year.**
- ▶ **Rs. 0.35 Lakh Crore for COVID-19 vaccine in FY 2021-22.**
- ▶ **Rs. 0.64 Lakh Crore outlay over 6 years for PM ATMA NIRBHAR SWASTH BHARAT YOJNA-** a new centrally sponsored scheme to be launched.
- ▶ **National Institution for one Health:** Opening of **17788 rural & 11024 urban** Health and wellness Centers.
- ▶ **Integrated public Health Labs in all Districts & 3382 public health units in 11 States.**
- ▶ **Mission Poshan 2.0 to be launched.**
- ▶ **Rs. 2.87 Lakh Crore over 5 Years for Jal Jeevan Mission (Urban) to be launched.**
- ▶ **Rs. 1.42 Lakh Crore over 5 Years for Urban Swachh Bharat Mission 2.0.**
- ▶ **Rs. 0.02 Lakh Crore for Clean Air Project.**

PHYSICAL AND FINANCIAL CAPITAL & INFRASTRUCTURE

- ▶ Rs. 1.97 Lakh Crore in next 5 Years for **Production Linked Incentive Scheme**.
- ▶ **New Mega Investment textile Parks Scheme** to be launched in which **7 Textile Parks** to be established over 3 Years.
- ▶ **Increase in the FDI Limits in the Insurance Sector from 43% to 74%.**
- ▶ **National Infrastructure Pipeline (NIP) expanded to 7400 projects.**
- ▶ **Rs. 0.20 Lakh Crore** allocated to set up & capitalize **Development Financial Institution** to act as provider, enabler and catalyst for infrastructure financing.
- ▶ **National Monetization Pipeline** to be launched.
- ▶ **ASSETS MONETIZATION MEASURES:**
 - a. 5 operational Toll Roads worth Rs. 5000 Crore transferred to NHAIInvIT.
 - b. Transmission assets worth Rs. 7000 Crore transferred to PGCILInvIT.
 - c. Dedicated Freight Corridor assets to be monetized by Railways.
 - d. AAI Airports Tier II & III cities.
- ▶ **Rs. 2 Lakh Crore** allocated to States and Autonomous Bodies for their capital expenditure.

ROADS AND HIGHWAYS INFRASTRUCTURE

- ▶ **Rs. 1.18 Lakh Crore** Budget amount allocated for Ministry of Road Transport & highways.
- ▶ Under **Bharatmala Pariyojana**, more than **13,000 km length of roads worth Rs. 3.3 Lakh Crore** awarded for construction.
- ▶ **Rs. 1.93 lakh Crore** amount of Budget is allocated for construction of **11,000 Km of National Highway Corridors** to be completed by March 2022 in **Tamil Nadu, Kerala & West Bengal**.
- ▶ **New Flagship Corridors/ Expressways to be awarded ,constructed and completed during this Financial year.**
- ▶ **Rs. 1.10 Lakh Crore** is allocated for Railways.
- ▶ **100% electrification of Broad-Gauge** routes to be completed by Decemeber 2023.
- ▶ Future dedicated New freight Corridors projects to be initiated.
- ▶ Rs. 0.18 Lakh Crore allocated for a new scheme to augment public bus transport.
- ▶ Rs. 3.05 Lakh crore allocated for revamped new **Power Distribution Sector Scheme**.
- ▶ **Rs. 0.02 Lakh Crores** allocated to **Ports, shipping and waterways**.
- ▶ **Indian Shipping Companies get Rs. 0.016 Lakh Crore subsidy support over 5 Years**

INCLUSIVE DEVELOPEMNT FOR ASPIRATIONAL INDIA

1. AGRICULTURE:

- ▶ Ensured **MSP at minimum 1.5 times** the cost of production across all commodities.
- ▶ Agricultural credit target enhanced to Rs. 16.5 lakh crore in FY 2022.
- ▶ To double **Micro Irrigation Fund to Rs. 10,000 Crore.**
- ▶ **1000 new mandis** will be integrated with **E-NAM to bring transparency & competitiveness.**
- ▶ **Operational Green Scheme to be extended to 22 Perishable products.**

COMMODITIES	2013-14 (Cr)	2019-2020 (Cr)	2020-21 (Cr)
WHEAT	Rs. 33,874	Rs. 62,802	Rs. 75,060
RICE	Rs. 63,928	Rs. 1,41,930	Rs. 1,72,752
PULSES	Rs. 236	Rs. 8,285	Rs. 10,530

FISHERIES & MIGRANT WORKERS & LABORERS

- ▶ 5 major fishing harbours to be developed as hubs of economic activity in Kochi, Chennai, Visakhapatnam, Paradip and Petuaghat.
- ▶ Multipurpose Seaweed Park to be developed in Tamilnadu to promote seaweed cultivation.
- ▶ **ONE NATION ONE RATION CARD** scheme for beneficiaries to claim rations anywhere in country.
- ▶ Minimum wages & coverage under the Employees State Insurance Corporation applicable for all categories of workers.
- ▶ Women works are allowed in all categories, including Night Shifts with adequate protection.
- ▶ Introducing Loans for allied Agriculture Activities.
- ▶ **Rs. 15,700 Crore** budget allocation to **MSME Sector**.

