SPECIAL ISSUE

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YOJANA

MARCH 2020 A DEVELOPMENT MONTHLY ₹ 30

Union Budget 2020-21

LEAD ARTICLE

FOCUS

SPECIAL ARTICLE

'Ease of Living' – The Central Tenet of Union Budget 2020-21

Yojana Team

"Our Prime Minister has laid before us Ease of Living as a goal to be achieved on behalf of all citizens", said the Union Minister for Finance & Corporate Affairs Nirmala Sitharaman while presenting the Union Budget 2020-21. This has been achieved by farmer-friendly initiatives such as agriculture credit target of Rs. 15 lakh crore for 2020-21; schemes of "Kisan Rail" and "Krishi Udaan" for a seamless national cold supply chain for perishables; and expansion of PM-KUSUM to provide 20 lakh farmers for setting up stand-alone solar pumps. With this backdrop, our government shall work towards taking the country forward so that we can leapfrog to the next level of health, prosperity and well being, the FM added.

This budget, with the central tenet of Ease of Living for all citizens, is woven around three prominent themes:

- **Aspirational India** in which all sections of the society seek better standards of living, with access to health, education and better jobs. Its components are agriculture, irrigation and rural development; wellness, water and sanitation; education and skill development.
- **Economic Development** for all, indicated in the Prime Minister's exhortation of "Sabka Saath, Sabka Vikas, Sabka Vishwas". This would entail pervasive economic reforms and yielding more space for the private sector to ensure higher productivity and greater efficiency. Three components of which are industry, commerce and investment; infrastructure and the 'New Economy'.
- **Caring Society**, based on Antyodaya, which is both humane and compassionate. Three components of which are women and child, social welfare; culture and tourism and environment & climate change.

The Government aims to:

- Achieve seamless delivery of services through **digital governance**
- Improve physical quality of life through **National Infrastructure Pipeline**
- Mitigate Risks through **Disaster Resilience**
- Boost Social security through **pension and insurance penetration**.

Source: *Press Information Bureau*

PM Tweets

#JanJanKaBudget includes many reforms. It also lays out a plan to boost employment generation in important sectors of the economy. I am particularly delighted that there is an extensive focus on doubling farmer incomes in the Budget. It will help crores of hardworking farmers.

The first Budget of this new decade is a #JanJanKaBudget. It combines futuristic vision with a definitive action plan for growth. The Budget will boost income, investment, demand and consumption. It will strengthen our financial systems and the credit flow

The #JanJanKaBudget strives to reduce the tax burden and put more money in the hands of the common man. With measures like 'Vivad Se Vishwas' and faceless appeals, litigation will be reduced and there will be greater trust in the system.

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Let noble thoughts come to us from all sides
Rig Veda

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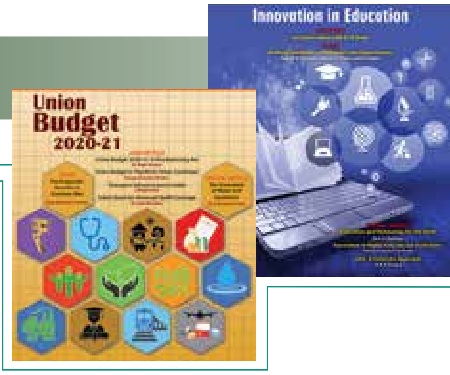

For the Forthcoming Issues

I am a UPSC Civil Services aspirant, preparing on my own. Firstly, I want to express my gratitude to the entire team of Yojana (English) for providing us such information through which we not only acquire knowledge, but also this information is used for so many other aspirants like me to perform well in the exams. Interview with Dr. K. Sivan, Chairman ISRO which is published in February 2020 issue will definitely ignite so many young minds of Yojana readers. I would appreciate, if you kindly consider following suggestions from my side that may be covered in the forthcoming issues like Startups and MSMEs in India and Information and Communication Technology.

— Preetham Shesha Sai
Telangana

Feedback on Production Quality

I am a regular reader of Yojana Magazine for last one year. As I am preparing for UPSC, content is oriented in the same direction. But I have two suggestions for you to consider, please try to use simple paper instead of "glossy" paper as it causes headache in long hour studies and avoid, too much data facts, if possible, as it makes the article information overloaded.

— Rahul Sharma
delhi93rsharma@gmail.com

National Toll-free Number

I am preparing for UPSC CSE in which Yojana is of great help. I found it relevant as many related questions were found in UPSC Mains. But, I want one thing from your side if anyone who reads any article if they found anything which is not well understood by them, if you please release a Nation-wide toll free number. This will help those preparing for any exam and also those who want to subscribe Yojana. Also add some strategy from retired bureaucrats so that it can help those facing the interview panel.

— Suraj Gupta
Muzaffarpur
surajdx2@gmail.com

Focus on Infrastructure

You are doing a great job in providing us plenty of information in structured way at very cost effective price. I want to suggest that please cover "Infrastructure" in your upcoming issue because this issue has not covered in recent issues and a lot of government initiative taken and work done in this regard in recent times.

— Nikhil Kumar
nikhil.kumar383@gmail.com

AI and Quantum Computing & Cyber Security

I am an IITian and a regular reader of Yojana magazine. I really appreciate your efforts and research in bringing public attention towards the situation of innovations in the field of education through your February edition.

I wish to suggest some fields, which will have a drastic impact on our future, for future articles. Quantum computing and block chain technology are some of such fields which will revolutionise data analysis, AI and cyber security. They provide both opportunity as well as danger to general public.

— Sakar Sharma
Jaipur

Avoid Single-use Plastic

It is requested not to deliver Yojana and your other magazines in single-use plastic packaging and promote environmental sustainability. As you said in your Environment issue of January 2020, 'Time to act is now'.

— Pankaj Mehra
pankajmehra1998@gmail.com

Globalisation and Culture

I am a regular reader of Yojana. Through this, I got to know about the government functioning and its initiatives, various civil society activities and lot of things which we cannot access through newspapers and social media. I would like to ask you to publish articles on globalisation and culture and its ramifications on society.

— Sunil Kumar
sunil311092@gmail.com

Critical Analysis of Budget

Please provide an article in upcoming edition of Yojana on 'How the Economic Surveys and Budget are able to boost the economy and employment scenario'. Also, provide a critical analysis of budget in the issue.

— Manish Kumar
mkigl1996@gmail.com

The People's Budget

The first budget of this decade has 'ease of living' as its basic tenet. *Jan Jan ka Budget*, as it is named has presented a slew of measures and has taken some bold steps which can have long-term impact on the economy. Through structured reforms, this budget maintains a fine balance between growth and fiscal prudence.

The Economic Survey 2019-20 focused on wealth creation of 130 crore Indians. This is realised through the three central themes of this budget—Aspirational India, Economic Development, and Caring Society. These themes have something to touch upon the lives of every citizen of the country, be it a farmer, investor, student, service class or a start-up to name a few. 'Aspirational India' in which all sections of the society seeks better standards of living, with access to health, education and better jobs. 'Economic development for all', indicated in the Prime Minister's exhortation of "Sabka Saath, Sabka Vikas, Sabka Vishwas" and 'Caring Society' that is both humane and compassionate taking development to the last mile. This issue of Yojana decodes the budget on these three broader themes and gives an in-depth analysis on each of them.

The budget envisages achieving seamless delivery of services through digital governance, improving physical quality of life through National Infrastructure Pipeline, risk mitigation through disaster resilience and social security through pension and insurance penetration. It promotes investment through measures including doing away with the Dividend Distribution Tax for the companies which will now be levied on investors, '*Vivad se Vishwas*' to reduce tax litigations and insurance cover on bank deposits being increased to five lakh rupees. A tax structure to choose from might accrue substantial tax benefit to a middle-class taxpayer depending upon exemptions and deductions claimed by him. In order to give a boost to the start-up ecosystem, the budget has proposed to ease the burden of taxation on the employees by deferring the tax payment on ESOPs.

The 16-point action plan focuses on doubling farmer's income, ensuring storage and logistics, promoting Blue Economy, Horticulture and Animal Husbandry. A hundred airports planned by 2024 under Udan scheme, Krishi Udan Yojana to be launched on international, national routes bringing Northeast and tribal districts on the forefront. The new economy is envisioned based on innovations with Artificial Intelligence, Internet-of-Things (IoT), quantum computing, etc. to enable direct benefit transfers and financial inclusion on a scale never imagined before.

This budget reflects the Government's firm commitment to substantially boost investment in agriculture, infrastructure, social sector, education and health. On sanitation front, the Government is committed to ODF Plus in order to sustain ODF behavior. Education and skill development were given prominence through the reforms expected in form of the New Education Policy. About 150 higher educational institutions will start apprenticeship embedded courses and full-fledged online degree-level education programmes to be started. Also, National Police University and a National Forensic Science University are being proposed in the domain of policing science, forensic science and cyber-forensics.

In the Budget Speech presented on 28 February, 1948, R.K. Shanamukham Chetty, the first Finance Minister of independent India had quoted a few lines treasured by Mahatma Gandhi which hold relevance event today – "Lead Kindly Light. The next step is enough for us if it is illuminated by the star of our ambition and fortified by the faith in our destiny." ❑

Union Budget 2020-21: A Fine Balancing Act

Dr Rajiv Kumar

The Union Budget has managed to pull off a fine balancing act; finding equilibrium between economic growth and fiscal prudence. The budget tries to address various areas of the economy and focuses towards inclusive and sustainable development.

Budget this year is woven into three major themes; Aspirational India, Economic Development and a Caring Society. In line with the Prime Minister's dream of 'Sabka Saath, Sabka Vikas, Sabka Vishwas'; addressing the aspirations of India; it aims to provide better standards of living through improved access to health and education. Furthering sustainable growth and economic development, it aims to promote the private sector and ensures we develop a harmonious and caring society, which looks after each individual's needs and benefits.

The agriculture and allied activities sector, in the recent past, has been going through several ups and downs. However, the government remains committed towards the target of doubling farmer's income by 2022. The budget highlights 16-action points which cover almost all aspects of the agriculture and allied activities sector. There remains a high disconnect between the agricultural output and low farmer income due to supply bottlenecks. The budget aims to provide support for an end-to-end value chain and puts emphasis on warehouse storage and development. Significant attention has been given to the development of the blue economy and through that, India's coastal regions. The move to create a cold supply chain, and launching refrigerated coaches with the help of Indian Railways is a welcome move towards improving the shelf-life of perishable produce.

This budget recognises the need to keep pace with frontier technologies. I strongly believe the upcoming policy to enable the private sector to build data center parks and create a national mission on quantum technologies will ensure India is well-placed and geared up for the next industrial revolution. Service sectors constitute a major share of the economy and these steps

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ECONOMIC DEVELOPMENT

are sure to boost growth in these areas, especially the IT services.

It is estimated that within the next decade, India would have the largest working age population. We can only reap the benefits of this demographic dividend if we take the necessary steps now. It is important to note that while having a large labour force is advantageous, appropriate skilling is crucial for improving productivity. This would be addressed by the New Education Policy. The Prime Minister has strongly advocated entrepreneurship and start-ups for driving growth and India has emerged as a major start-up ecosystem globally. To further encourage this movement, the budget has made provisions to provide tax relief in ESOPs (Employee Stock Ownership Plan) held by employees in start-ups. Likewise, the government's decision to set up a seed fund to support start-ups in their early stages should provide immense boost to budding entrepreneurs.

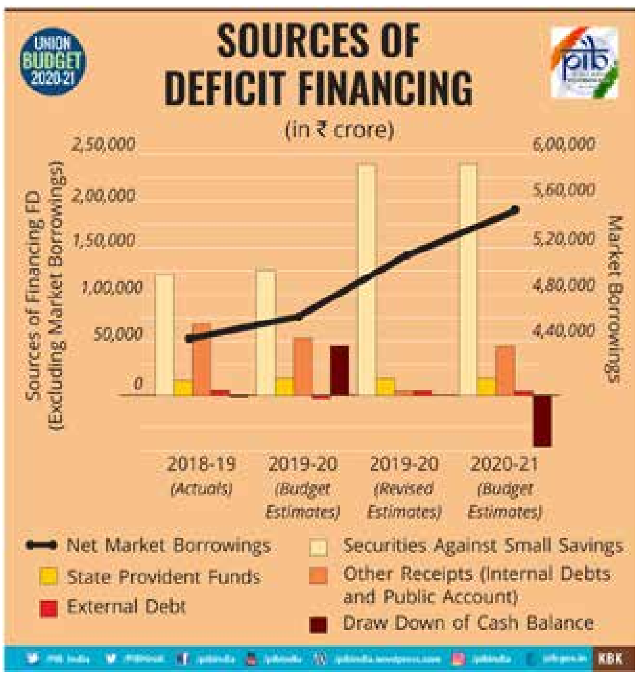
The government has introduced several measures for the financial sector. An important step is opening up of the bond markets to foreign investors and extending the investment limit in outstanding corporate bonds by FPIs to 15% from the current 9%. Moreover, after the unprecedented success of the Bharat Bond Exchange Traded Fund (ETF), the government also plans to launch a new Debt-ETF, comprising primarily of Government securities. The benchmark 10-year bond would be a great place to start given its high liquidity. These steps will help to increase the depth of the bond market and providing financial intermediaries viable options for funding thereby reducing their dependence on Scheduled Commercial Banks.

Micro, Medium, and Small Enterprises (MSMEs) contribute nearly 29% to the country's GDP. In light of the current challenges, this budget provides sufficient financing relief to the sector. As the major lenders in this sector, finances from NBFCs (Non-Banking Financial Corporations) will now be facilitated through the TReDs platform to facilitate the strained working capital. Moreover, in lieu of the on- going struggle faced by NBFCs, the budget proposes to move their eligibility limit for debt recovery under SARFAESI Act to an asset size of Rs. 100 crore or loan size of Rs. 50 lakhs.

The government remains committed to improve the functioning of PSUs. Several questions have been raised regarding the upcoming year's disinvestment targets, but we are confident that it is achievable through large disinvestments and asset monetisation. The move to float LIC publicly will not only bring in additional revenues for the government, but also increase transparency in the functioning of the organisation. Increasing faith in the banking system, especially after the Punjab Maharashtra Co-operative Bank (PMC Bank) crisis was essential. In this context, the government's step to increase the decades old deposit insurance coverage of Rs. 1 lakh to Rs. 5 lakh is a welcome move.

Furthermore, an important step towards long-term sustainable growth and employment is the government's announcement of the National Infrastructure Pipeline (NIP). The budget provides adequate funding to the tune of Rs. 22,000 crore equity support to infrastructure finance companies, which could be leveraged further and create long-term debt finance for projects.

The government has taken several steps to increase transparency



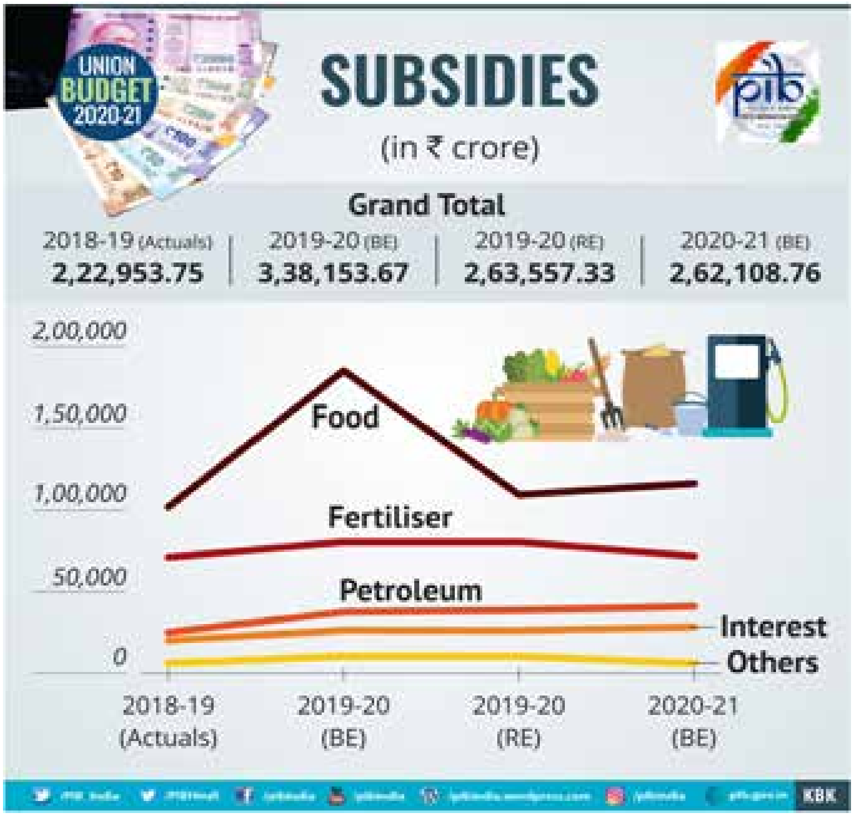
and improve the credibility of its data. Through the budget, it has been decided for the first time, to report extra budgetary items, in terms of bonds and loan borrowings. While we recognise the risk that this projects, in terms of the 'real fiscal-deficit' and market perceptions and although there is an increase in the borrowings this year due to prevailing growth conditions, this number will be significantly brought down in the years to come.

Today, the world has become such a tight-knit community that moving towards protectionist measures may not be a step in the right direction. If we want to be a more open economy, we must be more receiving. Given that this budget has increased certain trade restrictions, I believe that is largely to protect our domestic industries for a relatively short period of time from increasing Chinese imports. The government could consider moving towards more liberal trade policies that focus on increasing the competitiveness of domestic industries in the future.

Much like the overall economy, which has undergone various structural reforms, the budget also makes an important shift from the past by encouraging wealth creation. The move towards gradually simplifying the corporate and personal tax regimes is an important step to restore the confidence back in the economy. The taxpayers' charter will also help to enhance the trust of investors and corporates in the government.

It is quite unfounded that the markets registered a loss right after the budget. The markets were probably expecting some demand mobilising policies or major personal tax cuts however, once the market realised the long-term structural reforms, it recovered all its losses in the next two days.

We can always talk about all that could have been and should have been and while the budget may have failed to meet market expectations,



it delivers towards creating a fundamentally stronger economy. This budget realises and recognises challenges towards achieving higher growth. Like has been said by the

The government has taken several steps to increase transparency and improve the credibility of its data. Through the budget, it has been decided, for the first time, to report extra budgetary items, in terms of bonds and loan borrowings. The move towards gradually simplifying the corporate and personal tax regimes is an important step to restore the confidence back in the economy. The taxpayers' charter will also help to enhance the trust of investors and corporates in the government.

government before, it would not be prudent to look at the budget as a sole event. In the last six months, since the formation of the new government and the announcement of budget (FY20) with it, the government has taken numerous steps which would allow the economy to reap benefits in the medium term. The fine balancing act by the government, using the 'escape clause' under the FRBM Act, is a statement enough. Even with the challenging revenue collection scenario, the government continues to commit to adequate expenditure levels while maintaining fiscal prudence.

The budget is sound, rational and ticks all the boxes. Keeping in mind the challenges to economic growth, it strives to address short, medium and long-term growth prospects equally, without shocking the system. The budget goes a long way towards our goals of building an aspirational India. I truly believe the steps taken over the recent past will drive us towards the target of becoming a USD 5 trillion economy. ❑

Tax Proposals: Benefits to Common Man

Dr Ajay Bhushan Pandey

This is the Budget to boost people's incomes, to provide more money in their hands, to enhance their purchasing power, to boost consumptions and therefore demand. The demand in turn would intensify growth cycle of the economy with jobs and gainful earnings. The Government's aim is to make the tax department 'A Department in Dialogue' with taxpayers which listens, trusts and believes you; which is using technology to provide convenience to genuine taxpayers and is judiciously equipped with data analytics and information triangulation to hit tax evaders and reduce leakages with targeted actions.

The Budget 2020-21, a reformative budget in the present economic scenario is the budget that cares for all the people of India across economic strata. The basic canon of this budget has been that in our journey towards development to make India a $5 trillion economy by 2024, no one is left behind. This budget woven around the themes of Aspirational India, the Caring India and Economic development for All is the guide map for the year 2020-21 to join hands together and advance on the path of economic growth together with the help of technology and innovations.

This is the Budget to boost people's incomes, to provide more money in their hands, to enhance their purchasing power, to boost consumptions and therefore demand. The demand in turn would intensify growth cycle of the economy with jobs and gainful earnings. In this endeavour tax policy is critical as tax revenue is not only essential for undertaking expenditure to spur investment, employment and growth but is also essential for undertaking spending on priority sectors and welfare schemes which safeguards the welfare of the marginal sections of the population. Tax policy is also used to provide impetus to certain industries, regions and financial instruments by channelising savings and investment into specific areas based on the priorities of the Government with regards to economic policy and growth. With these objectives, the Budget 2020-21 focuses on fundamental structural reforms and inclusive growth.

As we all know, the Goods and Services Tax (GST) has been a landmark reform in the domain of indirect taxes that has changed not only the dimensions of doing business with the end of *Inspector Raj* but also has integrated the country economically, consolidated numerous taxes and cesses into one tax which resulted in efficiency gains in logistic and transport sectors. Given the magnitude of change heralded by the implementation of GST, refinement of system even after it has stabilised is an ongoing process, the government has been prompt in responding to suggestions and incorporating them in the interest of trade and industry. Now, the distinctive structural changes that the government is bringing in the direct tax domain have made the direct tax system more transparent, more accountable and more accessible.

The Government's aim is to make the tax department a department in dialogue with taxpayers which listens, trusts and believes you; which is using technology to provide convenience to genuine taxpayers and is judiciously equipped with data analytics and information triangulation to hit tax evaders and reduce leakages with targeted actions; which is faceless but friendly to serve taxpayers better; which is simple, online and helpful system with least possible legal disputes.

This year's Budget highlights in respect of Indirect and Direct Taxes are:

Indirect Taxes – GST

Revised Estimate of CGST for current FY 2019-20 is Rs. 5,14,000 crore and the Budget Estimate of CGST for upcoming FY 2020-21 is Rs. 5,80,000 crore. A simplified

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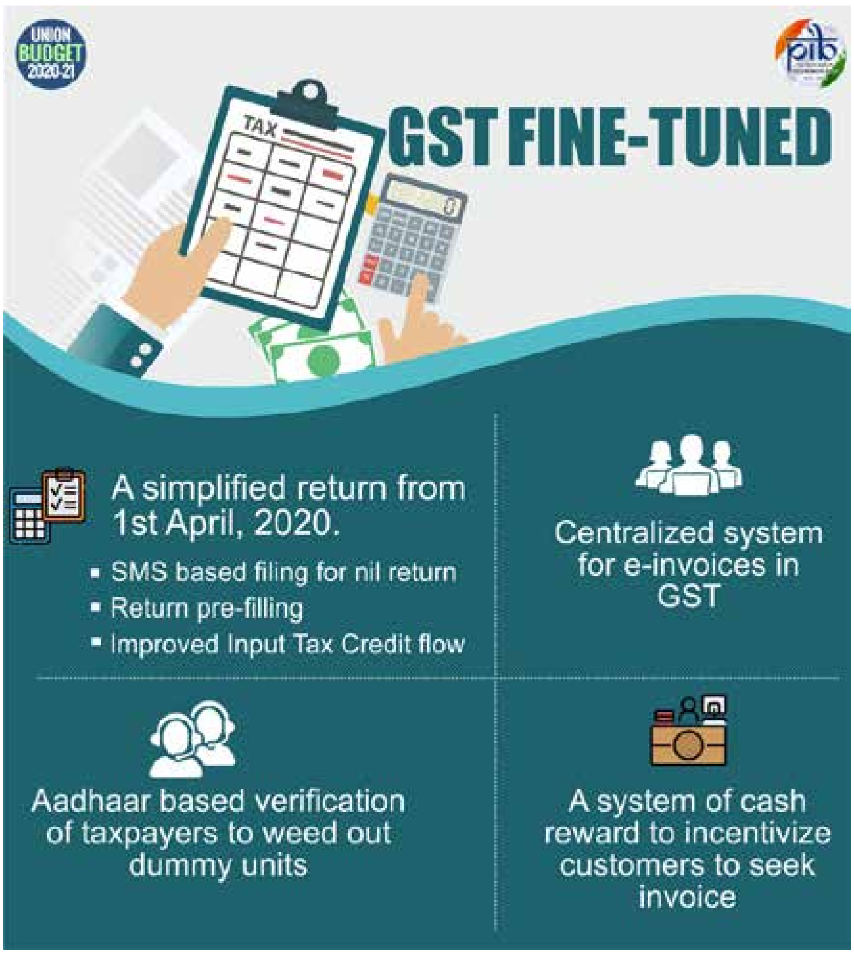
Table 1: Tax Buoyancy and Tax GDP ratio*

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 (Provisional)
Direct Tax GDP Ratio	5.62	5.55	5.47	5.53	5.86	5.98
Direct Tax Buoyancy Factor	1.16	0.86	.80	1.10	1.59	1.21

*Source: *Income Tax Department Time Series Data Financial Year 2001 to 2018-19*

return currently under pilot run shall be implemented from 1 April, 2020. It will make return filing simple with features like SMS-based filing for nil return, return pre-filling, improved input tax credit flow and overall simplification. Refund process has been simplified and has been made fully automated with no human interface. At the same time, data analytics and AI tools are being used for targeted crackdown on GST fake input tax credit, deceitful refund claims, and other frauds.

Several measures have been taken for improving compliance. E-invoice will be implemented in a phased manner on optional basis to facilitate compliance and return filing. Aadhaar-based verification of taxpayers is being introduced. This will help in weeding out dummy or non-existent units. Dynamic QR-code is proposed for consumer invoices. GST parameters will be captured when payment for purchases is made through the QR-code. A system of cash reward is envisaged to incentivise customers to seek invoice/s. GST rate structure is also being deliberated so as to address issues like inverted duty structure.



Indirect Taxes – Customs

The Revised Estimate of Customs Duties for 2019-20 is Rs. 1,25,000 crore as against the Budget Estimate of Rs.1,55,904 crore. Budget Estimate for 2020-21 is Rs. 1,38,000 crore. Besides several tax measures proposed in Customs in line with the stated policy direction of the government, suitable provisions for verification of beneficial duty claim are being incorporated in the Customs Act to specifically provide for certain obligation on importer and prescribe for time bound verification from exporting country in case of doubt. In addition, changes are being made in certain provision of safeguard duty and the Anti-dumping Rules and Countervailing Duty Rules are being strengthened for the anti-circumvention measures.

To give boost to domestic industry, import duty on a number of products such as footwear, furniture, toys, tableware and kitchenware, stationery and other office items and a number of domestic appliance and items of common use that are locally produced especially by the MSME sector, are being increased. A concerted effort has been made to increase domestic value addition in sectors like mobile phones and other electronics items, electric vehicles, battery, etc., through proper phasing of manufacturing activity. Customs exemptions have been reviewed to weed out entries that are redundant, obsolete or outlived their utility and 80 such exemptions are being withdrawn by making suitable amendment/ rescission of relevant notifications.

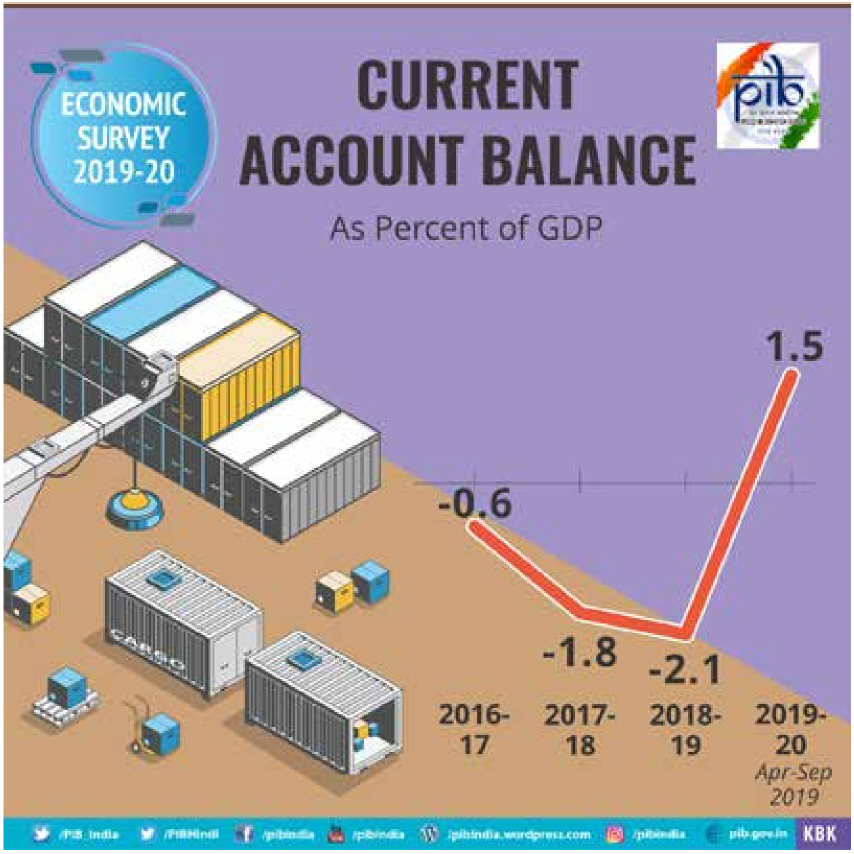
A health cess is proposed, by way of custom duty, on the imports of medical equipment keeping in view that these goods are now being made significantly in India. The proceeds of this cess shall be used for creating infrastructure for health services in the identified districts.

Direct Taxes

Before we go on the direct tax proposals in the Budget 2020-21, let us have a look on the income tax scenario. The efforts undertaken by the income tax department are reflected in the significant growth in overall tax collection, number of filers and taxpayers, etc. Further, as a result of the efforts undertaken, the Indian economy has displayed high tax buoyancy with a buoyancy factor greater than 1, i.e., the rate of growth of direct taxes has been greater than the rate of growth of GDP (Table1).

Apart from high tax buoyancy, between 2014-15 and 2018-19, the direct taxes have recorded a growth in collection of 64%. The growth of corporate taxes and personal income taxes over the years can be seen in the Table 2.

Further between FY 2013-14 to FY 2018-19 the number of return filers has grown by 91.02% while the number of taxpayers has increased by 60.55%.



With this performance on income tax, the Budget emphasises on simplifying the direct tax administration and making the proposed Tax Charter the part of the statute. This is the yet another determined step to make the direct tax system taxpayer friendly in true sense. The Income Tax Act states taxpayers' responsibilities. The Taxpayers' Charter would state tax administration's accountabilities towards taxpayers.

We have been fast moving on tax reforms with specific intent of no overreach and remain committed to a progressive tax regime. Alongside simplification of the structure, the endeavour has been to reduce tax incidence on business and individuals. In September last year, the Government slashed corporate tax making it comparable with countries in South-East Asia. In the budget, Dividend Distribution Tax (DDT) has been proposed to be abolished. The dividend now shall be taxed only in the hands of the recipients at their applicable tax slab rate. There have been several procedural easing alongside.

It proposes to bring a new and simplified personal income tax

Table 2: Direct Tax Collection*

	In Rs. cr		Growth
	FY 2014-15	**FY 2018-19** (Provisional)	**2014-15 to 2018-19**
Corporate Tax	4,28,925	6,63,571	55%
Income Tax	2,66,867	4,74,114	78%
Total	6,95,792	11,37,685	64%

*Source: *Income Tax Department Time Series Data Financial Year 2001 to 2018-19*

Table 3: Tax Rates

Taxable Income Slab (Rs.)	Existing tax rates	New tax rates
0-2.5 Lakh	Exempt	Exempt
2.5-5 Lakh	5%	5%
5-7.5 Lakh	20%	10%
7.5-10 Lakh	20%	15%
10-12.5 Lakh	30%	20%
12.5-15 Lakh	30%	25%
Above 15 Lakh	30%	30%

regime wherein income tax rates will be significantly reduced for the individual taxpayers who forgo certain deductions and exemptions. Such relief is expected to give an impetus to the demand at estimated revenue forgone of Rs. 40,000 crore per year. A comparison between the tax rates in the old and new taxation regime of personal income tax is given in Table 3.

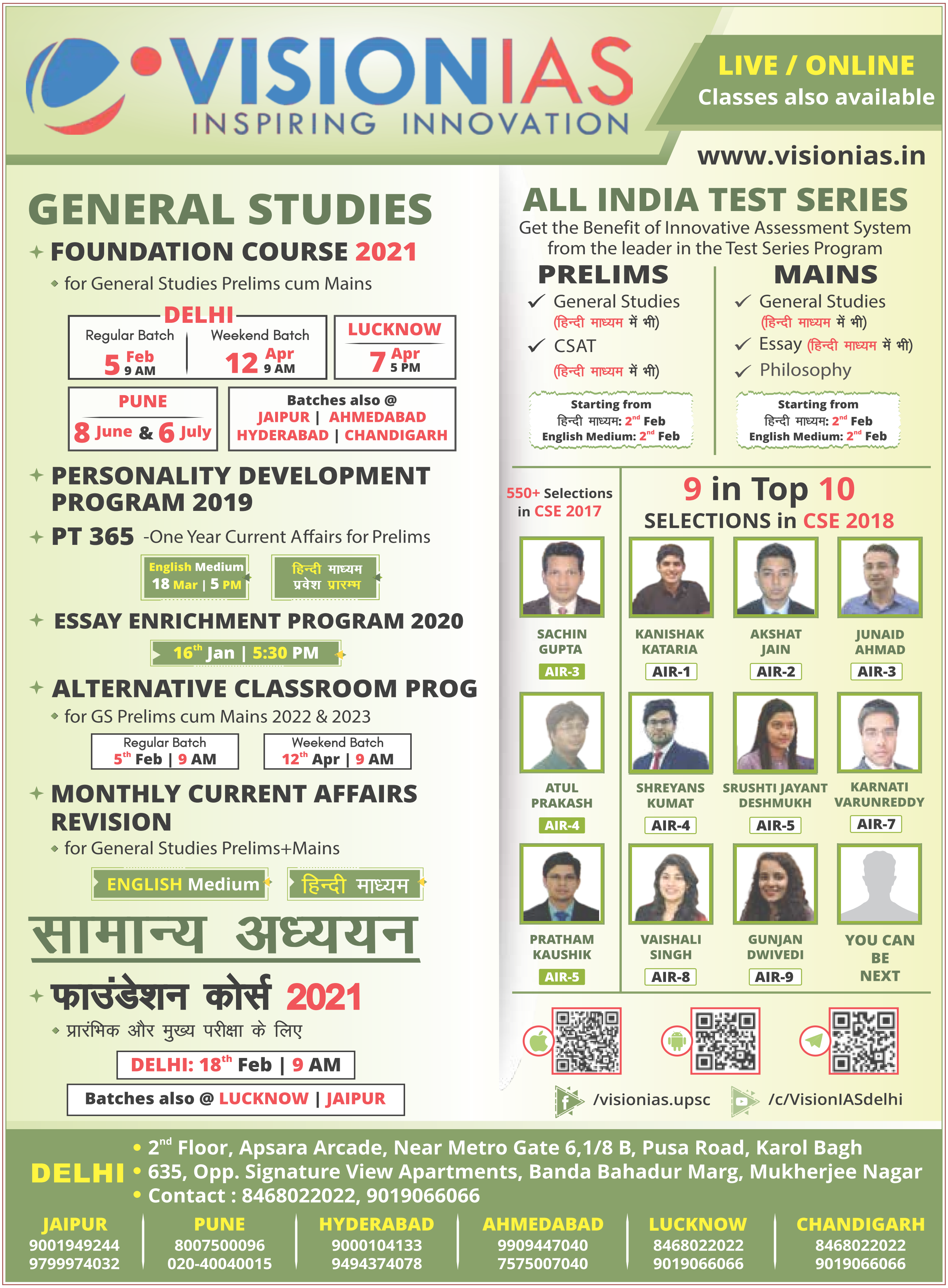
The new tax regime shall be optional for the taxpayers hence an individual who is currently availing more deductions and exemptions under the Act may choose to avail them and continue to pay tax in the old regime.

There have been consistent efforts on the part of the government to reduce litigations in taxation earlier through *Sabka Vishwas* (Legacy Dispute Resolution) Scheme and now with *Vivaad se Vishwas* Scheme. The basic purpose of the proposed scheme is to help business and industry to come out of litigation and concentrate on the wealth creation. The Scheme gives complete waiver of interest and penalty if the Scheme is availed before 31 March, 2020.

With the objective of enhancing the efficiency of the delivery system of the Income Tax Department, the Budget proposes to provide that the CBDT shall adopt a Taxpayer's Charter and issue necessary direction for the implementation of the same. Hence, the delivery of taxpayer services will now be engrained in the statute. Also, in order to provide relief to co-operative societies, the Budget proposes to reduce the tax rate for co-operatives on the lines of corporate tax reduction from 30% to 22%. Further, the Budget proposes to extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.

To incentivise the investment by the Sovereign Wealth Fund of foreign governments in the priority sectors, the Budget proposes to grant 100% tax exemption to their income for investments made in India. In order to enable start-ups to attract talented employees by providing them Employee Stock Option Plan (ESOP), the Budget proposes to allow deferment of the tax payment by the employee for five years in respect of income relating to ESOP. To further incentivise the start-up ecosystem, the Budget also proposes to provide tax holiday to the large Start-ups having turnover up to Rs. 100 crore and also to extend the period of availing the deduction from 7 years to 10 years. The Budget proposes to raise the turnover threshold for compulsory audit from the existing Rs. 1 crore to Rs. 5 crore.

To conclude, I am reasonably confident that the new personal income tax regime would be beneficial to about 80% of the taxpayers as the data analytics support this estimation. We have analysed tax data base of FY 2018-19 with almost all kind of deductions and exemptions availed by the taxpayers and have found that around 69% of the taxpayers would be able to save up to Rs. 78,000 by switching to the new tax regime and about 11% taxpayers would be monetarily at 'no profit, no loss'. However, they too would find the new regime beneficial vis a vis the existing one, as it brings in an income tax regime that is not only hassle-free and less cumbersome but also lessens the burden of scrutiny and compliance on the taxpayers and minimises the paperwork such as receipts maintenance, documentation and burden of proof. ❑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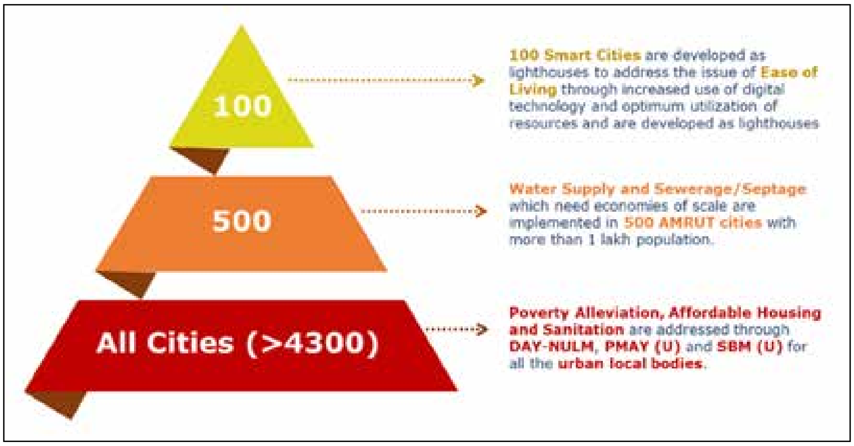
Union Budget to Transform Urban Landscape

Durga Shanker Mishra

As India undertakes its journey to leapfrog towards a five trillion-dollar economy by 2024-25, supporting the process of urbanisation requires substantial flow of infrastructure investment. To achieve this target, India needs to spend about $1.4 trillion (Rs. 100 lakh crore) over these years on urban infrastructure (Economic Survey 2019-20). In spite of promising economic growth in urban centres, not all have adequate infrastructure and basic services. Recognising the severity of urban infrastructure deficits, The Government of India has embarked upon transformative new initiatives in the sector.

India is making holistic efforts to promote inclusive development "Sabka Saath, Sabka Vikas, Sabka Vishwas" for a rapidly increasing urban population. The World Urban Prospects (WUP), 2018 estimates urban population in India at 34% of total population which is likely to be 40% by 2030 and 50% by 2050. The new wave of urbanisation is expected to bring bothopportunities and challenges. The urban share of GDP is projected to be 75% in 2030, an increase from 62-63% in 2009-10 (HPEC, 2011).



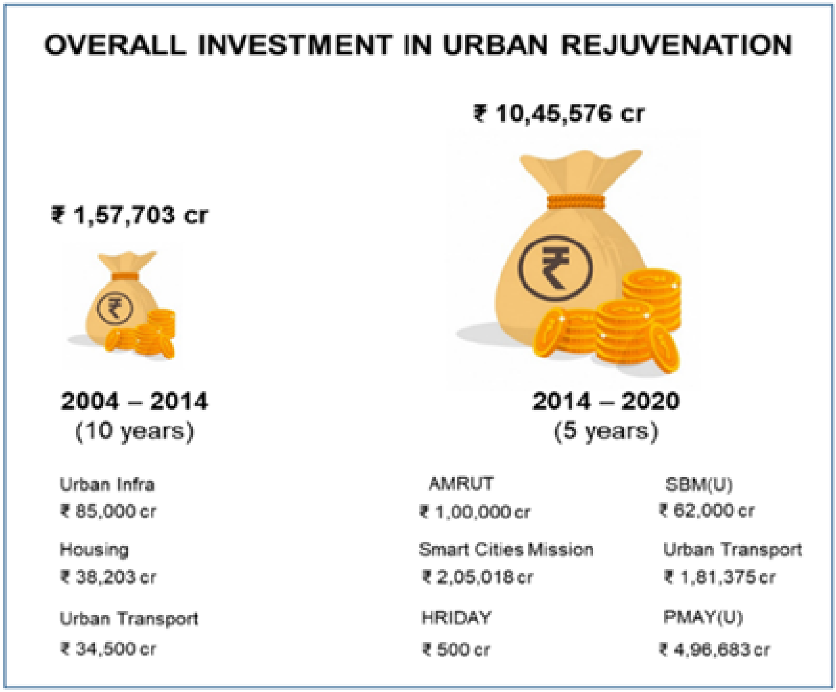
Missions for Urban Transformation 2014-19

The Government of India has initiated one of the most comprehensive programs of planned and systematic urban development in the entire world.

More than 4,500 urban local bodies (ULBs) have been covered with flagship schemes like Swachh Bharat Mission Urban (SBM-U), Pradhan Mantri Awas Yojana Urban (PMAY-U) and Deendayal Antyodaya Yojana-National Urban Livelihood Mission (DAY-NULM) to address the issues of sanitation and cleanliness, affordable housing, and urban poverty alleviation. In addition, provision for universal water supply and sewerage/septage in 500 cities (with over 1 lakh population) have been taken up under Atal Mission for Rejuvenation and Urban Transformation (AMRUT). Heritage City Development and Augmentation Yojana (HRIDAY) was launched in 12 cities with the aim to preserve and rejuvenate the soul of their heritage character. A big push in urban transport, largely in the form of support to Mass Rapid Transit Systems (MRTS) has been initiated. Last but not the least, the Smart

> "In India, the present is changing rapidly, at a speed and a scale not known so far. A 'New India' is taking shape"…. "India will experience the largest wave of urbanization in the world in the next two decades. It is a challenge, but also a huge responsibility and opportunity…Mass transit, waste management, pollution control, sustainable habitat and affordable housing are programs of great priority for us".
>
> Narendra Modi, The Prime Minister of India

The author is Secretary, Ministry of Housing and Urban Affairs, Government of India. Email: secyurban@nic.in



Cities Mission (SCM) was launched in 100 cities aimed at improving core infrastructure and providing a decent quality of life to urban citizens using smart solutions.

Enhanced Budgetary Support and Fund Availability

Following the trend of the last five years, the recent Union Budget 2020-21 has allocated a total of Rs. 50,040 crore to the Ministry of Housing and Urban Affairs (MoHUA), which is substantially higher than the budget allocation (as per the revised figures) of Rs. 42,267 crore in 2019-20. Over and above this, there is provision of Rs.10,000 crore as Extra Budgetary Resource (EBR) for housing.

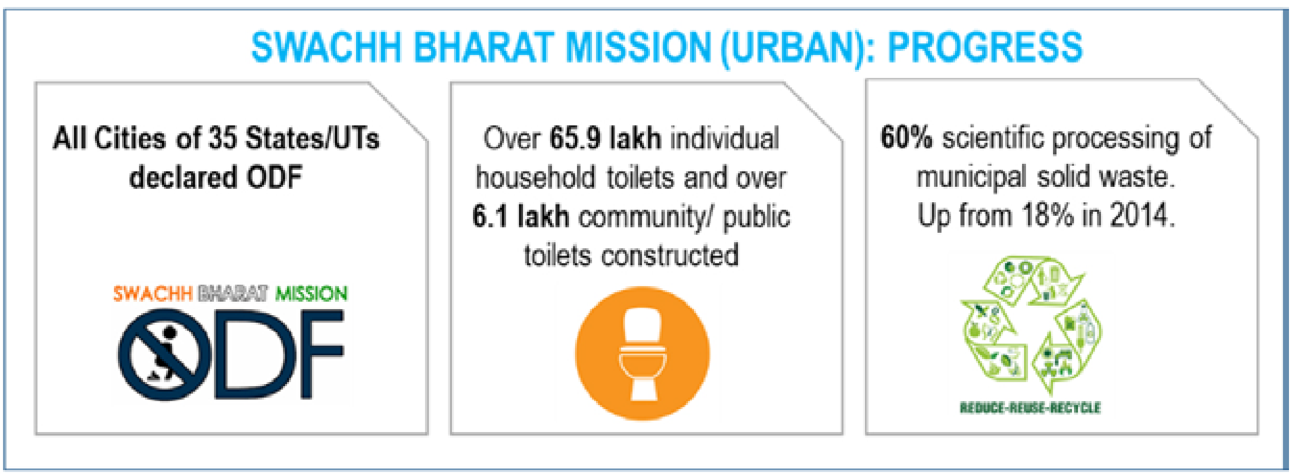
Cities as Engines of Economic Growth in India's March to US$ 5 Trillion Economy

Budget has set a definite goal i.e. aspiration to take the economy to US$ 5 trillion level backed with Aastha (Hope), Vishwas (Trust), and Akanksha (Aspirations) of 130 crore Indians. To boost infrastructure development, the Government has launched the National Infrastructure Pipeline (NIP) on 31 December, 2019 for the period 2020-2025. NIP is expected to improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive. It intends to facilitate supply-side interventions in infrastructure development to boost GDP growth (Economic Survey, 2019-20). Out of the projected total infrastructure investment of Rs.103 lakh crore during the period FY 2020 to 2025, 16% has been earmarked for urban rejuvenation. With this investment, India can mitigate its urban challenges and bring positive impacts on the lives of not only the urban population, but also, at least 20 crore rural population, who live in the proximity of 70 big cities.

Promoting Investment for Urban Rejuvenation

Since the launch of various urban flagship schemes, around Rs. 1,62,165 crore of central assistance has been released to date during the period 2014-20. It has led to total investment to the tune of Rs. 10,45,076 crore in the Sector, which includes contributions of States/ULBs, Beneficiaries and PPP partners.

It is, therefore, clear that central assistance is generating around six and half times investments of its contribution for creating urban infrastructure. Further, total investment, estimated for the period 2020-25 is Rs. 17,74,167 crore. The development of urban areas will constitute a major part of the investment under NIP.



Urban Infrastructure: Focusing on Connectivity

In the Budget 2020-21, a total of Rs. 20,000 crore has been allocated for total MRTS and Metro Projects (higher allocation than previous year). Also, construction of 148 km long Bengaluru Suburban Transport project at a cost of Rs. 18,600 crore has been proposed for the Railways Ministry. Apart from these, budget earmarks provisions for Mumbai-Ahmedabad High Speed Rail, Chennai-Bengaluru Expressway, Delhi-Mumbai Expressway and promotion of economic activities along river banks with waterways.

Focus has been provided on digital connectivity through BharatNet program for all ULBs along with prepaid smart electricity meters with options for individual consumer to choose rates and provider/ sources (thermal or RE) of electricity.

Swachh Bharat Mission (Urban) for Cleaner and Healthier India

Water and sanitation have received priority in the budget as there is a direct association between sanitation practices and mortality and health outcomes (Economic Survey, 2018-19). Under the flagship program of Swachh Bharat Mission (Urban), so far, more than 66 lakh toilets have been constructed and more than 99% cities have become ODF. 1276 cities have been certified ODF+ and 411 as ODF++. Many others are under examination for such certifications. The progress in terms of Solid Waste Management (SWM) has also been commendable. Non-manual cleaning of septic tanks and sewers has been stressed upon in the Budget Speech, for which action is underway.