CMA NEHA VASISHTA

REINVIGORATING HUMAN CAPITAL

- ▶ Rs. 38 Crores allocated for construction of Eklavya Model Residential Schools in Tribal areas located in Plain Areas.
- ▶ Rs. 48 Crore allocated for construction of Eklavya Model Residential Schools in Tribal areas located in Hilly Areas.
- ▶ Revamped Post Matric Scholarship Scheme for welfare of SC's.
- ▶ Rs. 0.35 Lakh Crore allocated for enhanced Central Assistance for 6 Years.
- ▶ Rs. 0.03 Lakh Crore for realignment of existing National Apprenticeship Training Schemes for training of Graduates, Post-graduates and Diploma holders.
- ▶ 100 new Sainik Schools to be set up in partnership with Private schools/ NGO/ States.
- ▶ 15000 Schools to be strengthened by implementing all NEP components. These schools shall act as exemplar schools in their regions for mentoring others.

INNOVATION AND RESERCH & DEVELOPMENT

- ▶ Rs. 0.50 lakh Crore outlay over 5 years for National Research Foundation.
- ▶ Rs 1500 Crore for proposed scheme to promote digital modes of payment.
- ▶ PSLV-CS51 to be launched by New Space India Limited carrying Brazil's Amazonia Satellite & some Indian satellites.
- ▶ Rs 4000 crore allocated for DEEP OCEAN MISSION survey exploration and conservation of deep sea bio-diversity over 5 Years.

MINIMUM GOVERNMENT, MAXIMUM GOVERNANCE

- ▶ Rs, 3,768 Crore allocated for first digital census in the history of India.
- ▶ Rs 300 Crore as a grant to the Government of Goa for the Diamond Jubilee celebration.
- ▶ Rs. 1,000 Crore for the welfare of Tea workers especially women and their Children in Assam & West Bengal.
- ▶ Net Borrowing for the states allowed at 4% of GSDP for the year 2021-2022 .
- ▶ The Contingency Fund of India is to be augmented from Rs 500 crore to rs 30,000 Crore.
- ▶ **FISCAL POSITION:**

ITEM	Original BE 2020-21	Revenue expenditure 2020-21	Budgeted expenditure 2020-21
Expenditure	Rs. 30.42 Lakh Cr	Rs. 34.50 Lakh Cr	Rs. 34.83 Lakh Cr
Capital expenditure	Rs 4.12 Lakh Cr	Rs. 4.39 Lakh Cr	Rs. 5.5 lakh Cr.
Fiscal deficit(%)		9.5%	6.8%

DIRECT TAX PROPOSALS

- ▶ The limit for Tax Audit u/s 44AB has been increased from Rs. 5 crore to Rs. 10 Crore providing relief to many Corporate houses.
- ▶ IT relaxation for senior citizens of 75 years age and above only if their source of income is pension & interest income.
- ▶ Sec 194P has been newly inserted to enforce the banks to deduct tax on senior citizens on pension & interest income from the bank.
- ▶ Reduction in time for IT proceeding except in case of serious tax evasion. Assessment proceedings in the rest of the cases reduced to 3 years from 6 years.
- ▶ Tax holiday for Startups has been extended by one more year upto 31st March, 2022.
- ▶ Relaxations to NRI for notify rules for removing hardship for double taxation.
- ▶ Disallowance of Provident Fund Contribution for employer if PF amount has not deposited in the PF account.
- ▶ Under Section 43CA , Amendment in the Stamp Duty Value can be upto 120% (earlier 110%) of the consideration if the transfer of residential unit.
- ▶ Sec.44ADA Presumptive Tax Schemes of professional Now applicable on Resident Individual, HUF, Partnership Firm & LLP.
- ▶ The affordable housing additional tax deduction was extended till 2022 March, 31 under section 80EEA.

INDIRECT TAX PROPOSALS

- ▶ List of Items on which Custom Duty rates are revised:
 - a. Duty on Copper scrap reduced from 5% to 2.5%.
 - b. Basic & Special additional Excise Duty on Petrol & Deisel is reduced.
 - c. Duty on Solar Inverters increased from 5% to 20%.
 - d. The Basis Custom Duty on Gold 7 Silver is reduced.
 - e. The department will rationalize duty on textile, chemicals and other products.
- ▶ New cess has been duly imposed on petrol & diesel Rs. 2.50 & Rs. 4 respectively as Agriculture Infrastructure & development Cess.
- ▶ The Custom duty on cotton, Silks and alcohol has increased.
- ▶ Exemption on import of leather will be withdrawn as they are domestically produced.



Thank You

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