Har Ghar Jal: AMRUT

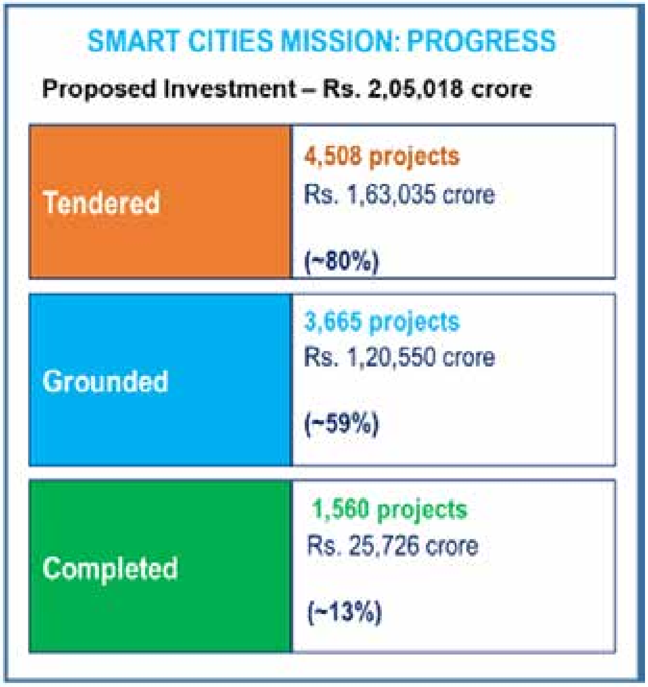
AMRUT scheme was launched in 500 cities with over 1 lakh population across the country in June 2015, which envisages achieving universal coverage of water supply and increasing sewerage and septage coverage from 31% to 62%. Under the scheme, State Annual Action Plans (SAAPs) for all State/UTs for Rs. 77,640 crore have been approved, of which half is dedicated to water supply, and 42% sewerage and septage.

Projects worth Rs. 73,007 crore are under implementation; out of this projects worth Rs. 8,725 crore have already been completed. So far 71 lakh water tap and 43 lakh sewer connections have been provided under the scheme.

Promoting Water Conservation: Jan Andolan

The Ministry has launched Jal Shakti Abhiyan to make water conservation a "Jan Andolan" with four major thrust areas: a) Rain Water Harvesting; b) Re-use of treated waste water; c) Rejuvenation of water bodies and d) Plantation. Over 750 ULBs have been identified as water-stressed and are being encouraged to enforce building-by-laws to build rain water harvesting structures, undertake measures for re-use of treated waste water, revive at least one water body and undertake plantations. So far, 2.39

ECONOMIC DEVELOPMENT



lakh Rain Water Harvesting points have been installed, and another 2.22 lakh are under construction. The Finance Minister has stressed to encourage all million plus cities to meet the objectives of Jal Jeevan Mission during the current year itself. Action is being taken to fulfill this under AMRUT.

Smart Cities Mission towards Smarter Urban India

As the Smart Cities Mission completes five years of implementation, over 80% of the proposed 5,151 projects worth Rs. 2,05,018 crore are at different stages of implementation. Innovative projects like Integrated Command and Control Centres (ICCC), Smart Streets/ Roads, Public Bike Sharing, Smart Solar Energy, Smart Poles, Smart Water, and Integrated Smart Traffic/Transit Management are pioneering efforts being undertaken by Indian cities for the very first time. Budget 2020-21 has allocated Rs. 13,750 crore for Smart Cities Mission and AMRUT for 2020-2021 against Rs. 9,842 crore in 2019-2020, which is about 40% more than the amount set aside last year.

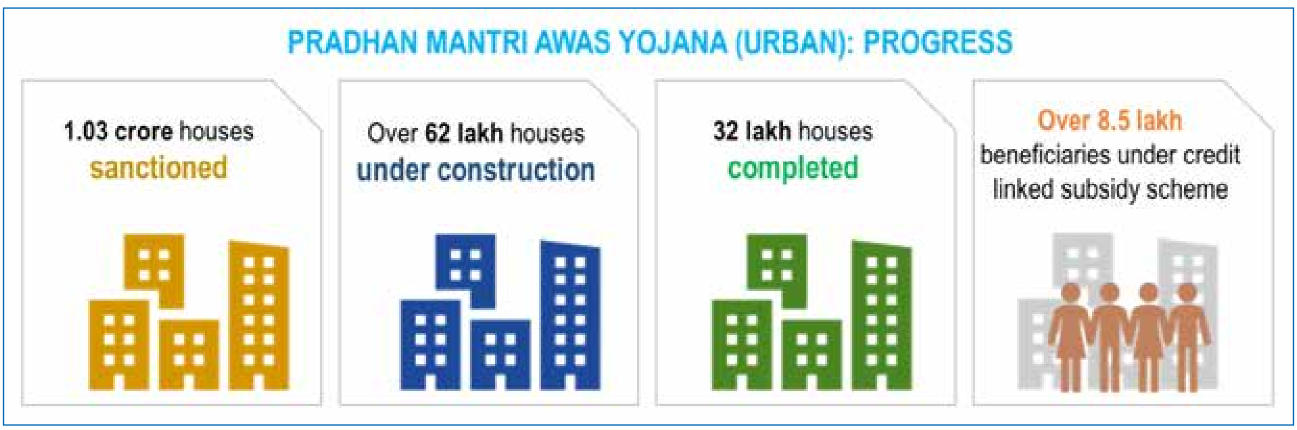
Affordable Housing for All

To fulfil the vision of the Prime Minister, the Government is committed to provide "Housing for All" by 2022. More than 1 crore houses have already been sanctioned; more than 62 lakhs have been grounded for construction and 32 lakhs have been completed/ delivered. Over and above the year-on-year budgetary provisions, a separate mechanism through creation of National Urban Housing Funds (NUHF) has been approved by Union Cabinet to mobilise resources through Extra Budgetary Resources (EBR) to the tune of Rs. 60,000 crore for funding housing scheme. Government has created an Affordable Housing Fund (AHF) in the National Housing Bank (NHB) with an initial corpus of Rs. 10,000 crore using priority sector lending shortfall of banks/financial institutions. The Budget 2020-21 has allocated a total of Rs. 8,000 crore in the budget and provision for extra-budgetary resources (EBR) of Rs. 10,000 crore for PMAY-U.

The Finance Minister has also provided certain tax concessions and extension of ongoing provisions to promote Affordable Housing Sector under private initiatives. This will further bridge the deficit in the urban areas.

Poverty alleviation, livelihood and Skill Development

The poor in cities, specially the fresh migrants face various deprivations related to occupational, residential, and social needs, which is to be addressed simultaneously in a comprehensive and integrated manner. It is in this context that a mission-



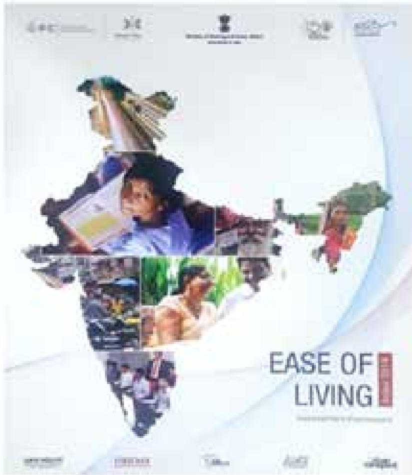
mode approach to urban livelihoods in the form of the Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) was initiated.

The primary target of DAY-NULM is the urban poor, including the urban homeless. Budget 2020-21 DAY-NULM allocation is Rs. 795 crore. The Finance Minister has proposed to provide 1 year internships to fresh engineers in all ULBs in order to enhance the skill of the youth to fulfill the dream of the Prime Minister. For this, a scheme is being worked out in consultation with the States.

Ease of Living and Ease of Doing Business

MoHUA released the first-ever 'Ease of Living Index' in 2018 covering 111 cities, and assessment for 'Ease of Living Index 2019' is currently in progress and will soon be released.

As per World Bank's Doing Business Report-2020, India's rank in Ease of Doing Business is 63, compared to its 2019 ranking of 77. Also, India is becoming more time-efficient in approval of construction permits. Currently, India ranks 27 in terms of construction permits, compared to rank of 185 in 2017. Online Building Permission System (OBPS) has been implemented in 2,506 cities, including 444 AMRUT cities so far. The Municipal Performance Index, launched by MoHUA in 2019 aims to build capacity and assess the performance of India's municipal bodies on the five pillars of governance, technology, services, planning and finance.



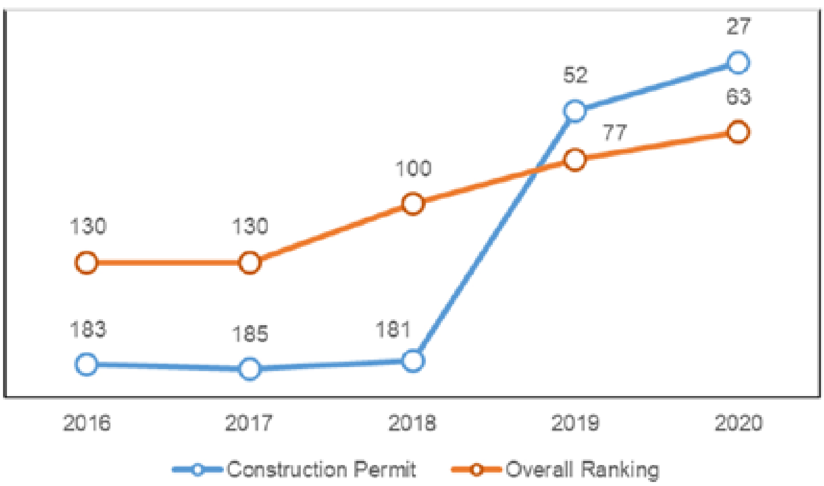
Climate Change and Sustainable Urbanisation

A total of Rs. 4400 crore have been allocated for clean air and climate action in the cities. MoHUA has already initiated the Climate Smart Cities Assessment Framework, a pioneering effort towards building capacity of its 100 smart cities on climate change-adaptation and mitigation practices. As part of this endeavor, Ministry has started a Climate Smart Cities Alliance amongst cities and like-minded organisations.

Way Forward

The Government of India is committed to the vision of developing New India where towns and cities would function as fulcrums of economic growth. Promotion of ease of living, responsive governance, clean and sustainable environment, rapid economic growth, and livelihood opportunities for the citizens are pathways identified for a vibrant urban India. The Ministry is committed to building cities of the future following a comprehensive, inclusive, participatory, and data-driven approach. It aims to scale up urban transformation with our learnings in smart cities and all other Missions in the nation's journey towards US$5 trillion economy and a New India. ❑

India's Global Rank in World Bank's Doing Business report (DBR)



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Transport Infrastructure in India

G Raghuram

Over the years, there has been a thrust on improving technology and capacity in the sectors like railways, rail, road, air and water. The outcome of these is projects like Dedicated Freight Corridor, High-Speed Rail, expressways, electronic vehicles, PPPs in airports, etc. While the budget has appropriate announcements, execution needs attention.

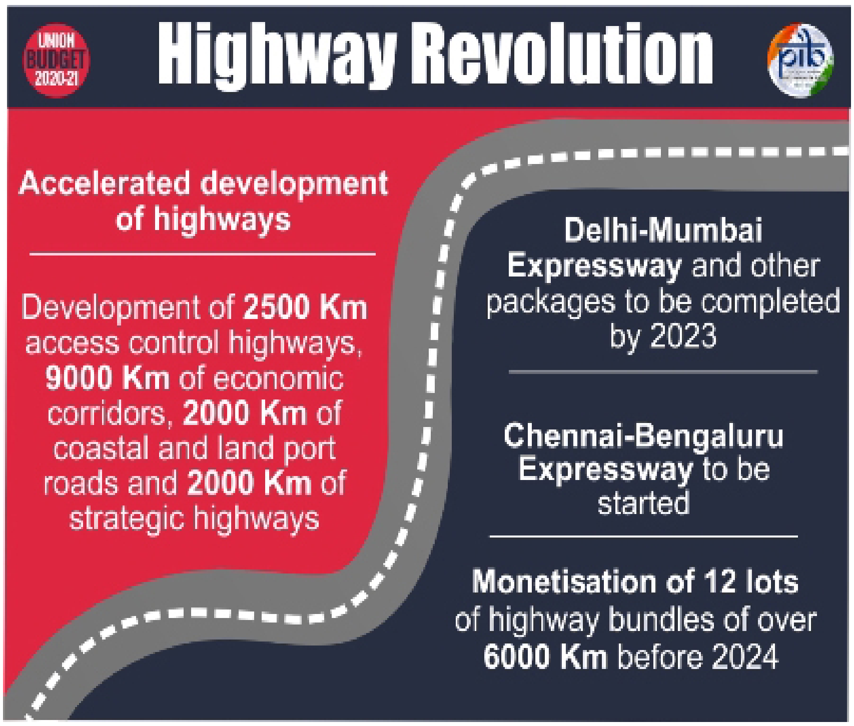
The Finance Minister Nirmala Sitharaman introduced the Infrastructure portion of her budget primarily by referring to the National Infrastructure Pipeline (NIP) which has a five-year vision with an investment of Rs. 102.51 trillion. Of this, the transport infrastructure investments consist of Rs. 19.64 lakh crore for roads, Rs. 13.69 lakh crore for railways sector, Rs. 1.43 lakh crore for airports, Rs. 1.01 lakh crore for ports, and parts of urban and housing (metro, public transport and Electric Vehicles), rural infrastructure (rural roads) and agriculture (storage infrastructure and refrigerated transportation).

Among roads, railways, airports and ports, the share of investment is 36%. If we include the other investments, it is likely to exceed 40%. In an overall sense, the transport infrastructure is the most significant investment in the NIP.

About 20% (Rs. 19.5 lakh crore) of the total NIP investment is expected to take place during 2020-21. Towards this, the central budget has allocated Rs. 1.7 lakh crore for the transport ministries and Rs. 0.4 lakh crore for urban transport (Rs. 0.2 lakh crore) and rural roads (Rs. 0.2 lakh crore). The balance would come from internal accruals, borrowings, state funding and private funding.

To ensure that such a funds flow happens, it is important that the policy direction is sustainable, and the use of funds is efficient.

In the roads sector, the policy thrust is on increased categorisation of national highways (from the current 1.3 lakh kms to 2.0 lakh kms), building expressways, increased use of electronic tolling and advanced technologies for traffic control. The Delhi-Mumbai expressway is getting immediate attention as also another 13,000 kms of upgradation of highways. This sector has experimented with different forms of PPPs, including Build Operate



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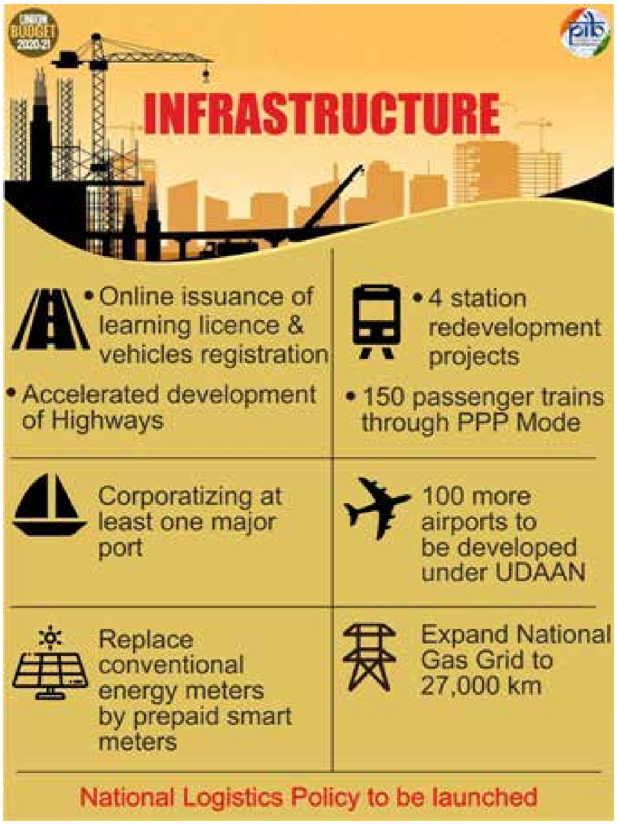
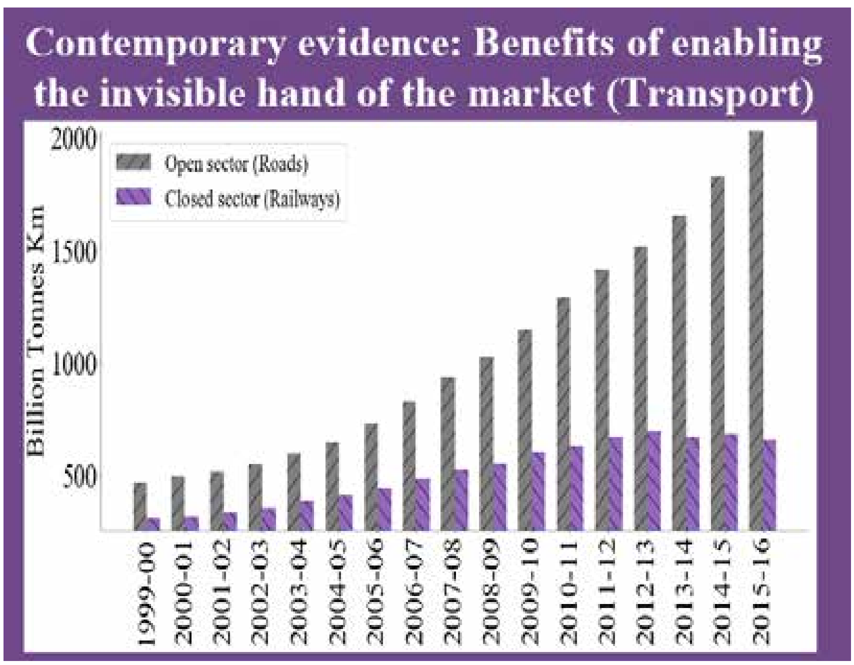


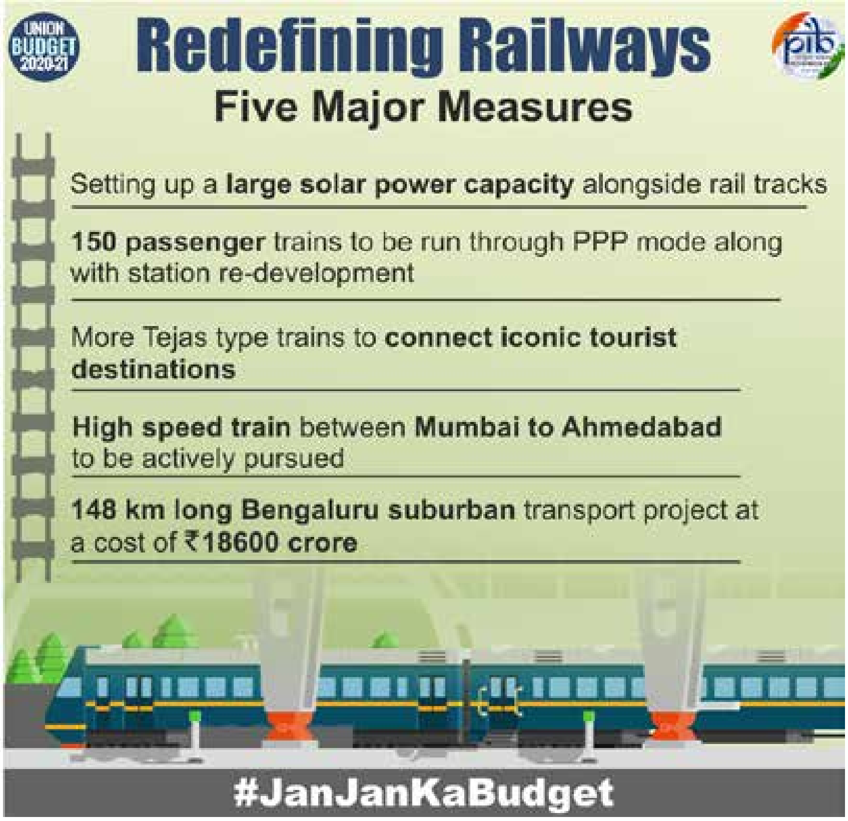
Transfer (BOT), Hybrid Annuity Model (HAM) and Toll Operate Transfer (TOT), enabling more projects to be undertaken. However, the roads sector is still affected by land acquisition and environmental clearances causing significant holdups and time overruns. Many of the projects have turned into non-performing assets for lending institutions. Safety; which is a crucial outcome parameter for the road user, has still not been addressed comprehensively. On the matter of climate impact, the direction seems to be one of getting away from petrol and diesel and moving towards electric vehicles (EVs), though the pace of adoption is still open.

In the rail sector, there has been some push towards reforms in the recent past. The idea of involving private sector participation in passenger trains is a welcome move. This was a reform that should have happened much earlier. The parallels in the other transport sectors like road, air and water where services have traditionally been in the private sector was waiting to be adopted. Having such service providers will increase the need for upgradation and accountability of the hard infrastructure sector, which is a good thing. The recent two examples of the Tejas Express is in a sense a halfway house, since the service provider Indian Railway Catering and Tourism Corporation (IRCTC) is really a subsidiary of the Indian Railways and was not brought in through a competitive bidding process. The target of 150 trains is welcome, though it would depend on how well the concession agreements and bidding processes are put in place. Unlocking value from railway stations by improving customer service and real estate value has been talked about for many years. A few stations have seen the light of day in this direction. The accelerator still needs stepping on if 750 stations are proposed to be developed in this format.

The merging of cadres is again a welcome push, one which has been talked about in the context of breaking down inter-departmental barriers for over four decades, with multiple committees recommending it. However, there is still internal resistance and the debate is out as to whether all cadres should be merged, or an intermediate position would be better, at least initially.

Over the years, there has been a thrust on improving technology and capacity in the railways. The outcome of these is projects related to the Dedicated Freight Corridor (DFC) and High-Speed Rail (HSR). There are also proposals for Semi High Speed Rail Corridors, though there is a debate on their real efficacy on existing corridors. The Western and the Eastern DFCs are under construction with parts of them already operational. The corridors are expected to be fully operational by 2022. This is expected to give a boost to freight movement on railways on the high demand routes and consequentially improve passenger train capacity





on the conventional parallel routes. However, there are concerns about pricing and track access charges, and how it can be best leveraged to ramp up traffic on the DFCs. Another concern is the availability of rolling stock to utilise the DFC standards. While such rolling stock would be useful for pure DFC movement, there would be a difficulty for moving on the conventional railway lines. Depending on the experience of the DFCs, new dedicated corridors (which are already conceptualised) would be taken up.

The HSR as a dedicated corridor is under construction between Ahmedabad and Mumbai. This would run the Japanese style bullet trains at a maximum speed of 320 kmph, bringing the best train time between these two cities from six hours to two hours. While the subsequent corridors are being conceptualised, the experience of the first corridor would influence the way forward.

Overall, while it appears that there are many initiatives in the Indian Railways, the fundamentals of how PPPs would be encouraged, and focus on research and development for indigenous manufacturing of rolling stock are still not clear. These two are critical for continuous modernisation of Indian Railways and to achieve the target of increasing the modal share to at least 40% over the next five years. At a national and in fact global level, such a modal share is important for climate sensitivity.

In the airports sector, there are two focus areas. The first is on increasing capacity and service levels in the top 30 airports, primarily through the PPP route. The second is on increasing the number of airports to about 100 and ensuring that all tier II and many tier III cities have their own airports. After initial successes in bringing in PPPs in five airports (where AAI is the 'authority') on a build-operate-transfer (BOT) basis, many concerns were raised both in the process and the interpretation of the concession agreements. This led to a ten-year hiatus in further PPPs. Subsequently, greenfield airports (even to serve existing airport territories) driven by State governments as the 'authority' have started being awarded from 2016 on a BOT basis. AAI airports that were modernised in the interim are now being awarded on a Operate Maintain Transfer (OMT) basis. Six airports have been awarded. More are on the anvil. Regarding the increase in airports to serve lower tier cities, the issue is one of viability. Attracting PPPs may be difficult in such airports, though with appropriate viability gap funding/subsidies, it is workable. Airports Authority of

India is expected to be the fallback option, though with concerns from AAI regarding managing many loss-making airports. There could even be a question as to whether so many airports are required and if some of the intended locations can be served from neighbouring locations by road transport connectivity.

In the port sector, Sagarmala is a large project-oriented scheme, which is not proceeding quite at the pace at which it was envisaged. While part of the problem is environmental, the real issue may be one of nature of the need. Ports need modernisation for increased efficiency and infrastructure for better connectivity. Capacity additions through new locations may not be a need, unless it is for captive purpose. PPPs have made reasonable inroads into the Central government driven major ports, and more as private ports driven by State governments. In fact, there could possibly be a situation of excess capacity in the container domain. It could also be the case for coal as the power sector moves away from coal to renewables. Some of the earlier PPPs are not able to do their best due to restrictive concession agreements. The restructuring of the regulatory regime which has been under discussion for a long time needs to be hastened. Connectivity issues on the land side, especially by rail, should improve both with the DFCs and the formation of the Indian Port Rail Corporation Limited (IPRCL). IPRCL was formed in 2015 to improve rail port coordination.

Based on the demonstrated success of the Delhi Metro Rail Corporation (DMRC), 12 other cities are developing metros as part of public transport infrastructure. It remains to be seen whether the impact of the metro will be significant in all these cities, since some of them have just one or two routes. Usually, a network of routes must evolve so that there is significant intra-city connectivity. The major metro cities would benefit since the approach is to develop a network. While PPPs were attempted, the success has not been good, except possibly Hyderabad. This is understandable since the complexity of government interfaces in the building and operating a metro would make it very difficult for a private party. Intermodal seamless connectivity with metro transportation is yet to be addressed for urban mobility. It is important to plan public transport in tier II and tier III cities from a climate impact point of view. Bus corridors, including optimisation over the size of the bus, needs to be properly planned. Use of analytics on travel patterns would be a big help.

The rural road infrastructure has improved significantly over the past two decades. Continuing allocations for this are a good budgetary policy. While rural roads are developing, the opportunities in agri-supply chain are yet to be fully exploited. The focus on cold chains including the announcement of the 'Kisan Rail' is a welcome move. Rail based reefer movement with multimodal connectivity can enhance the market reach of agricultural products including for exports.

While the budget has appropriate announcements, as usual, execution needs attention. Else, we will be making similar announcements as has been done in the past. The data on project time overrun in Figure 1 provides evidence of poor execution.

Figure 1

Sector	Projects Monitored	Delayed Projects
Road Transport and Highways	866	221
Railways	312	150
Civil Aviation	13	5
Shipping and Ports	1	1
Total	**1192**	**377**

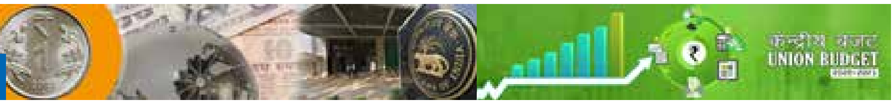
Source: *408th Flash Report on Central Sector Projects (Rs.150 crore and above) November 2019, Infrastructure and Project Monitoring Division, Ministry of Statistics and Programme Implementation*

The above flash report provides an explanation:

"The brief reasons for time overruns as reported by various project implementing agencies are delay in land acquisition, delay in obtaining forest/environment clearances, lack of infrastructure support and linkages, delay in tie-up of project financing, delay in finalisation of detailed engineering, change in scope, delay in tendering, ordering & equipment supply, law & order problems, geological surprises, pre-commissioning teething troubles and contractual issues."

(http://www.cspm.gov.in/english/flr/Fr_nov_Report_2019.pdf, Page 11)

While the reasoning is not unexpected, the real challenge is anticipation and providing solutions. The current budget proposes a project preparation facility, actively involving students and faculty from Universities. Such an involvement is easier said and done. We need to find mechanisms to prepare and create awareness for the initiative. Structural solutions for focus like Sagarmala and coordination like Indian Port Rail & Ropeway Corporation Ltd. (IPRCL) could be used in appropriate contexts. Concession agreements and contracts need a lot more attention, both for sharpness and flexibility. Finally, the role of regulators becomes important, since the need is for 'light-touch' regulation with maturity. ❑



IMPACT

The Industry Perspective

Dr Ranjeet Mehta

Micro, Small and Medium Enterprises (MSMEs) are the lifeblood of a vibrant economy; therefore, the Union Budget 2020-21 has a focus on improving credit access and increasing cash in hand for these businesses. There is also a strong message towards gaining people's confidence and trust through assurance about the stability of the banking system, making proposals like decriminalising the Companies Act, relooking at other laws, fine-tuning the Contract Act, creating a taxpayers' charter in the statute to prevent harassment.

The Budget makes many choices, which if carried through, may result in a tectonic shift in India's economic policy. The Finance Minister on 1 February, 2020 presented the second Union Budget of this tenure of the Government. The Government of India proposes to spend Rs. 30,42,230 crore in 2020-21, which is 12.7% higher than the revised estimate of 2019-20. The receipts (other than net borrowings) are expected to increase by 16.3% to Rs. 22,45,893 crore, owing to higher estimated revenue from disinvestments. The Government has assumed a nominal GDP growth rate of 10% (i.e. real growth plus inflation) in 2020-21. The nominal growth estimate for 2019-20 was 12%.

Revenue deficit is targeted at 2.7% of GDP, which is higher than the revised estimate of 2.4% in 2019-20. Fiscal deficit is targeted at 3.5% of GDP, lower than the revised estimate of 3.8% in 2019-20. The Government is estimated to breach its budgeted target for fiscal deficit (3.3%) in 2019-20 and the medium term fiscal target of 3% in 2020-21. This does not include off-budget borrowings (0.9% of GDP in 2020-21). Although, the deviation of 0.5% is consistent with Section 4(3) of Fiscal Responsibility and Budget Management (FRBM) Act, both for RE 2019-20 and BE 2020-21. Section 4 (2) of the FRBM Act provides for a trigger mechanism for a deviation from the estimated fiscal deficit on account of structural reforms in the economy with unanticipated fiscal implications.

The Finance Minister has placed significant emphasis on agriculture,

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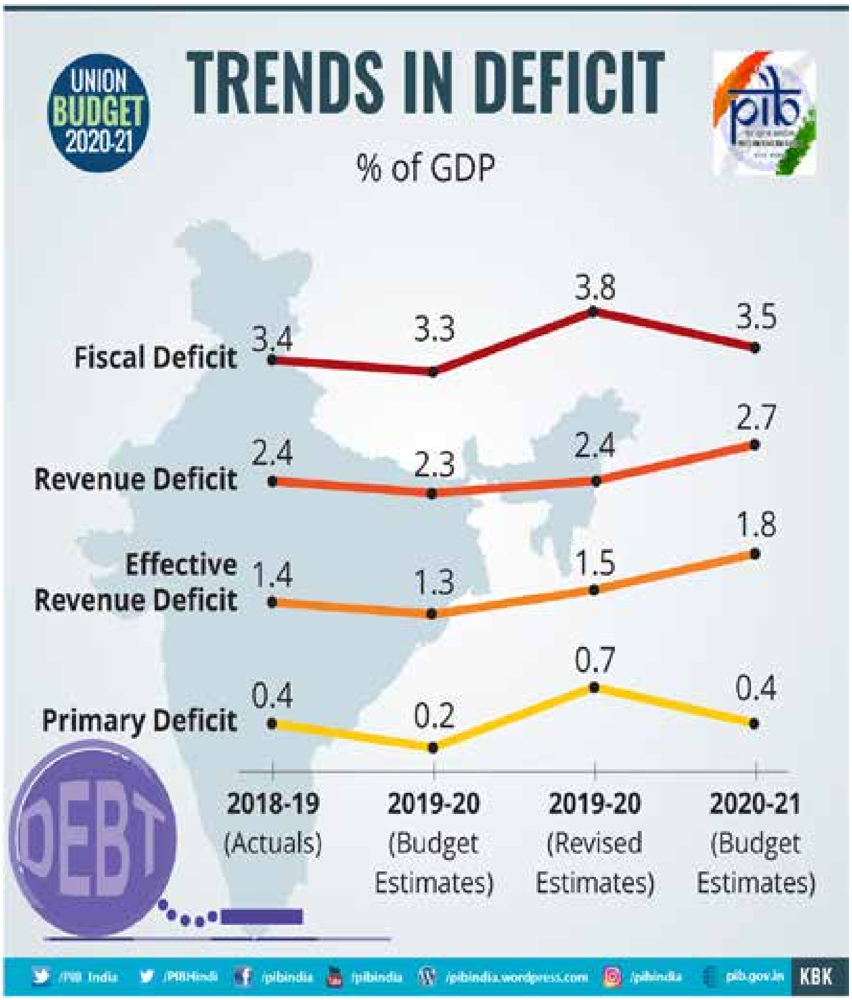

wellness and education. These three areas have huge potential to impact the lives of a large part of the population. The intent to transform the agriculture sector is reflected in the increased allocation of Rs. 1.6 lakh crore towards agriculture. The 'Blue Economy' initiative is a strategic move towards organising the aqua/fisheries sector and creating capacities across the value chain. It is a step further from the last budget that created a fisheries development board to regulate the sector. Accordingly, the 16-point agenda for the agriculture sector, viability gap funding for Public Private Partnership (PPP) hospitals and the new education policy with likely changes in the FDI rules are the key ingredients of the budget that would facilitate job creation and skill development.

The Government has recognised the contribution of start-ups to the economy via incentives such as tax breaks on ESOPs for 5 years, tax rationalisation for start-ups with Rs. 100 crore turnover and digital platform for start-up IPR. Measures for improving the ease-of-doing business such as the NIRVIK (Niryat Rin Vikas Yojana) scheme, removal of Dividend Distribution Tax and simplification of the GST regime will boost investor's confidence.

There is also a strong message towards gaining people's confidence and trust through assurance about the stability of the banking system, making proposals like decriminalising the Companies Act, relooking at other laws, fine-tuning the Contract Act, creating a taxpayers' charter in the statute to prevent harassment.

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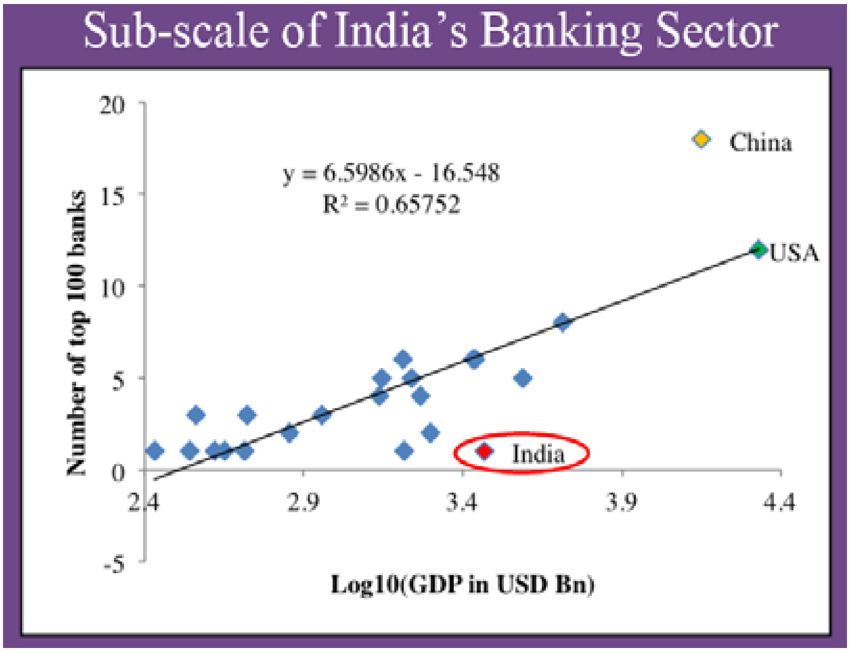
Micro, Small and Medium Enterprises (MSMEs) are the lifeblood of a vibrant economy; therefore, the budget has a focus on improving credit access and increasing cash in hand for these businesses. Enabling Non-Banking Financial Companies (NBFCs) to extend invoice financing to MSMEs through Trade Receivables Discounting System (TReDS) will enhance the opportunity to fuel the Indian economy and widen the acceptability and trust by the Banking, financial services and insurance (BFSI) sector. The extension of Government e-Marketplace (GeM) as a unified procurement channel will bring more vendors (from the current 3.2 lac) onto the platform.

On the Debt Recovery side for lenders, the allowance to smaller NBFCs to approach the Debt Recovery Tribunal (DRT) for smaller ticket-size loans would be beneficial in lowering NPAs and improving the asset quality.

Recognising urban centres as the growth engines and giving importance to the role of the private sector, there are proposals to develop five smart cities, promote electronics



manufacturing, solar infrastructure, more trains, airports and data centre parks under the PPP mode. The tax proposals in the budget are directed towards creating trust, bringing in certainty, attracting investments and reducing litigation.

The key features of the tax proposals that deserve a special mention are- reduction of tax rates for individual taxpayers in lower income range, the much-awaited abolition of dividend distribution tax, tax exemption on dividends, interest and capital gains investments by sovereign wealth funds, extension of the concessional tax regime to power generation companies, harnessing technology by enabling faceless appeals, relaxing compliances for MSMEs and the tax litigation settlement scheme. On the indirect tax front, the development of an ecosystem for availing online refund of duties will provide relief to the exporters.

The Budget 2020-21 seeks to strike the right note with the prominent themes of aspiration, economic development, and caring society. These three broad themes are held together by:

- Corruption free, policy-driven good governance.
- Clean and sound financial sector.
- Ease of Living.

a) Aspirational India

This part includes better standards of living with access to health, education and better jobs for all sections of the society. The three components of aspirational India are: Agriculture, Irrigation, and Rural Development, Wellness, Water, and Sanitation, and Education and Skills

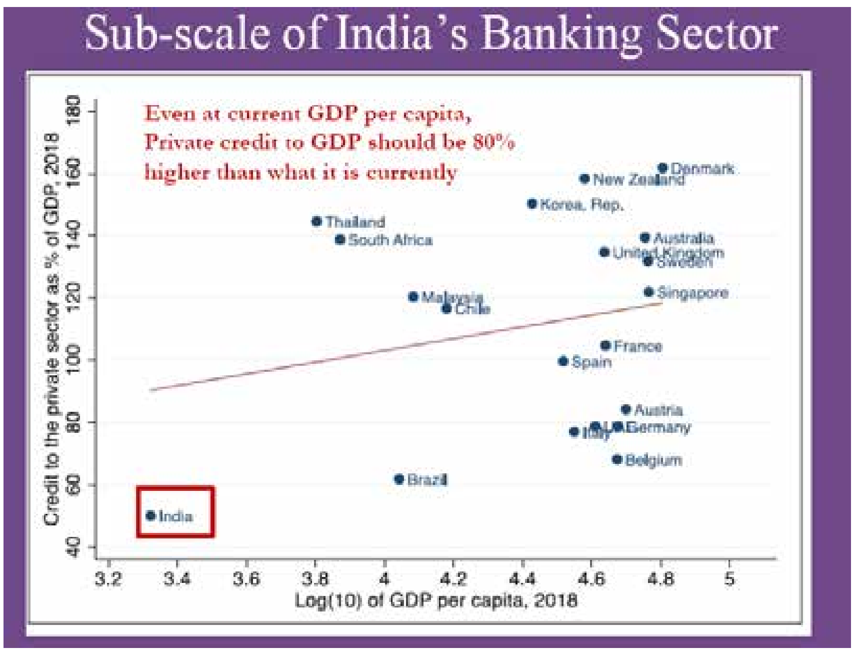
Rs. 2.83 lakh crore is allocated for these three components with 16 Action Points; such as Blue Economy, Kisan Rail, Krishi Udaan for both national and international routes, One-Product One-District for better marketing and export in the Horticulture sector, Jaivik Kheti Portal, Zero-Budget Natural Farming, PM-KUSUM to be expanded for 20 lakh farmers for setting up stand-alone solar pumps, another 15 lakh farmers to be helped to solarise their grid-connected pump sets, Village Storage Scheme to be run by the SHGs to provide farmers a good holding capacity and to reduce logistics cost, and Deen Dayal Antyodaya Yojana through which 0.5 crore households were mobilised with 58 lakh SHGs for poverty alleviation.

b) Economic Development for all: "Sabka Sath, Sabka Vikas, Sabka Vishwas"

This part includes Industry, Commerce and Investment

Investment Clearance Cell proposed to be set up to provide "end to end" facilitation and support and to work through a portal.

National Technical Textiles Mission to be set up with four-



year implementation period from 2020-21 to 2023-24 to position India as a global leader in Technical Textiles.

New scheme NIRVIK to be launched to achieve higher export credit disbursement, which provides for higher insurance coverage, reduction in premium for small exporters, simplified procedure for claim settlements, turnover of GeM proposed to be taken to Rs. 3 lakh crore. A scheme for revision of duties and taxes on exported products to be launched. All Ministries have to issue quality standard orders as per "Zero Defect-Zero Effect" manufacturing.

Infrastructure Sector- Rs. 100 lakh crore to be invested over the next 5 years.

- Focus on Highways, Railways, Port and Waterways, Airports, Electricity and Power and New Economy. Rs. 1.7 lakh crore proposed for transport infrastructure in 2020-21. National Infrastructure Pipeline: Rs. 103 lakh crore worth projects; launched on 31 December, 2019. More than 6500 projects across sectors, to be classified as per their size and stage of development. National Logistics Policy to be released soon to clarify roles of the Union Government, State Governments and key regulators. A single window e-logistics market to be created. And focus to be on generation of employment, skills and making MSMEs competitive. To take advantage of new technologies, a policy to enable private sector to build Data Centre parks throughout the country is proposed, Fibre to the Home (FTTH) connections through Bharatnet to link 100,000 gram panchayats.

To take advantage of new technologies, a policy to enable private sector to build Data Centre parks throughout the country is proposed, Fibre to the Home connections through Bharatnet to link 100,000 gram panchayats.

Measures proposed to benefit start-ups such as a digital platform to facilitate seamless application and capture of IPRs. Knowledge Translation Clusters to be set up across different technology sectors including new and emerging areas. For designing, fabrication and validation of proof of concept, and further scaling up Technology Clusters, harbouring test beds and small scale manufacturing facilities to be established. For the mapping of India's genetic landscape- two new national level Science Schemes to be initiated to create a comprehensive database. Early life funding proposed, including a seed fund to support ideation and development of early stage Start-ups.

c) Caring Society

The focus of caring society is on- Women & child, Social Welfare; Culture and Tourism.

Culture & Tourism

- Allocation of Rs. 2500 crore for 2020-21 for tourism promotion.
- Rs. 3150 crore proposed for Ministry of Culture for 2020-21.
- An Indian Institute of Heritage and Conservation under Ministry of Culture proposed; with the status of a deemed University.
- Five archaeological sites to be developed as iconic sites with on-site Museums:
  - Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh), Shivsagar (Assam), Dholavira (Gujarat), Adichanallur (Tamil Nadu)
- Re-curation of the Indian Museum in Kolkata, announced by Prime

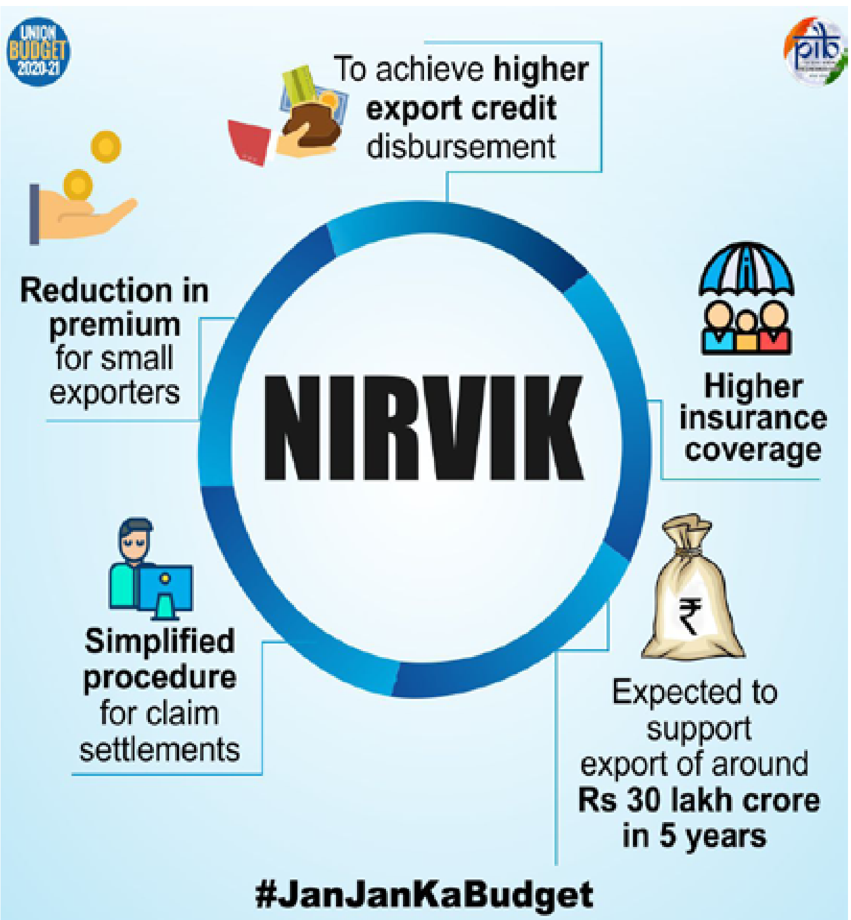
Minister in January 2020.

- Museum on Numismatics and Trade to be located in the historic Old Mint building in Kolkata.
- Four more museums from across the country to be taken up for renovation and re-curation.
- Support for setting up of a Tribal Museum in Ranchi (Jharkhand).
- Maritime museum to be set up at Lothal–the Harappan age maritime site near Ahmedabad, by Ministry of Shipping.
- State governments expected to develop a roadmap for certain identified destinations and formulate financial plans during 2021 against which specified grants to be made available to the States in 2020-21.

To conclude, the budget is a step forward towards meeting the aspirations of New India, but one

> With the corporate tax being slashed to 22%, companies can now have bigger room to breathe and benefit from the assistance in funding through the investment clearance cell that has been proposed. The Government has taken a positive step towards enhancing the start-up ecosystem by allowing 100% profit deduction for 3 years out of 10 years for start-ups with turnover up to Rs. 100 crore.

of the most critical parts will be the implementation of the measures announced in the budget to support growth. The fiscal path leans heavily on the divestment proceeds targeted over Rs. 2 trillion to achieve the growth rates realistically in the current scenario. Any slippage on the underlying assumptions on revenue will impact the actual deficits and the growth ambitions of being a US$ 5 trillion economy. The Finance Minister has focused on creating better standards of health, education and job creation for an aspirational India. At the same time, FM held forth on its focus of ease of living, enhancing farmer income, providing better opportunities for women as well as technological progress in areas such as automation, machine learning and robotics. Moreover, India has embraced the sharing economy and welcomed the digital revolution with open arms. With the corporate tax being slashed to 22%, companies can now have bigger room to breathe and benefit from the assistance in funding through the investment clearance cell that has been proposed. This budget has certainly addressed some challenges that were faced by budding start-ups and has made it easier for them to receive funding from investors. The Government has taken a positive step towards enhancing the start-up ecosystem by allowing 100% profit deduction for 3 years out of 10 years for start-ups with turnover up to Rs. 100 crore.



Simplified processes for faster claim settlements will be beneficial for both the exporters and the general insurers. It will lead to providing high insurance cover, reduction in premium for small exporters and simplified procedures for claim settlements, which will in turn encourage export finance and boost exports. The announcement for the subordinate debt for MSMEs is a positive step and will help the MSME sector benefit in a substantial way. Raising the turnover threshold for audit for businesses to Rs. 5 crore is a welcome relief for small businesses. It is expected that the budget will boost employment, increase consumption and attract global investments in India. ❑

Fiscal Sustainability Framework and Deficit Indicators

Dr Amiya Kumar Mohapatra

The success of the budget is measured by the outcome and its impact on the economy as a whole, not just by the total outlay. The sustainable model of fiscal framework looks forward to a situation where the adverse effects of high fiscal deficit get well-adjusted by higher spending on various capital assets and on various welfare programs. Effective administration of expenditure, increase in revenue base and potent tax buoyancy are the keys to fiscal consolidation.

Fiscal policy plays a vital role in economic development and helps in seizing economic uncertainty of a country. Fiscal consolidation through fiscal prudence is one of the prerequisites to restore economic stability of a country. However, mounting fiscal deficit and its spillover effects over the years has compelled the Indian government to frame a special act to coordinate, control and monitor the receipts and expenditure of the budget. To achieve fiscal consolidation and prudent fiscal management, the Government of India has enacted FRBMA (Fiscal Responsibility and Budget Management Act-2003). To fulfill the decree, the government through fiscal policy framework, is bringing efficiency in expenditure by rationalisation and reprioritisation and augmenting revenue to contain revenue deficit and fiscal deficit at the desired level over the years.

The 'hygiene and sustainable' aspect of the budget can be measured through various deficits indicators and their ensuing impacts and incidences on the economy on the basis of macroeconomic outcomes. The major fiscal instruments are fiscal deficit, revenue deficit, and primary deficit. These deficits are essentially used to gauge the macroeconomic outcomes of the budget and determine the future course of actions of the government in addressing the long-term growth objectives of the economy. The success of the budget rests on how the fiscal deficit as well as revenue deficit is contained at the desired level, looking at the present needs and long-term growth prospects of the nation.

Fiscal Deficit: Estimated vs. Actual

Fiscal deficit is defined as "the excess of government total expenditure over government total receipts except borrowing". More precisely; it indicates the total borrowing obligation to finance its deficit during a particular fiscal year and used to measure fiscal discipline and governs the long-term economic policy of a country. In the post-FRBMA (2004-05 to 2020-21) period, estimated fiscal deficit is used to assess the impact and helps in reviewing the present needs and future state of affairs of our country. In spite of a lot of pressing needs, the Finance Minister has kept the targeted fiscal deficit at 3.5% of GDP in the current budget (2020-21), and try to adhere to the FRBM review committee recommendations. In addition to above, she has also made provision

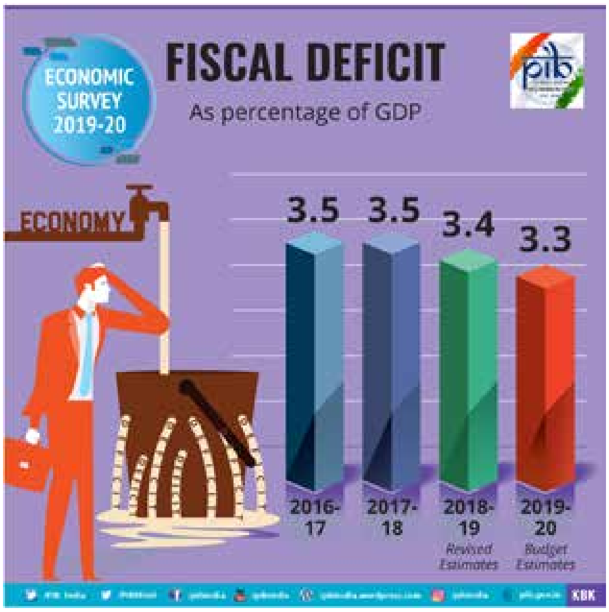


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Table-1: Fiscal Deficit (FD): Estimated and Actual as per cent of GDP

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Estimated Fiscal Deficit (%)	4.4	4.3	3.8	3.3	2.5	6.8	5.5	4.6	5.1	4.8	4.1	3.9	3.5	3.2	3.3	3.3	3.5
Actual Fiscal Deficit (%)	4.0	4.1	3.5	2.7	6.0	6.4	4.9	5.7	4.8	4.4	4.1	3.9	3.5	3.5	3.4	-	-

Source: *Author's Compilation from Budget Documents of India*

Table-2: Estimated Revenue Deficit (RD) as per cent of GDP

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Estimated Revenue Deficit (%)	2.5	2.7	2.1	1.5	1.0	4.8	4.0	3.4	3.4	3.3	2.9	2.8	2.3	1.9	2.2	2.3	2.7

Source: *Author's Compilation from Budget Documents of India*

for higher capital expenditure, with a clear indication towards positive outcome through sustainable development. However, the government has embraced 'Escape Clause' to deviate 0.5% in the set fiscal deficit to accommodate structural complexities and uncertain fiscal changes due to uncertain macroeconomic environment.

Owing to implementation of FRBMA as a mechanism and policy intervention, the estimated fiscal deficit has decreased till 2008-09, but later did not follow the path of fiscal discipline. The seriousness of achieving fiscal discipline rests on what is planned and the gap between estimated and actual. For a better analysis of what has been planned and what has been achieved, efforts have been made to find out the deviations between the actual and estimated fiscal deficit from 2004-05 to 2020-21.

The *'Deviation'* which reflects the variation of fiscal discipline of the government, was in control since last five years ranging from 0.0% to 0.7%. In the last couple of years, deviation is the least and indicates seriousness with respect to prudent fiscal management and fiscal responsibility in India.

Besides, the total borrowing of the government has increased manifold during 2008-09 to 2020-21. There has been a steep rise in the estimated absolute fiscal deficit from Rs. 3,81,408 crore in 2010-11 to Rs. 7,96,337 crore in 2020-21; which is more than two times in a period of ten year. (Figure-1). Government has shown its serious intent in the present

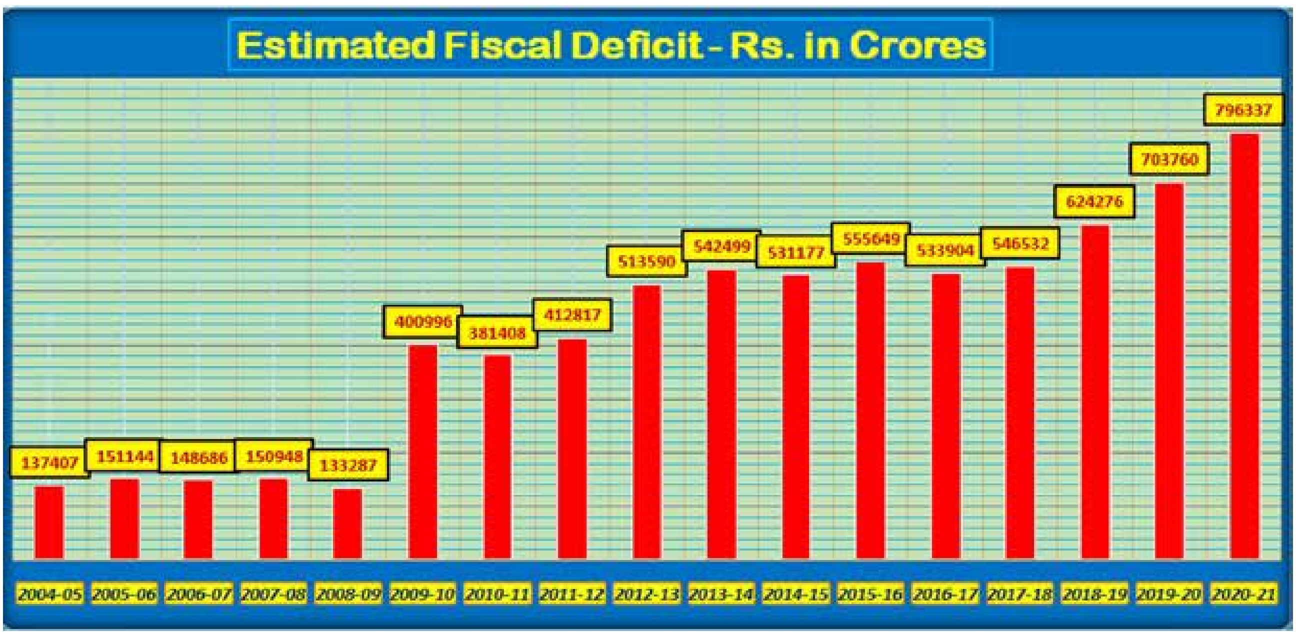


Figure-1

and previous budgets not only to reduce the fiscal deficit in percentage form but also to control the rise in total borrowing.

Linkage between Fiscal Deficit and Revenue Deficit

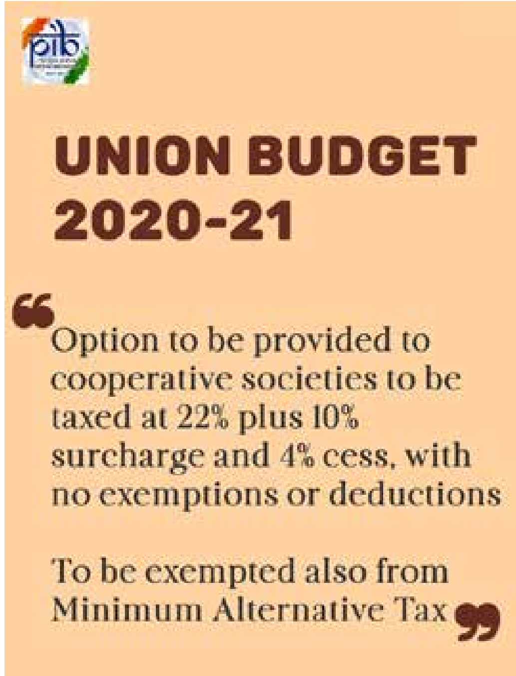
The key constituents of fiscal deficit are revenue deficit and capital spending. Revenue deficit is defined as "the excess of government's revenue expenditure over government's revenue receipts". Revenue deficit indicates that the government is unable to meet its current/revenue expenditure from its current/revenue receipts. So, the government adheres to borrowing (fiscal deficit) to finance the revenue short fall or in meeting the capital expenses.

Therefore, fiscal prudence depends on how the government manages the revenue deficit in particular. Fiscal consolidation can be possible through revenue augmentation, without curtailing of the development expenditure. Containing fiscal deficit at its set target by reducing expenditure at the cost of socio-economic well-being of the nation; can never be a welcome step. That's why; the only and the ultimate way to reduce the fiscal deficit is to reduce revenue deficit. Revenue deficit can be minimised by revenue augmentation and revenue mobilisation through boosting revenue from tax and non-tax sources.

Fiscal Glide and Initiatives

Based on FRBMA (Fiscal Responsibility and Budget Management Act-2003), initially it was recommended to keep the fiscal deficit at 3.0% of GDP but it was not attained even by today due to lack of seriousness or due to various macroeconomic disturbances and instabilities.

The first phase of fiscal deficit reduction followed a steady path up to 2008-09, but later fiscal deficit had shot up to 6.8% of GDP in 2009-10 and remained above 4.6% for the next four years due to adoption of expansionary fiscal stimulus package to combat ill effect of global meltdown.



Further, Kelkar Committee (2012) has recommended that the fiscal deficit (5.1% in 2012-13) should be kept at 3% of GDP by 2016-17, by the end of 12th Plan. However, it was delayed by next two years to house the fiscal and structural challenges like demonetisation and global uncertainities. Since then fiscal deficit became a target.

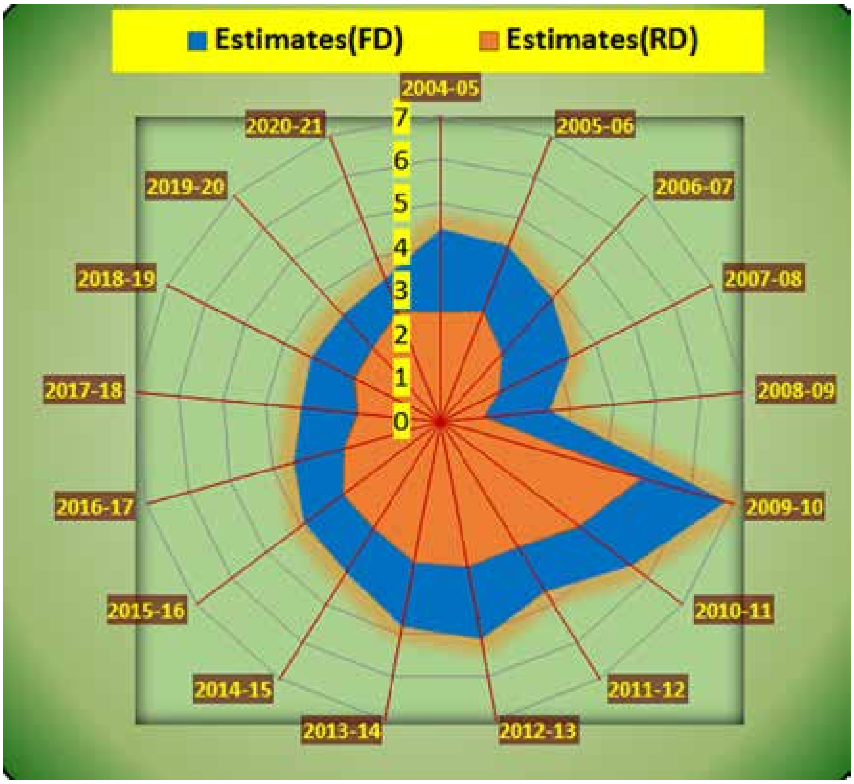
In addition, post-budget 2017-18, the Finance Minister set a committee under the leadership of Former Revenue and Expenditure Secretary, N.K. Singh to appraise the FRBM act after a gap of 13 years, to understand its relevance in the present fiscal framework considering various macroeconomic challenges and global uncertainties. The committee recommended the shifting the focus of budget analysis in terms of 'fiscal deficit' to 'debt-GDP ratio' and set the target to keep the same at 60% by 2023 and keeping fiscal deficit at 3% for next three years. Further, the government has suggested to have the value of fiscal deficit to be in a 'range' than a 'fixed value'; in order to provide fiscal space to the government to accommodate any global shocks and economic uncertainties.

To achieve fiscal consolidation and prudent fiscal management, the Government of India has enacted FRBMA (Fiscal Responsibility and Budget Management Act-2003). To fulfill the decree, the government through fiscal policy framework, is bringing efficiency in expenditure by rationalisation and reprioritisation and augmenting revenue to contain revenue deficit and fiscal deficit at the desired level over the years.

Further to justify the easy path for fiscal glide, the government has embraced 'Escape Clause' to deviate 0.5% in the set fiscal deficit to accommodate structural complexities and uncertain fiscal changes. Despite, it was found that targeted fiscal deficits are not attained even after 17 years of FRBMA (Period 2004-2020).

Fiscal Sustainability and Fiscal Focus

Success of the budget is measured by the outcome and its impact on the economy as a whole, not just by the total outlay. The sustainable model of fiscal framework looks forward to a situation where the adverse effects of high fiscal deficit get well-adjusted by higher spending on various capital assets and on various welfare programs. Finance Minister has set the fiscal deficit target of 3.5% of GDP, with a plan for augmented capital expenditure. For that reason,



the focus of the budget is in favour of capital expenditure. This will create more avenue for creation of assets and upsurge investment; which consequently contributes to employment and output through multiplier effects. Besides, emphasis is given to rationalising and scrutinising all kind of revenue expenditure in tune with the long-term fiscal goals and adhering to quality expenditure. This is where, the beauty of quality and sustainability intersects.

Davidson advocated that the fear of increasing national indebtedness can cause greater harm than its absence. He said, "We have nothing to fear about running big government deficits when government is the only spender that can increase market demand for the products of our industries and thereby maintaining a profitable entrepreneurial system. For government to spend less in the hope of keeping down the size of the national debt would mean causing market demand to remain slack and thereby impoverishing both our business and our workers. (2009, p. 63)"

Therefore, just looking at numbers (fiscal deficit) and saying good or bad, is inappropriate unless and until one understands the nature and purpose of expenditure and outcome of the same in terms of employment, investment and infrastructure development. The current budget provides fiscal space to the policymakers in augmenting agriculture, health, education and infrastructure development. Increase in sharing of fund for capital expenditure symbolises the fiscal outlook of the current budget. Besides, net market borrowing of the government is restricted to Rs. 5.36 lakh crore which indicates the intent of the government to restrict the debt liabilities. A good part of the borrowings for the financial year 2020-21 would go towards capital expenditure of the government that has been scaled up by more than 21%.

It is worth mentioning that central government debts that are not part of market borrowings are used to fund the expenditure. Servicing of interest and repayment of these debts as hitherto, are done out of Consolidated Fund of India. Accordingly, receipts for the year 2020-21 are estimated at Rs. 22.46 lakh crore and further keeping in mind commitment of the government towards various schemes and need for improvement in quality of life, level of expenditure has been kept at Rs. 30.42 lakh crore. This fiscal path commits to the path of fiscal consolidation without compromising with the needs of investment out of public funds. In this budget, Rs. 22,000 crore have been allocated for equity to fund certain specified infrastructure finance companies, who would leverage it manifold and provide much needed long-term finance to Infrastructure sector. That should spur growth impulses in the economy.

Another 'School of Thought' opines that continuous adherence to high fiscal deficit over the set deficit reflects the fiscal distress of an economy. Based on the historical perspective (2003-04 to 2020-21), fiscal deficit in India will continue to be a concern over the years to come; unless supported by corresponding increase in capital expenditure and rationalisation of revenue expenditure.

The 'hygiene and sustainable' aspect of the budget can be measured through various deficits indicators and their ensuing impacts and incidences on the economy on the basis of macroeconomic outcomes. The major fiscal instruments are fiscal deficit, revenue deficit, and primary deficit. These deficits are essentially used to gauge the macroeconomic outcomes of the budget and determine the future course of actions of the government in addressing the long-term growth objectives of the economy.

The crowding out effects of private investment on account of high fiscal deficit should not suppress the benefits of higher capital expenditure. The debt liabilities (both principal and interest payment) always pose threat to an economy and hence fiscal consolidation is the main aim to achieve long-term growth.

Conclusion

The success of a budget rests on the outcome rather than outlay; and its efficacy relies on how the government implements various schemes and programs for the overall development of the nation and how does it contribute and uplift the marginalised and hapless in particular. Effective administration of expenditure, increase in revenue base and potent tax buoyancy are the keys to fiscal consolidation. Fiscal deficit can be reduced to its desired level only by reducing the revenue deficit, not the capital expenditure. This can be possible through revenue augmentation and expenditure rationalisation. Efficient management of expenditure is the key to fiscal consolidation; that is why Expenditure Reform Commission has formed to reprioritise and rationalise non-plan revenue expenditure. The intention behind the commission is to rationalise and bring efficiency in the fund allocation among different heads and to prevent leakages and shut the loopholes in the process and to ensure that the benefits of the subsidies and other disbursement should reach the deprived section of the society. In addition, centrally sponsored schemes are restructured for greater synergy and effective implementation by which unnecessary overlapping expenditure can be curbed. ❑

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FORM-IV

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I, Ira Joshi, hereby declare that the particulars given above are true to the best of my knowledge and belief.

Date : 12-2-2020

Ms. Ira Joshi
(Signature of Publisher)

Union Budget 2020-21: Safer Deposits, Stronger Cooperative Sector Banks & Major Boost to MSME

Shishir Sinha

In the last few years, Government of India has infused about Rs. 3,50,000 crore by way of capital into Public Sector Banks for regulatory and growth purposes. Reforms would be carried out in these banks, so that they become more competitive. Government has already approved consolidation of 10 banks into four. Further, the Deposit Insurance and Credit Guarantee Corporation (DICGC) has been permitted to increase Deposit Insurance Coverage for a depositor, which was Rs. 1 lakh earlier has been made Rs. 5 lakhs per depositor now. In order to reduce the compliance burden on small retailers, traders, shop keepers who comprise the Medium, Small and Micro Enterprise (MSME) sector, the Union Budget proposed to raise by five times the turnover threshold for audit from the existing Rs. 1 crore to Rs. 5 crore.

Just within five days of the presentation of the Union Budget 2020-21, three most important proposals related with the banking sector, were declared to be implemented. These three proposals are not only important for the banking sector but they continue to be the highlight of the entire budget.

Insurance Cover on Deposits

In her budget speech, Union Finance Minister Nirmala Sitharaman said, *"I wish to inform this august House that robust mechanism is in place to monitor the health of all Scheduled Commercial Banks and that depositors' money is safe. Further, the Deposit Insurance and Credit Guarantee Corporation (DICGC) has been permitted to increase Deposit Insurance Coverage for a depositor, which is now Rs. one lakh to Rs. five lakh per depositor."*

Insurance cover on deposits means how much money will be paid to the depositor if the bank is closed due to some reason or goes bankrupt. Issue of providing insurance cover on deposits was raised for the first time in 1948, when there was a crisis in the banking sector in West Bengal. This matter was again discussed in 1949, and it was decided that the proposal of providing insurance cover on deposits must not be implemented till the Reserve Bank of India does not ensure the entire mechanism for the checks and balances of the banks.

There was not much progress in this matter in the next 11 years. But in 1960, when two banks Palai Central Bank and Lakshmi Bank went bankrupt, then Central Government and Reserve Bank of India had taken the proposal of providing insurance cover on deposits. In 1961, the Parliament gave its nod to the Bill associated with Deposit Insurance Corporation and Deposit Insurance Act was implemented from 1 January, 1962. In the first phase, State Bank of India, its associate units, other commercial banks and the foreign banks functioning in India were included under this Act.

In 1968, Cooperative Banks were brought under this Act. Now, all types of commercial banks (public and private), foreign banks, local area banks, regional rural banks (RRB) and all types of cooperative banks are under the ambit of this Act. The responsibility of providing insurance cover on deposits is with the Deposit Insurance and Credit Guarantee Corporation (DICGC), which is fully owned subsidiary of the Reserve Bank of India.

According to the figures available up to 31 March, 2019, DICGC covered 92% deposit accounts and 28% deposit amount. According to a reply of the Finance Ministry in the Lok Sabha, this limit is more than the guidelines of the International Association for Deposit Insurance, that recommends

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insurance cover on 80% accounts and 20%-30% deposits.

In the beginning, the insurance cover per depositor was Rs. 1500, which was raised to Rs. 25,000 in 1968, Rs. 10,000 in 1970, Rs. 20,000 in 1976, Rs. 30,000 in 1980 and Rs. 1 lakh in 1993. This amount is now Rs. 5 lakh from 4 February, 2020.

For the purpose of insurance cover on deposits, the banks have to pay the premium amount, not the depositors. Since April 2005, the rate of premium has been 10 paise per Rs. 100 per annum of assessable deposit. However, after five folds increase in the insurance cover, premium will be raised to 12 paise per Rs. 100 of assessable deposits per annum from the half year beginning 1 April, 2020 onwards. According to some experts, the banks will have to spend more money due to this increase. While the government believes that the banks will not face any trouble for this additional payment of 2 paise per Rs. 100, because their earnings are also increasing and most importantly, the depositors will have more trust on banking system.

Strong Regulation System for Cooperative Banks

With the deteriorating situation of the cooperative banks, the issue of insurance cover on deposits came to the fore. The complex system of rules is one of the big reasons for the deterioration of cooperative banks. Under the federal system, cooperative societies have been kept under the state list. If these societies act like a bank; they will have to follow the rules and regulations of the Reserve Bank of India. Regulations of various institutions create complexities and there are a lot of problems while fixing responsibility when there is any irregularity.

The cooperative banks play an important role for the financial system. Whenever there is a debate on the deteriorating situation of the cooperative banks, there has been a consensus that if the issues relate to banking, the entire responsibility of the regulations should be handed over to the Reserve Bank of India. Keeping in view, the FM said in her speech, "To strengthen the Cooperative Banks, amendments to the Banking Regulation Act are proposed for increasing professionalism, enabling access to capital and improving governance and oversight for sound banking through the RBI."

The annual report of The Reserve Bank of India, based on the banking system, mentions the details of 97,792 cooperative banks. There were 1,544 urban cooperative banks throughout the country till the end of March 2019, while the number of rural cooperative banks was 96,248 up to March 2018. Urban cooperative banks had 35.3% of the total assets of cooperative banks, and rest of the assets with rural Cooperative Bank. The cooperative banks have more than 8.50 crore depositors and they have deposited approximately Rs. 5 lakh crore.

Among Urban and Rural Cooperative Banks, State Co-operative Banks (StCBs) and District Central Cooperative Banks (DCCB) have to register under the Co-operative Societies Act of the respective States or Multi-State Cooperative Societies Act. Banking Law was enforced on Cooperative societies from 1 March, 1966. Therefore the state level Cooperative Society Registrar or Central Registrar of Cooperative Societies and Reserve Bank of India have double control over UCB, DCCB and StCB today.

The issues related to corporatisation, registration, management, recovery, audit, suspension of board of directors and liquidity of the society are under the jurisdiction Registrar of Co-operative Societies (RCS)/Central Registrar of Cooperative Societies (CRCS), while the regulation issue lies with The Reserve Bank of India. The Reserve Bank of India has been given the responsibility of supervision of Urban Cooperative Bank (UCB), making regulations and ensuring implementation with regard to liquidity, income fixation, asset classification and provision, circulation capital needs

and credit limit for individual or group of people.

Now, process has been initiated to bring changes in this entire system. With motive towards better regulation of the cooperative banks, within four days of presentation of the Budget, the Union Cabinet approved the amendment in Banking Regulation Act, just within four days of budget introduction. Through this, the Cooperative banks (Multi-State Cooperative Bank) functioning in various states and UCB will be brought under the jurisdiction of The Reserve Bank of India. It has been clearly demarcated here. Banking related issues will be under the jurisdiction of The Reserve Bank of India, while the registrar has been authorised to deal with the administrative issues of cooperative societies.

Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the economy. This sector contributes 28% of the Gross Domestic Product (GDP) and its contribution towards exports is nearly 40%. Nearly 11 crore people are employed in this sector. Financial assistance is also vital for MSME sector and role of banks becomes very important. The provisions related to banking sectors have given special importance to MSME in the budget.

The budget proposes to support MSME sector through the banking system and also has the provision of easy loan returns. In this regard, the FM said, "More than five lakh MSMEs have benefitted from restructuring of debt permitted by RBI in the last year. The restructuring window was to end on March 31, 2020. Government has asked RBI to consider extending this window till March 31, 2021."

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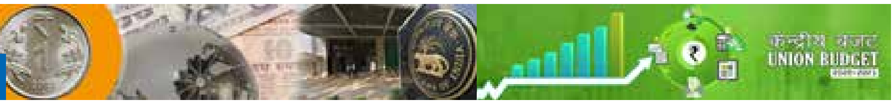
Within five days of the budget announcements, The Reserve Bank of India announced to extend the time limit with regard to repayment of loan. In its 'Statement on Developmental and Regulatory Policies' on 6 February 2020, The Reserve Bank of India said that considering the importance of MSMEs in the Indian economy and for creating an enabling environment for the sector in its efforts towards formalisation, a one-time restructuring of loans to MSMEs that were in default but 'standard' as on 1 January, 2019, was permitted without an asset classification downgrade. The restructuring of the borrower account was to be implemented by 31 March, 2020. The scheme has provided relief to a large number of MSMEs. As the process of formalisation of the MSME sector has a positive impact on financial stability and this process is still underway, it has been decided to extend the benefit of one-time restructuring without an asset classification downgrade to standard accounts of GST registered MSMEs that were in default as on 1 January, 2020. The restructuring under the scheme has to be implemented latest by 31 December, 2020. This will benefit the eligible MSME entities which could not be restructured under the provisions of the circular dated 1 January, 2019 as also the MSME entities which have become stressed thereafter. It is re-emphasised that this is a one-time regulatory dispensation.

For MSMEs, working capital is very essential. Keeping in view of this, the budget has proposed to introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs. This subordinate debt to be provided by banks would count as quasi-equity and would be fully guaranteed through the Credit Guarantee Trust for Medium and Small Entrepreneurs (CGTMSE). The corpus of the CGTMSE would accordingly be augmented by the government. In addition, an app-based invoice financing loans product will be launched. This will obviate the problem of delayed payments and consequential cash flows mismatches for the MSMEs.

Although, the Budget 2020-21 lacks headlines like recapitalisation of the cooperative banks, there have been efforts to solve the grass root problems of the banking system, even their implementation has begun. This will strengthen trust in the banking system.

General Budget 2020-21: Important proposals associated with banking sector

- Insurance cover on deposits is now Rs. 5,00,000 per depositor
- The Reserve Bank of India has been provided more powers regarding regulation of cooperative banks
- The time limit of credit restructure extended for MSMEs
- New measures to be announced to enhance professional efficiency in public sector banks
- The government will sell its remaining stake in IDBI Bank
- The limit for Non-Banking Financial Companies (NBFCs) to be eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 is proposed to be reduced from Rs. 500 crore to asset size of Rs. 100 crore or loan size from existing Rs. 1 crore to Rs. 50 lakh. ❑



Sectoral Analysis of the Union Budget

Dr A K Dubey

In course of the presentation of the budget for the year 2020-21, the Finance minister said that, "tax buoyancy will take time". If this was any indication, it became obvious, that measures that are proposed would take time to come to fruition. Nevertheless, a lot of measures, albeit at relatively smaller scale have been announced. There are no dramatic announcements in the budget. But it tries to balance the competing priorities.

The fiscal deficit is now estimated at 3.8% for 2019-20. It was originally projected at 3.3% i.e., which is 0.5% more than the original estimate. Similarly, primary deficit i.e., fiscal deficit minus interests too is up by 0.5%; and has been estimated at 0.7% against original budget estimates (BE) figure of 0.2% for 2019-20. A closer look at it prompts to conclude that the issue of interest repayment has to be carefully understood. It is important also because borrowings have to be looked into from this point of view. After all, any borrowing has to be paid back and hence the ability to service the debt amidst competing items of expenditure has to be borne in mind. Borrowings in 2019-20 were originally estimated to be of the order of Rs. 7,03,760 crore which was upwardly revised to Rs. 7,66,846 crore in the revised estimate (RE) for 2019-20. Borrowings for 2020-21 are estimated in the budget to be at Rs. 7,96,337 crore. To finance the fiscal deficit, market borrowings of Rs. 5,35,870 crore are expected which is 7.3% higher than the last year's RE figures of Rs. 4,98,972 crore. Last year's RE figure itself was 11.13% higher than BE figures of Rs.4,48,122 crore. That way, the market borrowing figure for 2020-21 is 19.58% higher than the BE for 2019-20.

There is another interesting observation on borrowings. Borrowings in the form of securities against small savings was initially estimated in the budget to be Rs.1,30,000 crore in 2019-20. But in RE, it went by 84.6% to make it Rs. 2,40,000 crore. In the budget 2020-21, it has been estimated at the RE of 2019-20. So the borrowing in the

UNION BUDGET 2020-21

KEY NUMBERS

(in ₹ crore)

	2018-19 *(Actuals)*	2019-20 *(Budget Estimates)*	2019-20 *(Revised Estimates)*	2020-21 *(Budget Estimates)*
Revenue Receipts	15,52,916	19,62,761	18,50,101	**20,20,926**
Capital Receipts	7,62,197	8,23,588	8,48,451	**10,21,304**
Total Receipts	23,15,113	27,86,349	26,98,552	**30,42,230**
Total Expenditure	23,15,113	27,86,349	26,98,552	**30,42,230**
Revenue Deficit	4,54,483	4,85,019	4,99,544	**6,09,219**
Effective Revenue Deficit	2,62,702	2,77,686	3,07,807	**4,02,719**
Fiscal Deficit	6,49,418	7,03,760	7,66,846	**7,96,337**
Primary Deficit	66,770	43,289	1,41,741	**88,134**

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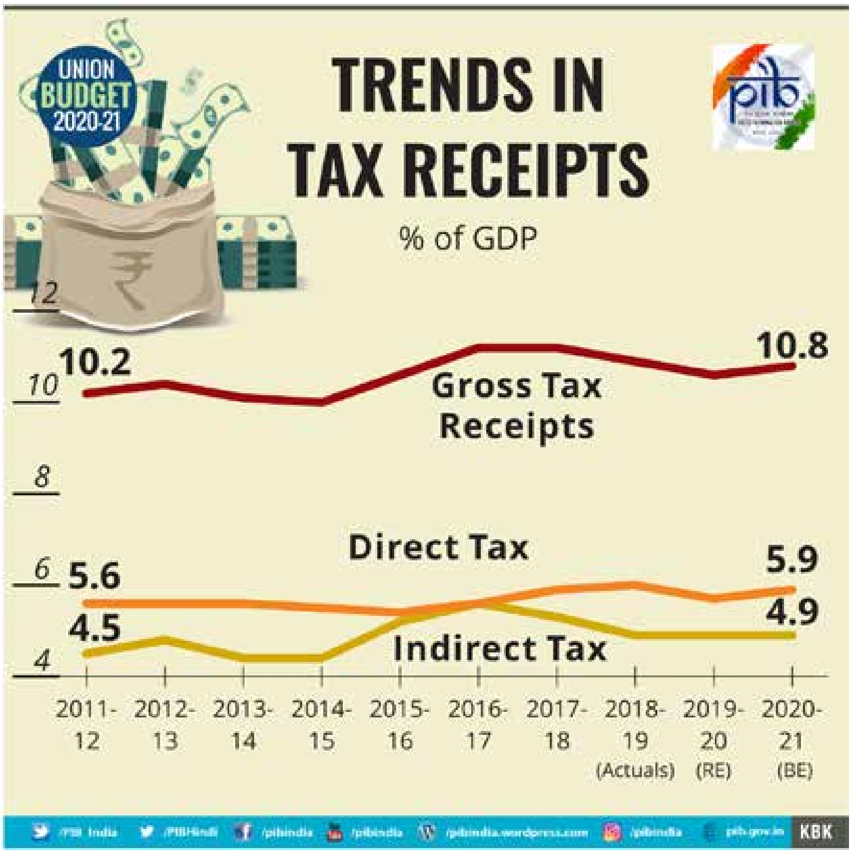

form of security against small savings was a handy and reliable option.

Receipts

The receipt figures indicated in the budget need to be understood properly.

The main components of revenue receipts are–corporation tax, taxes on income, customs and central excise, and goods and services tax (GST). Here, the matter of quick attention is short revenue collection against the budget estimate of Rs. 24,61,195 crore in 2019-20, the revised estimate shows a figure of Rs. 21,63,423 crore. This short fall in revenue receipts is mainly on account of decline in corporation tax (Rs. 6,10,500 crore against BE figure of Rs. 7,66,000 crore), customs (Rs. 1,25,000 crore against the BE figure of Rs. 1,55,904 crore), central excise (Rs. 2,48,012 crore against the BE figure of Rs. 3,00,000 crore) and GST (Rs. 6,12,327 crore against BE of Rs. 6,63,343 crore). The estimate for corporation tax is Rs. 6,81,000 crore, for customs is Rs. 13,800 crore, for central excise and GST the figures are Rs. 2,67,000 crore and Rs. 69,05,000 crore. Now the GST has since been simplified and several concerns addressed, its compliance and collection should improve in the next fiscal. Keeping the receipts figure in the league of last year's RE is most pragmatic.

Receipts have another aspect. Among the non-tax revenue, dividend and profits were projected at Rs. 1,63,528 crore in 2019-20 against which, the RE is Rs. 1,99,893 crore. Against this figure, the BE for 2020-21 is Rs. 1,55,395 crore. If one reads this together with the receipts from disinvestment which as per 2019-20 RE is Rs. 65,000 crore (against its BE of Rs. 1,05,000 crore) and has been projected at Rs. 2,10,000 crore in the budget for 2020-21, it needs some amplification on a few issues. Is the Government expecting to sell its dividend earning ventures? If, yes, then how the sales price will be found? Against the current year's experience, the expectation of receipt from the sales of Government shares seem quite ambitious, particularly when the growth rate of GDP has been lower than the expectation.

Sectoral Allocation

Generally, the sectoral allocations in the year 2020-21 have been nominally more than the last year's RE. But when compared to BE for 2019-20, difference in allocations to various sectors has been more. This type of debate is of limited use because the RE generally reflects the capacity and the actual trend of expenditure. Hence, taking RE as in indicator for allocation may sound realistic and pragmatic.

Sectoral allocation is the typical example of balancing the competing priorities in governmental spending. Areas like health, nutrition, education, etc. would continue on the same trajectory of expending more because there is no major policy revision. And when Government wished to enhance its assistance, it is significantly visible. Case in point, IT and telecom sector in which against the RE of Rs. 16,000 crore in 2019-20 (BE Rs. 21,783 crore), an allocation of Rs. 59,349 crore has been proposed in 2020-21.

Major Impetus

While the overall outlay on the lines of 2019-20 RE would still be fine, the Government has attempted to give impetus to some sectors. For the purpose of illustration, a few major ones are mention below:

a. In food sector, Food Corporation of India (FCI) shall enhance its borrowing to the extent of Rs. 3,66,000 crore against the food subsidy bill of Rs. 1,08,688 crore. Out of this, Rs. 68,400 crore will be drawn towards repayments. Coupled with the stock wastage and huge carrying cost, the issue needs urgent attention.

b. Farmer's income is sought to be doubled in next three years. The objective is most desirable, but its condition precedent is higher growth rate in farm sector, which must escalate to 15% from 3%. Agricultural growth rate is low because of a number of factors such as accessibility to input and farm finance, dependence on rains, seed quality, market forces, that dictate sub optimal prices, and above all the farm production efficiency which needs comprehensive upgradation. Scientific input in agriculture is stagnant and dated. In fact, some of the problems still linger on without any solution. For example, over exploitation of ground water and excessive use of chemical fertilizers resulting in salination of soil still remains to be addressed. Another example is GM seeds/crops. Apprehensions about GM crops are more socio-economic rather than scientific. Doubling of farmers income will require intensive action under a well thought-out strategy and plan of action in which states too have to play their role.

c. Higher import duties will be imposed on some imported products such as food items, household appliances, mobiles, etc.

d. Some measures announced in the budget are expected to initiate new trends. **Kisan Rail** caters the food chain requirements for perishable agri-commodities, introduction of **Tejas** like trains, etc. Similarly, there is provision for funding viability gap for creation of efficient warehousing in **Public Private Partnership (PPP)** mode in rural areas.

Kisan Rail caters the food chain requirements for perishable agri-commodities, introduction of Tejas like trains, etc. Similarly, there is provision for funding viability gap for creation of efficient warehousing in Public Private Partnership (PPP) mode in rural areas.

Taxable Income Slab (Rs.)	Existing Tax Rates	New Tax Rates
0-2.5 Lakh	Exempt	Exempt
2.5-5 Lakh	5%	5%
5-7.5 Lakh	20%	10%
7.5-10 Lakh	20%	15%
10-12.5 Lakh	30%	20%
12.5-15 Lakh	30%	25%
Above 15 Lakh	30%	30%

e. Concept of bridge course for technical upgradation to render Indians employable abroad is an excellent idea in the field of skill development. In fact, both education and skill development could be a great source of skill exports if proper upgradation and benchmarking is ensured.

Taxation

Taxation constitutes an important source of revenue for the Government. Taxes are of two types-direct and indirect. In case of taxes on income, the difference between revise and original estimates for 2019-20 has been Rs. 9,500 crore. Projection for 2020-21 is Rs. 63,800 crore. The figure for corporation tax is Rs. 6,81,000 crore in 2020-21 against Rs. 6,10,500 crore (RE) in 2019-20.

This year a new announcement has been made about new IT slabs. These income slabs are of a narrower band with gradually escalating income tax rates. If the exemptions are taken into account, then the new slabs may require higher payout on income tax for certain categories of tax payers. For example at the present rate, a person with Rs. 15-20 lakh annual income would have to pay higher income tax if he opts for new slabs sans exemptions. The FM has said in her budget speech that the tax payers will have the option to stick to old slabs but once he switches over to new slabs, he can't revert to the old slabs. The budget also envisages that over a period of time all exemptions would be removed.

One would hardly disagree with the view that tax slabs should be simple and uncomplicated. Ideally, there should be no exemptions. But will it contribute to widening of tax base? The purpose of tax reforms has to be widening of tax base as well as ensuring compliance. An easy approach to calculate system would incentivise compliance. But expansion of tax base would perhaps need a different approach.

Small savings, Provident Fund contribution, Insurance Premia are all "differed expenditure" to ensure savings. Such savings accumulated amounts help the tax payer in encouraging expenditure on semi-durable, durable or long term personal commitments such as children's education, health care of disproportionately costlier order, housing and other socio-economic requirements.

At the macro level, such funds (availed as exemptions) offer borrowings for the Government. Even if the Government pays interest on Provident Funds (PFs), small savings, etc., it offers funds at a cheaper rate than the market borrowing rates. Therefore, doing away with exemptions shall result in minimising the savings, rendering greater disposable income in the short run. This is expected to encourage consumption. But savings as a means of financing individual medium and long term requirements will get affected. And this will almost be certain for tax payers with an income of up to Rs. 15 lakh per annum.

Since there is an option available to the tax payer regarding the tax slab, it gives hope that the Government too wishes to take an informed decision in this regard. A few things mentioned below should invite attention of the Government:

a. In western world where the consumption is maximum and as a consequence, lesser incentive for saving the social security net is stronger.

b. For senior citizens, health care, housing, basic amenities, etc., assume greater importance. Cost of health care for senior citizens becomes incremental as he or she grows old. In this context, hospitals in PPP will only be a partial answer. This weakens the case of withdrawing exemption particularly on medical policies, insurances, etc.

c. Withdrawing house loan interest would be a dampener on the efforts of affordable housing. Since housing is often the most important expenditure in one's life, the exemption, though small, is indeed an incentive. If it is made available only for the first house or only one house it would still be helpful.

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For The Youth

India is a "young country" and hence it is natural that the youth would like to see measures for its advancements. Apart from the programmes organised by the Ministry of Youth Affairs and Sports, measures that are particularly relevant for the youth to help them in their efforts for meaningful employment are as follows:

a. Protection against import of some items to help domestic manufacturers/production.

b. Rural warehousing facilities, connecting mandis, etc. will offer job opportunities to locals without having to migrate.

c. Technical upgradation and skill development for enhanced employability within India and abroad.

d. Incentives for startups.

e. Expansion in health care, construction, etc. would offer more job opportunities.

Some Interesting Proposals

Budget 2020-21 has a few interesting announcements, some of which are given as illustrations:

a. Deposit Insurance coverage enhanced from Rs. 1 lakh to Rs. 5 lakh.

b. Lower Corporation tax at 15% for new domestic corporate entities in power and manufacturing sectors. It is expected to give a fillip to manufacturing activities, particularly when viewed in the light of "Assemble In India" campaign.

c. Tax benefit to start-up 100% profit deduction.

d. Dividend distribution tax abolished.

e. Solar energy panels in barren, non-usable land.

f. Introduction of simplified GST return and automation of refund process. It is expected to add to the ease of business. ❑

YE-1437/2020

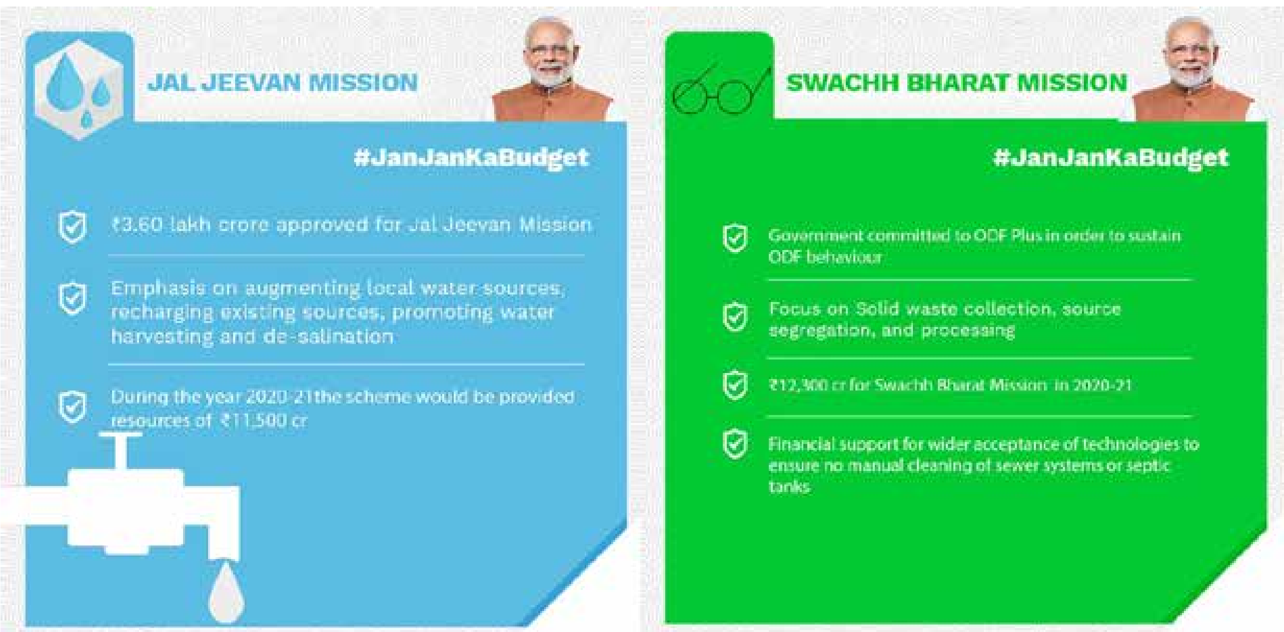
The Economics of Water and Sanitation

Parameswaran Iyer

The Ministry of Finance has aligned itself to the larger goal of an open defecation free (ODF) India with an investment in excess of one lakh crore rupees over the past five years. The Finance Ministers have acknowledged, year by year, the importance of investing in sanitation and its far reaching effects. A majority of these funds have gone towards incentivising crores of poor and marginalised households to construct toilets, and they have also been used to bring about behavioural change, trigger the jan andolan and build capacities of field functionaries.

Since 2014, under the political leadership of the Hon'ble Prime Minister in championing the *jan andolan* of sanitation, the Swachh Bharat Mission (SBM) has "swept" the nation and is today regarded as the largest behavioural change programme for sanitation the world has ever seen. The most important differentiating factor which allowed the SBM to leverage the collective strength of 1.3 crore people was exactly this political leadership. With the Prime Minister backing the effort right from the top, the Ministry of Finance aligned itself to the larger goal of an open defecation free (ODF) India with an investment in excess of one lakh crore rupees over the past five years.

In January 2020, a Ministerial Round Table discussion was held in Addis Ababa on 'Scaling up Sanitation in Africa', primarily based on the major lessons coming from the implementation of the Swachh Bharat Mission (SBM). While the Ministers of Sanitation from Ethiopia, Nigeria, Kenya and Senegal marvelled at India's astronomical success in eliminating open defecation in just five years, they unanimously agreed



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that the biggest bottleneck they faced in replicating the SBM model in their countries was that they were not able to convince their Finance Ministries to invest heavily in sanitation, like India has done since 2014.

The Indian finance ministers, meanwhile, have acknowledged, year by year, the importance of investing in sanitation and its far reaching effects. A majority of these funds have gone towards incentivising crores of poor and marginalised households to construct household toilets, and they have also been used to bring about behavioural change, trigger the jan andolan and build capacities of field functionaries. Over 10 crore toilets have been built in rural India and nearly 55 crore people have stopped defecating in the open, all in just five years, contributing to bringing down global open defecation by more than half.

Over 10 crore toilets have been built in rural India and nearly 55 crore people have stopped defecating in the open, all in just five years, contributing to bringing down global open defecation by more than half.

The returns on these investments have been manifold, and its effects on the broader economy, markets and employment, significant. UNICEF recently estimated that the investments in sanitation in India are yielding a 400% return, with each rural household in an ODF village saving Rs. 50,000 on account of avoided medical spends, time savings and lives saved. Meanwhile, moving ahead, the Toilet Board Coalition has estimated that the sanitation infrastructure and services market in India will be worth over $60 billion by 2021, creating many new jobs, even in the most rural areas of the country, apart from reducing health and environmental costs, and generating savings for households. Many people engaged in the business of manufacturing toilet related hardware accessories have reported large growth in sales during the SBM period, and they project a continued uptrend through retro fitting and upgrades. This has been corroborated by another recent study by UNICEF in which they have estimated that the SBM has resulted in creating over 75 lakh full time equivalent jobs over the past five years, giving the rural economy a major boost.

It is fairly clear now that investment in sanitation is actually a facilitator of broader economic, health and social gains. And this is the chain of argument we used to encourage the sanitation ministers of Africa assembled at Addis Ababa to use back home to bring their finance ministries on board.

Back home, our government continues to prioritise the water and sanitation sectors as key pillars of broader rural development. The government is committed to ensuring that this suc-

Government committed to ODF plus to sustain ODF behaviour

In order to sustain ODF behaviour and to ensure that no one is left behind, Government is committed to ODF Plus. While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman said, "now more needs to be done towards liquid and grey water management. Focus would also be on solid waste collection, source segregation and processing. Total allocation for Swachh Bharat Mission is Rs.12,300 crore in 2020-21".

Smt. Nirmala Sitharaman said that Rs. 3.60 lakh crore have been approved for Jal Jeevan Mission which is aimed at providing piped water supply to all households. This scheme also places emphasis on augmenting local water sources, recharging existing sources and will promote water harvesting and de-salination, the Minister added. She said that cities with over a million population will be encouraged to meeting this objective during the current year itself. The Scheme would be provided resources of Rs. 11,500 crore during the year 2020-21.

Source: *Press Information Bureau*

cess is sustained. The Prime Minister, commemorating the ODF declaration by all States said on October 2, 2019 that, "this is but a milestone and not the finish line, and that we must all ensure that people continue to use toilets and that no one is left behind." And this has been backed up by the Finance Minister in the budget for 2020-21 were she has announced about Rs. 10,000 crore for rural sanitation to focus on ODF Sustainability, bio-degradable waste management, grey-water management, faecal sludge management, and most importantly, plastic waste management for all villages by 2024.

The next critical basic service and arguably the most basic of them all, that this government is committed to delivering is piped water supply. On Independence Day this year, the Prime Minister announced the Jal Jeevan Mission (JJM) from the ramparts of the Red Fort, with the goal of ensuring piped water supply for all households of India by 2024 and with a commitment of 3.6 lakh crore of central and state governments for the scheme. Backing its commitment, in the budget for 2020-21, the government has already allocated a central share of Rs. 11,500 crore for the JJM, with an additional provision for extra budgetary resources of Rs. 12,000 crore.

But perhaps the biggest impetus to the rural water and sanitation sector is the earmarking of 50% of the Rs. 90,000 crore grant to rural local bodies under the Fifteenth Finance Commission, for drinking water and sanitation. This will ensure that the gram panchayat and local communities have more of a skin in the game, and are responsible for the upkeep of their water and sanitation infrastructure, providing a boost to the sustainability of service delivery to the people. This approach will ensure that just like sanitation, provision of water supply and its upkeep will also become everyone's business. ❑

India's Quest for Universal Health Coverage

Dr Indu Bhushan

The Union Budget 2020-2021 demonstrates a strong commitment towards health. The Union Finance Minister, Nirmala Sitharaman, said in her budget speech that the Government of India has a holistic vision of healthcare that translates into wellness of the citizens. This new vision for health for India rests on four pillars namely—ensuring preventive health, providing affordable healthcare, improving supply of quality health services and effectively implementing government schemes in a mission mode.

In his address to the United Nations' session on Universal Health Coverage (UHC) in September, 2019, the Prime Minister spoke about a new vision for health and said that, "world welfare begins with people's welfare and that health is a significant determinant of it". He underscored that the definition and meaning of health is not limited to a mere absence of disease but that leading a healthy life is a every person's right and ensuring this is the duty of the State.

This new vision for health for India rests on four pillars namely — ensuring preventive health, providing affordable healthcare, improving supply of quality health services and effectively implementing government schemes in a mission mode.

Under the first pillar of preventive health, there is special emphasis on Yoga, Ayurveda and fitness. Priority has been accorded to immunisation where the focus is not just to bring in new vaccines but also improving the access in the remote and rural areas. To reign in the harmful effects of smoking, especially among the youth, the Government of India has gone a step further to put a complete ban on e-cigarettes and to control the spread of illnesses from asthma to oral, throat and lung cancer. Since sanitation is a key contributor of health, Swachh Bharat or Clean India mission is helping to save millions of lives through positive behavioural change towards the use of toilets.

The Government of India launched an ambitious scheme Ayushman Bharat that aims to undertake path breaking interventions to holistically address health (covering prevention, promotion, curative and ambulatory care), at primary, secondary and tertiary levels. Ayushman Bharat is India's bellwether in its efforts towards achieving UN Sustainable Development Goal 3.8,

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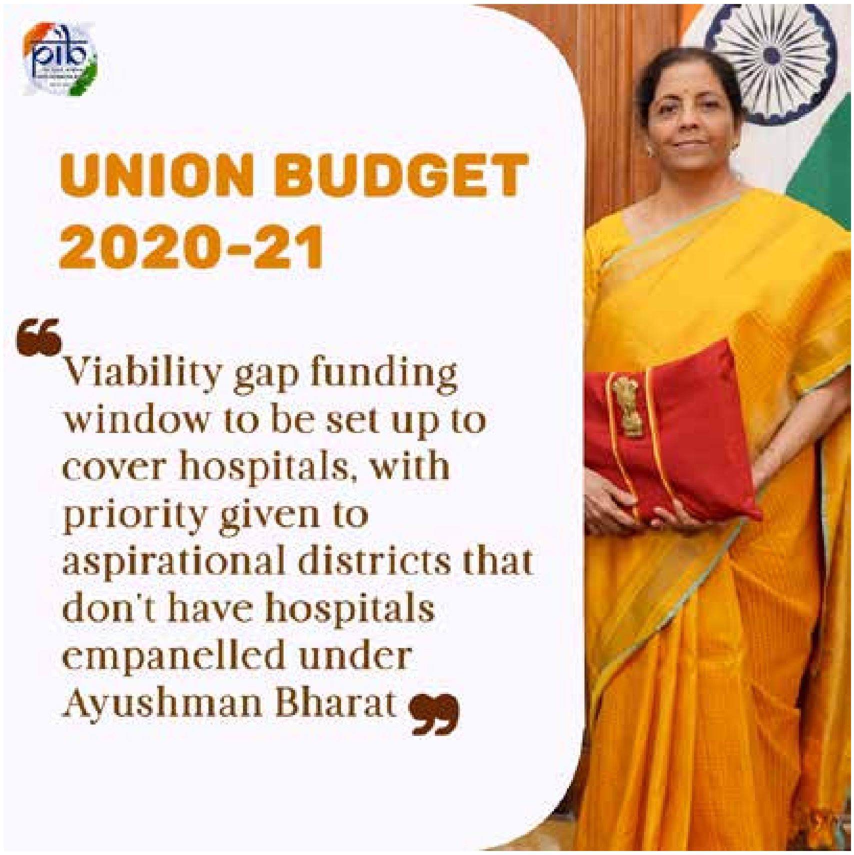
Universal Health Coverage (UHC). By treating health not as a segmented system but as one comprehensive enterprise, Ayushman Bharat through its two components—Health and Wellness Centres (HWCs) and Pradhan Mantri Jan Arogya Yojana (PM-JAY)—addresses health holistically, covering preventive, promotive, curative and ambulatory care. Under the first component of Ayushman Bharat the target is to set up 150,000 HWCs across the country by 2022. HWCs are the primary care component of Ayushman Bharat with a focus on screening and management of lifestyle diseases like cancer, diabetes, and cardio-vascular illnesses, among others.

The second pillar of this vision is affordable healthcare which is addressed by the second component of Ayushman Bharat scheme—PM-JAY. An estimated 6 crore people fall below poverty line each year due to catastrophic expenditure on health in India. PM-JAY is the world's largest publicly-funded health assurance scheme and provides more than 50 crore poor and vulnerable citizens with a health cover of Rs. 5 lakh for cashless secondary and tertiary in-patient care. The scheme was designed to provide access to timely and quality inpatient healthcare to the poor without their having to face financial hardship. It employs public health financing delivered through a federal administrative structure comprising a solid partnership between the Centre and the States.

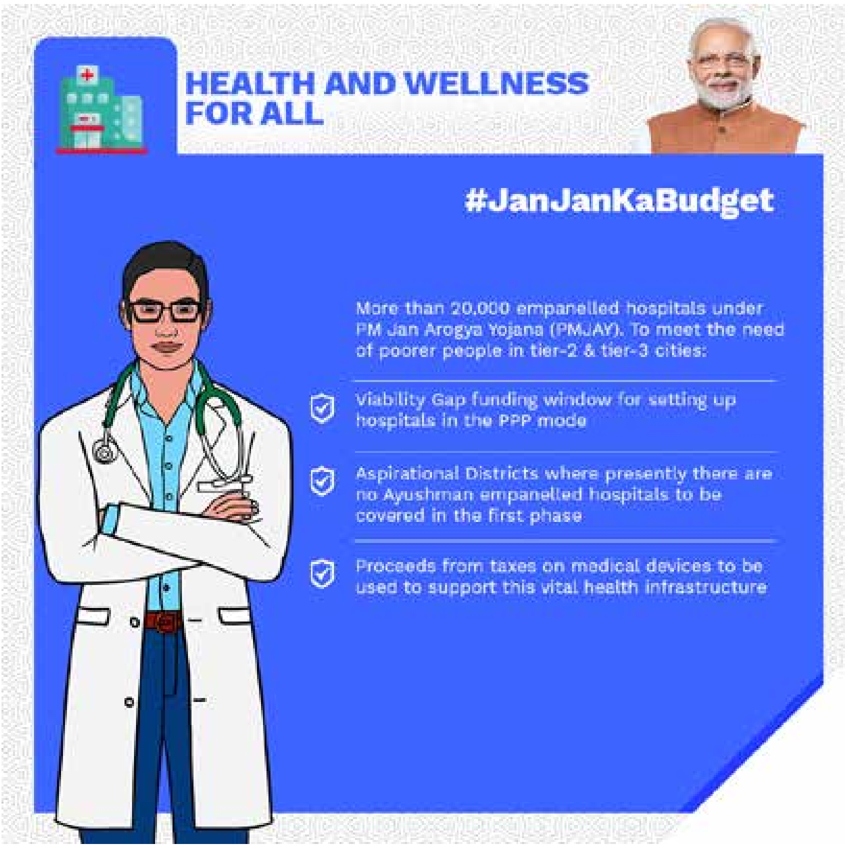
In addition, as on September 2019, more than 5,000 special pharmacies have been set up under which 800 critical drugs have been made available at affordable prices. Because of this initiative, the price of cardiac stents has been reduced by 80% and that of knee implants reduced by 50-70%. Every year 2.2 lakh new patients of End Stage Renal Disease (ESRD) get added in India resulting in additional demand for 3.4 crore dialysis every year. The prohibitive cost of dialysis which is a life-term requirement causes financial catastrophe to most families. Under the Pradhan Mantri National Dialysis Programme, lakhs of people are able to avail free dialysis at district hospitals, bringing major relief for ESRD patients.



Ayushman Bharat is India's bellwether in its efforts towards achieving UN Sustainable Development Goal 3.8, Universal Health Coverage (UHC). By treating health not as a segmented system but as one comprehensive enterprise, Ayushman Bharat through its two components—Health and Wellness Centres (HWCs) and Pradhan Mantri Jan Arogya Yojana (PM-JAY)—addresses health holistically, covering preventive, promotive, curative and ambulatory care.

As the third pillar of this vision, supply side expansion focuses on building medical infrastructure and providing quality medical education. A key reform in this area is the National Medical Commission Act, 2019. This will transform healthcare in the country by paving the way for the establishment of the country's new regulator of medical education and certification, reducing the burden of multiple exams on students, ensuring probity in medical education, bringing down costs of medical education, simplifying procedures, enhancing the number of seats in medical colleges, and providing wider access to quality healthcare to all.

The fourth pillar effective implementation of government health schemes in mission-mode is essential to achieve the above goals. Several vertical programmes focusing on maternal, neo-natal, reproductive



and child health are in place that needs to be taken to community. The Government of India has also launched Poshan Abhiyan or National Nutrition Mission to tackle anaemia and stunting through the provision of adequate nutrition for the mother and child. As a signatory to Sustainable Development Goals, other mission mode interventions include eliminating Tuberculosis by 2025 and single-use plastic by 2022, reducing not just environmental pollution but also contributing to the health and wellness of all citizens.

Budget 2020-2021: Demonstration of Strong Political Will towards Health

India is now the fifth largest economy of the world in terms of GDP, with US$ 2.9 trillion. India's foreign direct investment got elevated to the level of US$ 284 billion during 2014-19 from US$ 190 billion during 2009-14. The Central Government debt has reduced from 52.2% in March 2014 to 48.7% of GDP in 2019-2020.

The Union Budget 2020-2021 demonstrates a strong commitment towards health. The Union Finance Minister, Nirmala Sitharaman, said in her budget speech that Government of India has a holistic vision of healthcare that translates into wellness of the citizens. The increase in the budget allocation for Health from Rs 62,398 crore in 2019-2020 to Rs. 69,000 crore for 2020-2021 reaffirms this promise.

India is one of the youngest countries in the world with the number of people in the productive age group i.e. 15-65 years being the highest. This demographic dividend coupled with new technologies, specially analytics, machine learning, robotics, and Artificial Intelligence, if invested in and utilised well hold the promise of pushing forward the growth engine of the health sector and the economy.

This budget gives a prominent place to citizen's health. Several schemes have been strengthened Giving emphasis to universal immunisation; Mission Indradhanush has been expanded to cover 12 related diseases, including five new vaccines. Given the epidemiological transition to Non-Communicable Diseases (NCDs), Fit India movement is a vital part of fight against such diseases resulting from lifestyle issues like unhealthy eating habits, smoking, and alcohol abuse, lack of physical exercise, stress and anxiety. The Jal Jeevan Mission, a focused safe water programme and Swachh Bharat Mission have been further strengthened to support this health vision and reduce the double burden of disease—stemming from both communicable as well as non-communicable diseases—on the poor.

Reaffirming the Government's promise to end Tuberculosis by 2025, the FM proposed to strengthen efforts under the "TB Harega Desh Jeetega" campaign. She also proposed to expand the Jan Aushadhi Kendra Scheme to all districts offering 2,000 medicines and 300 surgicals by 2024.

The budget allocation for both components of Ayushman Bharat has been maintained with an allocation of Rs. 1,600 crore to HWCs and Rs. 6,400 crore. This clearly demonstrates the faith that the government has reposed in this scheme.

Both components of Ayushman Bharat have shown good progress since the launch in 2018. More than 30,000 HWCs are operational providing expanded primary health care and screening several crore people for six non-communicable diseases, including cancer, diabetes and hypertension.

PM-JAY is being implemented in 32 States and Union Territories and covers more than 50 crore poor and vulnerable people. In only 18 months, it has provided more than 80 lakh treatments worth about Rs. 11,000 crore. Savings worth more than Rs. 22,000 crore have accrued to beneficiaries. More than 21,000 empanelled hospitals (both public and private) across the country are providing treatment to people under PM-JAY.

However, many more hospitals are required to address the supply side constraints, especially in tier-2 and tier-3 cities. Addressing this, the FM announced Viability Gap Funding (VGF) for setting up hospitals in the smaller cities. In the first phase, priority will be given to aspirational districts where no empanelled hospitals are currently available. Public-Private Partnership approach will be used for setting up medical colleges in district hospitals where states are willing to provide land. This will provide an impetus for the creation of a large number of jobs for youth and lead to the creation of medical workforce and strengthen service provisioning. A tax on medical devices has been announced in the budget. This tax will promote local industry. Proceeds from this tax would be used to support this vital health infrastructure.

Addressing the challenges of strengthening fraud and abuse control and safeguarding security of patient data, the government has proposed a slew of measures like making use of frontier technologies such as Artificial Intelligence and Machine Learning. This will ensure efficiency in service delivery and curbing malpractices.

Challenges and Opportunities on the Path to UHC

The initial momentum of PM-JAY has provided a strong proof of concept for Universal Health Coverage (UHC) and a viable framework for achieving the same. If the first year was the year of setting up, the second year will be a phase of consolidation, of further strengthening the systems, improving efficiencies, to ensure a solid foundation upon which to build the edifice towards achieving

The Budget 2020-2021 is not merely a declaration of intent, but makes universal health coverage an actionable policy, and a realisable goal. The high priority that has been accorded to health in the budget is a clear demonstration of the Government's commitment to ensuring health for all. The comprehensive and far-reaching health schemes covered by this budget have the potential to transform the nation's health and wellness landscape.

UHC. However, several challenges remain:

- The awareness and uptake of the scheme among the target population has to be vastly increased. Tailor-made social and behavioural change communication strategies capable of reaching the most vulnerable sections of the population need to be devised.
- The supply side need to be strengthened by empanelling all public hospitals in the country so that beneficiaries can avail good quality care provided by these facilities. About 600 hospitals under various central ministries such as Home Affairs, Railways, Steel, and Coal have already been empanelled.
- The coverage should be expanded to other vulnerable population groups such as construction workers, truck drivers/transporters, textile workers and artisans, ASHAs and Anganwadi workers/helpers, village level entrepreneurs (VLES), MSME owners/workers, among others. Covering many of these groups such as ASHAs and VLEs who are the frontline implementers of the scheme, will further improve their commitment towards it and the public interface of the scheme.
- The quality of care needs further improvement. The government is working with the States to implement the Standard Treatment Workflows (STWs) developed by the Indian Council of Medical Research.
- The fraud and abuse control machinery needs to be further bolstered to minimise all kinds of malpractices. For this, frontier technologies like artificial intelligence and machine learning are being deployed to help detect, prevent and deter fraud and reduce opportunities for corruption.

Conclusion

Health is a function of a government's political and financial commitment. The goal of universal health coverage is laudable and aspirational for a country like India. The Government of India has placed its faith in this goal and backed it with a strong financial commitment. This sets a historic precedent for the developing world to follow and emulate.

The Budget 2020-2021 is not merely a declaration of intent, but makes universal health coverage an actionable policy, and a realisable goal. The high priority that has been accorded to health in the budget is a clear demonstration of the Government's commitment to ensuring health for all. The comprehensive and far-reaching health schemes covered by this budget have the potential to transform the nation's health and wellness landscape and realise Pandit Deen Dayal Upadhyay's vision of 'Antyodaya' that means serving the last man standing in the queue. ❑

An Analysis of Education Sector Budget

Shalender Sharma[1]
Shashiranjan Jha[2]

The education component of Union Budget 2020 continues to reflect Government's commitment to strengthen quality and standards in education. On many fronts, the budget identifies key prospects for reforms in the school as well as in the higher education sectors. Considering that India is home to the largest number of youth—the Union Budget has placed greater premium upon improving the quality and excellence. Increased budgetary outlay is expected to result in improvement in system-level indicators such as school size, school standard evaluation, and continuous professional development of teachers.

The Indian education system has witnessed major structural changes in recent years. The focus has shifted from merely providing access to schools and colleges towards pursuit of quality in education, in line with the Sustainable Development Goal-4 (SDG-4). The draft New Education Policy (NEP) has given a broader perspective for the education system to follow. On one hand, there is focus on strengthening and consolidating National Education Schemes like Samagra Shiksha Abhiyan (SSA) and on the other hand, a clear thrust towards strengthening and expanding high quality institutions; together, these promise to realise the ambitious goal of achieving global standards in education. Various legislative amendments/bills related to IIT, School of Planning and Architecture, Central Universities, Higher Education and Research have been prepared in the recent past.

The education component of Union Budget 2020 continues to reflect the Government's commitment to strengthen quality and standards in education. On many fronts, the budget identifies key prospects for reforms in the school as well as in the higher education sectors. The education budget allocation amounts to a total of Rs. 99,311 crore within which school education and higher education have been allocated Rs. 59,845 crore and Rs. 39,466 crore respectively. The current allocation reflects an increase of 5% from the previous year. Arguably, this is not going to fulfil all the requirements of the education system; however this is a quantum jump and a much-needed boost to the sector. However, the current allocation looks much higher when compared to the allocations from the level of 2015 (Chart 1). The cumulative increase

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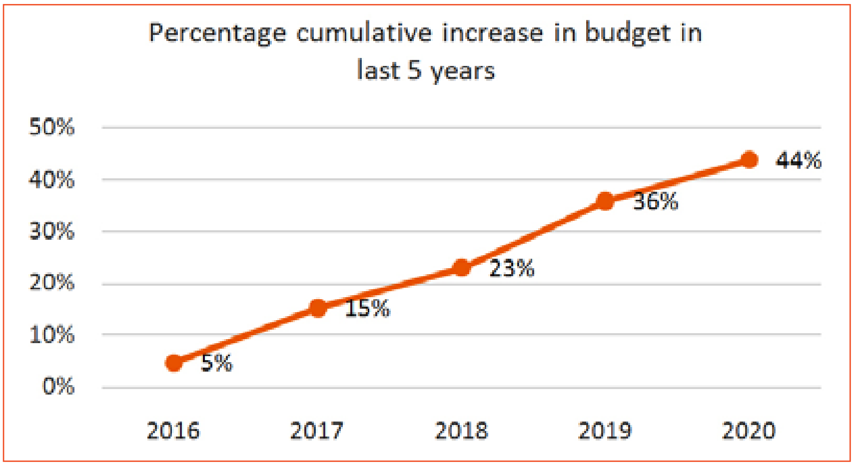


Chart 1

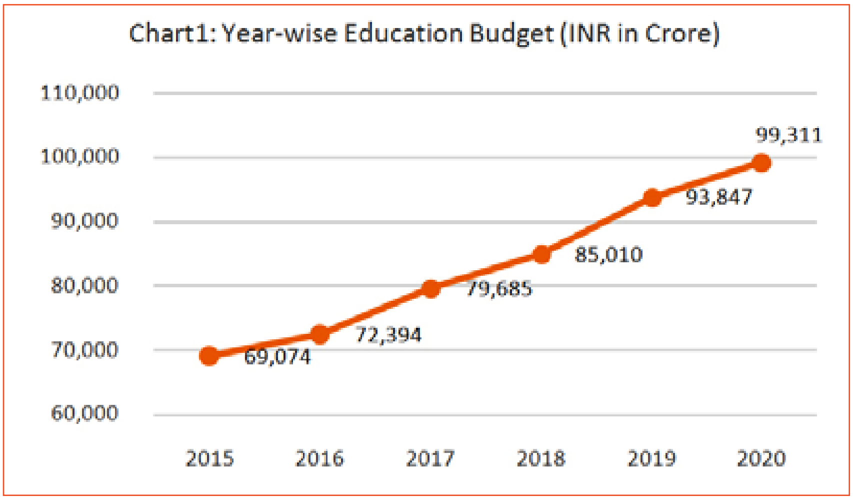


Chart 2

in the allocation from 2016 is about 44% (Chart 2).

For the Skill Development Ministry and its various programmes, an allocation of Rs. 3,002.21 crore has been proposed for FY21 compared to Rs. 2,531.04 crore in FY20.

There has been significant emphasis on higher education which is evident from the increased share of higher education from 34% in 2014-15 to 42% in 2017-18 in the total budgetary outlay of the Ministry of Human Resource Development (MHRD). The current budget has also indicated continued commitment by allocating Rs. 39,466.52 crore. In the higher education sector in particular, the outlay for the improvement of the salary scale of teachers has been hiked from Rs. 1,800 crore in FY20 to Rs. 1,900 crore in FY21. Further, the current budget has enhanced outlay for IITs and IIMs for ensuring world class quality standards.

Key initiatives proposed under Union Budget 2020-21

Teacher Education

The Government is already focusing on training all the untrained teachers in the country through various institutions including National Institute of Open Learning (NIOS). However, a one-time training and clearing an examination may not be sufficient to achieve the targets of improved quality. Therefore, the continuous professional development of in-service teachers is required to be revamped and reformed. The government is also striving to utilise ICT in teacher training (e.g. Diksha Portal); however, generally, portals like these are strewn with a jumble of contents and users are spoilt with choice. Therefore, a focused approach towards content curation should be used by the teachers.

Equalisation of Opportunities to Access Higher Education

For several decades, pursuing higher education in distance mode was not highly encouraged for youths and working people. The current budget, by proposing a degree level full-fledged online education programme will definitely attract youth towards higher education, which in turn will improve India's position at the global level in terms of access to higher education. A degree level full-fledged online education programme will help in increasing Gross Enrolment Ratio in higher education. This initiative will also ensure better quality education to youths opting for this program as these programs can only be offered by institutions ranked within the top 100 in the National Institutional Ranking Framework.

On one hand, there is focus on strengthening and consolidating National Education Schemes like Samagra Shiksha Abhiyan (SSA) and on the other hand, a clear thrust towards strengthening and expanding high quality institutions; together, these promise to realise the ambitious goal of achieving global standards in education. Various legislative amendments/bills related to IIT, School of Planning and Architecture, Central Universities, Higher Education and Research have been prepared in the recent past.

Global Higher Education

Historically, India has been hosting international students for higher education. However, there has been a clear imbalance between outbound and inbound students, resulting revenue drain and brain drain. To enhance the inflow of international students, the current budget has proposed to initiate Ind-SAT which is to be held in Asian and African countries under the 'Study in India' programme. Under the Budget, a total of Rs. 65 crore has been allocated for 'Study in India' in FY21 compared to Rs. 32 crore in revised estimate FY20.

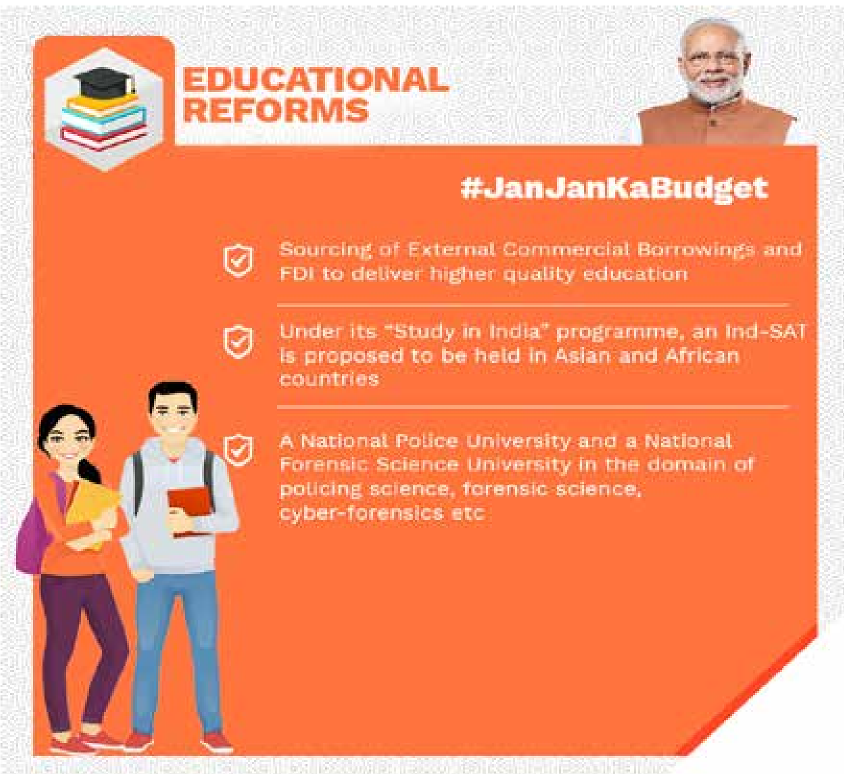
Improved Financing

Although public expenditure on education as percentage of total government expenditure has seen an increase, there is definitely scope for increasing outlay and spending to bridge gaps in quality across institutions. The current budget proposes to introduce sourcing External Commercial Borrowings (ECBs) and foreign direct investment (FDI) so as to be able to deliver higher quality education. Such a proposition can be seen as gap funding to support innovation and research and development.

> In the higher education sector in particular, the outlay for the improvement of the salary scale of teachers has been hiked from Rs. 1,800 crore in FY20 to Rs. 1,900 crore in FY21. Further, the current budget has enhanced outlay for IITs and IIMs for ensuring world class quality standards.

Training

The current budget has laid special emphasis on closing the capacity gaps in critical areas by offering specialised trainings. In line with this, the current budget has adopted a unique approach by proposing establishment of a National Police University and a National Forensic Science University. Further, a shortage of medical professionals has also been recognised in the current budget. This is proposed to be addressed by attaching a medical college to an existing district hospital in PPP mode. To encourage States to participate in this initiative, the current budget proposes Viability Gap Funding. Further, Ministries of Health and Skill Development together with professional bodies, will be encouraged to design bridge courses through special training packages.



Enhancing and Ensuring Employability

With the National Skill Policy 2015, there has been a significant push towards skill development. This year's budget can be seen as recognition of unemployability among the students. The budget has proposed to address this problem with the very welcome initiative of apprenticeship-embedded degree/diploma courses in about 150 higher education institutions. This is expected to offer students of general streams a way to equip themselves with skills and competencies that will help them to be job ready and be active agents of economic enterprise. Moreover, this will also facilitate an increase in the pool of more employable youths available to corporates.

Another important initiative bound to yield effective outcomes for the economy as a whole pertains to the proposed internship program for engineering students with urban local bodies for a period up to one year. This is expected to bring in transformation in the way urban local bodies work and could well support the Prime Minister's vision of minimum government but maximum governance. Further, inducting fresh engineering graduates as interns at urban local bodies is also expected to boost the prospects of innovation and quality of service delivery in the urban areas.

Conclusion

Considering that India is home to the largest number of youth—the Union Budget has placed greater premium upon improving the quality and excellence. Increased

budgetary outlay is expected to result in improvement in system level indicators such as school size, school standard evaluation, and continuous professional development of teachers. In addition to budgetary outlays, the emphasis on improving learning outcomes is expected to be central to the government's future interventions. Further, as the previous budgets have already shown the government's commitment towards improving the quality of education, this budget is expected to pave the way for greater transparency in decision-making.

Going forward, achievement of SDGs requires strong emphasis on preparing school-going children with catalytic skills and competencies. Without explicit provisions for curricular reforms, capacity- building of key stakeholders such as State Council of Educational Research and Training (SCERT) / Directorate of Educational Research and Training (DERT) and creating a pool of teacher educators, we will miss out on generations of learners who will be critical for transitioning on to a sustainable and holistic human development path.

The introduction of Higher Education Funding Agency (HEFA) in the previous budget was a welcome step; however, there is a need to create a level playing field for institutions of higher education. Further, to combat ever increasing inequalities in higher education, a Quality Excellence Fund for State Universities needs to be introduced.

The expectations of the education sector from the budget are not just about increasing outlays to school education, reducing inequality in higher education or to maximise support to mid-day meals this is about strengthening the system as a whole to give wings to the aspirations of Indian youth. ❑

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Skills, Employment and Human Resource Development

Dilip Chenoy

Education and Skill development is a key aspect in the Budget for 2020-21. The Finance Minister articulated three pillars of the budget in her speech—Aspirational India, Economic Development and Caring Society. Under Aspirational India, the third and a critical pillar is Education and Skills. The Budget has a mix of policy direction, new programmes, continuation and enhancement of older programmes as well as other initiatives.

The Finance Minister stated that, "By 2030, India is set to have the largest working-age population in the world. Not only do they need literacy, but they need both job and life skills. Dialogues have been held with State Education Ministries, Members of Parliament and other stakeholders about Education policy. Over 2 lakh suggestions were also received. The New Education Policy will be announced soon."

The Education policy is expected to re-invent the skills ecosystem by embedding it in the school studies itself in a big way. While the developing world has already adopted this strategy for quite some time, India has been lacking in speed and extent, both.

Focusing on the need for apprenticeship, the FM announced two new initiatives. The first was that 150 Higher Education Institutions would start apprenticeship embedded degree/diploma courses by March 2021.

Second, to increase apprenticeships within the country, it was proposed to start a programme where urban local bodies across the country would provide internship opportunities to fresh engineers for a period up to one year.

The project preparation facility for infrastructure projects would actively involve young engineers, management graduates and economists from the Universities. There is also a plan to ensure that infrastructure agencies of the government involve youth in startups to help in rolling out value added services in quality public infrastructure for citizens.

Fourth, in the fisheries sector government will involve youth in fishery extension through 3,477 Sagar Mitras.

To address specific sectoral skills needs, it is proposed to set up a National Police University, and a

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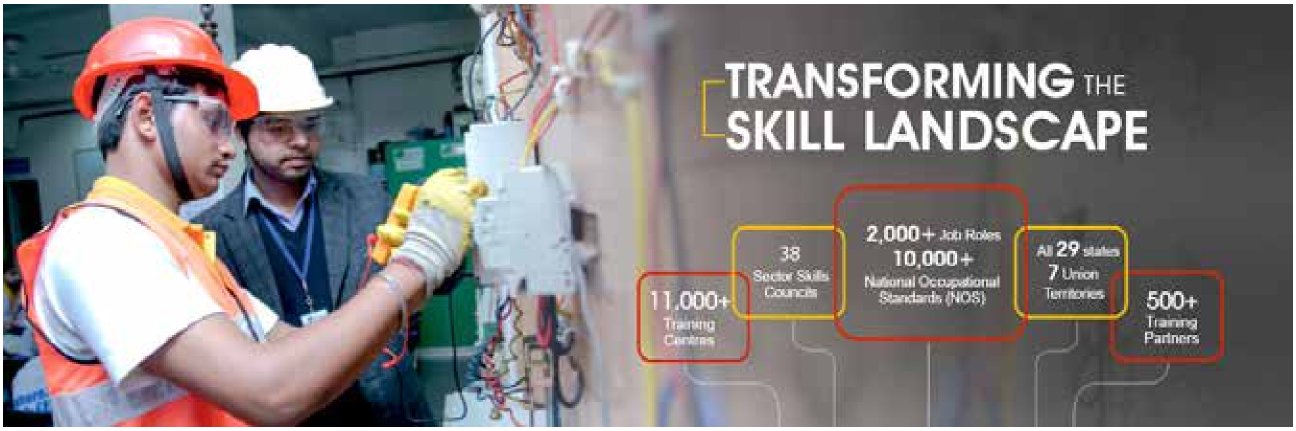

National Forensic Science University. In the medical field, it has been proposed to build a Medical College in an existing district hospital in a PPP mode. Further, it has also been envisaged that large hospitals with specific capacity could offer resident doctors Diplomas to National Board (DNB) and Fellow of National Board (FNB) courses under National Board of Examination.

The FM further went on to state, "There exists a huge demand for teachers, nurses, para-medical staff and care-givers abroad. However, their skill sets, many a time, do not match the employer's standards and therefore need to be improved. I propose that special bridge courses be designed by the Ministries of Health, Skill Development together with professional bodies to bring in equivalence. Language requirements of various countries need also to be included." This is in line with making India the skills capital of the world.

Though this is a work in progress, it will be of great help, especially because the whole scheme will cater to the language requirements of various countries through special training packages. Another new initiative is the special thrust to infrastructure-focused skill development opportunities.

The Prime Minister has announced that Rs. 100 lakh crore would be invested on infrastructure over the next 5 years. Supported by the National Infrastructure Pipeline covering 6,500 projects associated with housing, safe drinking water, access to clean and affordable energy, healthcare for all, world-class educational institutes, modern railway stations, airports, bus terminals, metro and railway transportation, logistics and warehousing, irrigation projects —infrastructure development will create a huge demand for skilled workforce.

The FM also mentioned that, "A huge employment opportunity exists for India's youth in construction, operation and maintenance of infrastructure. National Skill Development Agency will give special thrust to infrastructure-focused skill development opportunities."

A special Nirman Kaushal Vikas Yojana with an initial outlay of Rs. 50 crore is proposed. The two schemes- Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) and Skill Strengthening for Industrial Value Enhancement (STRIVE) with an allocation of Rs. 500 crore and Rs. 400 crore respectively, to begin with, are also quite significant. These two schemes would look at the convergence, governance and regulation of skill training besides promoting the industry association in vocational training. This is in addition to the outlay for continuation of the Pradhan Mantri Kaushal Vikas Yojna (PMKVY) programme. The basic idea is to avoid duplication of efforts at different levels across the country to have better impact.

The STRIVE scheme aims at developing an effective mechanism for delivering quality skill development training through strengthening of State Skill Development Missions (SSDMs), National Skill Development Corporation (NSDC), Sector Skill Councils (SSCs), and National Skill Development Agency (NSDA), among others.

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These two schemes will support universalisation of National Skills Qualification Framework (NSQF) across the country leading to the standardisation of skill delivery, content, and output.

The budget also talks about improving the financial support mechanism for capitalising on the foreign financing wherewithal, which is also necessary for attracting foreign institutions and students, besides the much-needed enhancement of the teaching and training standards.

"It is felt that our education system needs greater inflow of finance to attract talented teachers, innovate and build better labs. Therefore, steps would be taken to enable sourcing External Commercial Borrowings and Foreign Direct Investment (FDI) so as to able to deliver higher quality education," the FM said.

While the Minister states that the Government has provided Rs. 99,300 crore for education sector in 2020-21 and about Rs. 3,000 crore for skill development, however, since skills programmes are spread across different Ministries, the amount is actually higher.

The programmes under Ministry of Rural Development-Prime Minister National Livelihood Mission with an allocation of Rs. 9,210 crore, and Housing and Urban Affairs for skill development have also been continued and have separate allocations.

The allocation for Integrated Scheme for Textile Development under the Ministry of Textiles has been enhanced significantly from Rs. 100 crore to Rs. 150 crore recognising the importance of this sector in the economy.

The Ministry of Minority Affairs programmes including Upgrading the Skills and Training in Traditional Arts/ Crafts for Development (USTTAD), also continue with over Rs. 600 crore allocations. There are some more allocations including Rs. 130 crore for tourism. In line with the Digital India initiative, the outlay for digital literacy programmes has also been enhanced. The allocation of Rs. 8,000 crore to AI and Quantum computing will create a pool of talented manpower for the new economy.

The FM has covered all the areas of education and skill development comprehensively in the Budget — beginning from the reforms required to the ground level implementation with the help of an integrated approach — and the best part is that education and skill development have been made an integral part of the sectoral growth strategies.

Hon'ble President of India Shri Ram Nath Kovind said at the 15th FICCI Higher Education Summit, "The world of tomorrow will be driven by knowledge, machine-intelligence and digital pathways. To prepare ourselves for this transformation and to leverage its limitless opportunities, we have to recast our higher education with new courses and deeper research-orientation. Ideation, innovation and incubation should be given primacy in our curriculum. India has the third largest scientific human resource pool in the world. If we establish robust academia-industry linkages, we have the potential to become the R&D capital of the world."

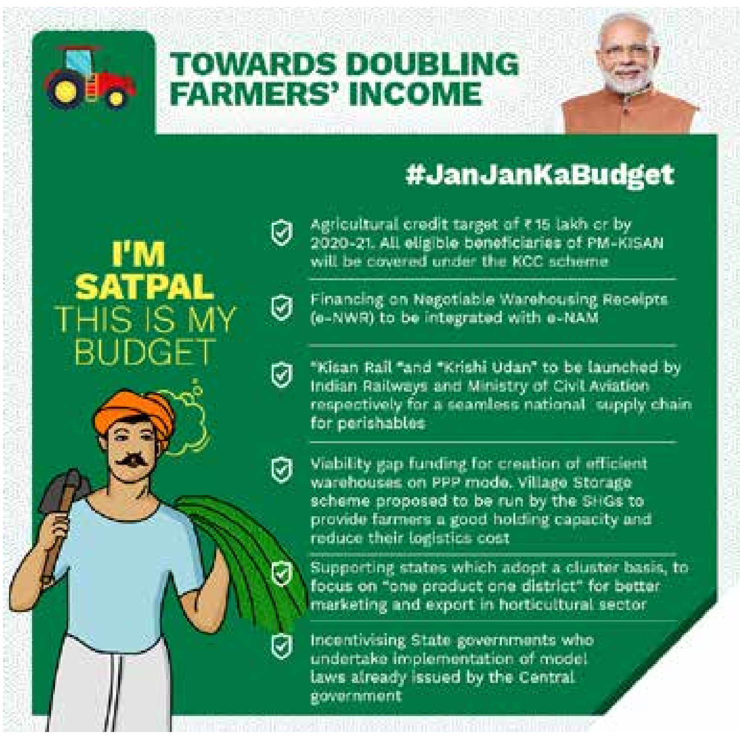
Developing a robust education and skill development infrastructure based on the emerging needs is central to achieving a higher growth trajectory that leads India to the $5 trillion economy goal quickly. The Budget for 2020-21 has taken significant strides in this direction. ❑

Action Plan for Prosperity of Farmers

Dr Jagdeep Saxena

The Union Budget 2020-21 proposes integration of farming, storage, financing, processing and marketing. The Finance Minister announced a 16-point action plan with a wide range of activities and measures critical to farmers' welfare. To check deteriorating soil health and maintain land fertility, the Government intends to encourage balanced use of all kinds of fertilizers including the traditional organic and other innovative fertilizers, and also proposes measures to ensure prosperity of farmers.

The Finance Minister Nirmala Sitharaman, in her budget speech, presented programmes and plans related to 'Agriculture, Irrigation and Rural Development' under the broad theme of 'Aspirational India'. This budget, in letter and spirit, aims to fulfill aspirations of crores of Indian farmers who are at the core of Indian economy and more importantly in national food security. The Government of India in 2016 made a strong commitment to double farmers' income by 2022, and as a follow-up initiated a plethora of new schemes to enhance income support, enhanced MSP, crop insurance, crop diversification, food processing and marketing, and a big impetus to livestock sector including fisheries. Moving ahead, this budget proposes integration of farming, storage, financing, processing and marketing. The Finance Minister announced a 16-point action plan with a wide range of activities and measures critical to farmers' welfare.



Reforms and Resources

Recently, the Central Government enacted a number of reformative Acts to address agrarian distress through different routes. For example, Model Agricultural Land Leasing Act, 2016 facilitates leasing of land to landless farmers under standard conditions. Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017 strives to remove barriers of inter-state boundaries for trade of agricultural produce and livestock; so that farmers may get best price for their commodities. Model Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018 was enacted with a view to integrate farmers with bulk purchasers (exporters, agro-industries, etc.) for better price realisation. However, some states are slow in implementation of these Acts. The Central Government now proposes to encourage such states with adequate support and help.

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Moving towards resource management, the Government is proposing comprehensive measures for 100 water stressed districts, so that water does not become a limiting factor in enhancing productivity of crops. Pradhan Mantri Krishi Sinchayee Yojana, launched in 2015, is already under operation to provide end-to-end solutions in irrigation supply chain. To increase water use efficiency at farm level, a dedicated Micro Irrigation Fund (Initial Corpus Rs. 5,000 crore) is facilitating states in expansion of its coverage area by providing financial support. 'Her Khet ko Pani' will soon be a ground reality.

To check deteriorating soil health and maintain land fertility, the Government intends to encourage balanced use of all kinds of fertilizers including the traditional organic and other innovative fertilizers. Currently, mainly due to subsidies, farmers are using chemical fertilizers excessively endangering soil health, human health and environment. Additionally, the Government pays large amounts in subsidies to fertilizer manufacturers that need to be curtailed. During 2018-19, it paid more than Rs. 73,400 crore as subsidy for different types of chemical fertilizers and city compost. Zero-budget natural farming, that the Government announced in 2019, gets a positive mention in this budget also.

Farms, Farming and Energy

In the year 2019, the Government announced an innovative scheme, PM-KUSUM (Kisan Urja Suraksha evam Utthan Mahabhiyan) to value-add farmers (annadata) as energy providers (urjadata). This scheme removed farmers' dependence on diesel and kerosene and linked their pump sets to solar energy. With promising results in hand, the Government now proposes to expand the scheme to support 20 lakh farmers for setting-up stand alone solar pumps. Scheme will also help another 15 lakh farmers solarise their grid connected pump sets. The FM also announced operationalisation of a related scheme to enable farmers to set-up solar power plants on their fallow/barren lands and sell it to the grid for additional income.

Integrated Farming Systems (IFS), that combine crops, livestock and subsidiary enterprise in a more productive and sustainable way, have emerged as one of the most effective measure to enhance farmers' income. But, most of the IFS models developed so far are inclined towards irrigated conditions. Hence, the Government's announcement to expand Integrated Farming Systems in rainfed areas is a welcome step. Multi-tier cropping, bee-keeping, solar pumps, solar energy production in non-cropping season will be added in IFS, said the Finance Minister.

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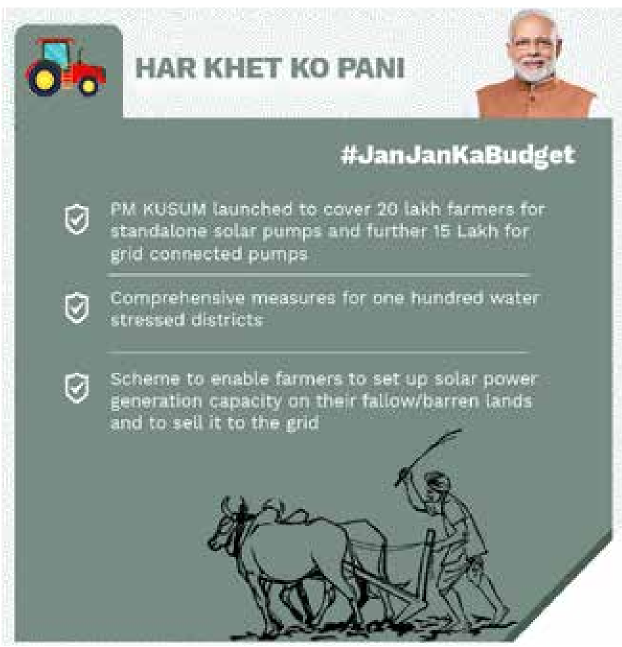
Storage, Transport, and Trade

Creation of storage facilities for agricultural produce is a major driver for growth of agriculture sector. With consistent efforts, India has an estimated capacity of 162 million metric tonnes of agri-warehousing, cold-storage, reefer van facilities, etc. But, for making optimum and efficient use of these facilities, now National Bank for Agriculture and Rural Development (NABARD) will undertake an exercise to map and geo-tag them. The Government has announced further creation and expansion of warehousing facilities by roping in Food Corporation of India, Central Warehousing Corporation and other stakeholders. 'Our Government will provide Viability Gap Funding for setting-up such efficient warehouses at the block/taluk level. This can be achieved, where states can facilitate with land and are on a PPP mode', said Finance Minister. To support these warehouses at farm level, a village storage scheme is proposed that will be run by SHGs. This will enable farmers to hold their agricultural produce for better returns with low logistics cost.

In agricultural marketing, quick and safe transport of perishable items under refrigerated conditions had always been a challenge. Various measures have been taken to strengthen the accessibility and network of refrigerated vans, but a dedicated rail was a cherished dream. In the Budget 2020-21, the Government has announced to build a seamless national cold supply chain for perishables (including milk, meat, and fish) by collaborating with Indian Railways through PPP arrangement. A dedicated 'Kisan Rail' will be launched and refrigerated coaches in Express and freight trains will also be added. This move needs quick action as India incurs huge losses in perishable commodities as compared to global norms. The Ministry of Civil Aviation will launch 'Krishi Udaan' on national and international routes to help improve value realisation especially in northeast and far flung tribal districts.

The Government is keen to explore business potential of horticulture sector (fruits, vegetables, flowers, spices, etc.) by providing marketing and export support. In this regard, the Government has recently initiated a comprehensive 'Agriculture Export Policy' that aims to double the agricultural exports and integrate Indian farmers and agricultural products with the global value chains. The budget also proposes to support states which will focus on 'one product, one district' based on cluster approach. To expand the marketing of organic agri-products, the government has also announced strengthening of portal 'Javikkheti' which is an online national organic product market.



Livestock for Livelihood

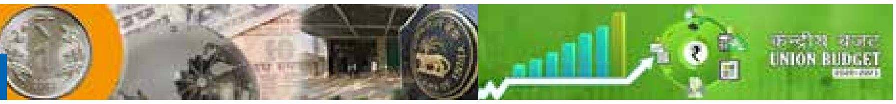
Income from livestock has become an important secondary source of earning for millions of rural families engaged in dairy, animal husbandry, and fisheries sector. With recent promotional measures, the livestock sector has grown at a compound annual growth rate of 7.9% during last five years. 'National Animal Disease Control Programme (NADCP) for eradicating Foot and Mouth Disease and Brucellosis in cattle' was launched in 2019 with a financial outlay of Rs.13,343 crore for five years (2019 to 2024). Emphasis has been laid on this programme in the budget with inclusion to eliminate PPR disease in sheep and goat by 2025. Proposal to increase coverage to Artificial Insemination from the present 30% to 70% will help genetic improvement of breeds for better productivity. Using the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) for developing fodder farms will increase the much desired availability of green fodder in villages. Target of doubling milk processing capacity from 53.5 million tonnes to 108 million tonnes by 2025 is a welcome move being appreciated by dairy industries across the country. This will also help increase income of dairy farmers.

Blue economy is a sunrise sector being supported and promoted by the Government of India. The FM announced to put in place a framework for development, management and conservation of marine fishery resources. Recent initiatives in their regard have enabled fish production in India to register an average annual growth rate of more than 7% in recent years. Fisheries sector is now one of the major contributors of foreign exchange earnings with India being one of the leading seafood exporting nations in the world. The FM proposed to raise fish production to 200 lakh tonnes (current production nearly 140 lakh tonnes) by 2022-23 and also committed to promote cultivation of algae and sea-weed along with the novel practice of cage-culture. The Government hopes to raise fishery exports to Rs. 1 lakh crore by 2024-25, and proposes to involve youth in fishery extension through 3477 'Sagar Mitras' and 500 Fish Farmers Producer Organisations. This will add to job and livelihood opportunities for youth in coastal areas. Targeting the poverty alleviation in rural areas, the expansion of SHGs, under the ambitious 'Deen Dayal Antyodaya Yojana' is also expected. So far, 58 lakh SHGs have been mobilised under the scheme.

Credits and Allocations

Financing on Negotiable Warehousing Receipts that has recently crossed Rs. 6,000 crore is proposed to be integrated with e-National Agriculture Market (e-NAM) to bring in more expansion in the interest of farmers. The Government is all set to make agriculture credit more accessible and transparent. Agriculture credit target for 2020-21 has been set at Rs. 15 lakh crore which was Rs. 13.50 lakh crore during the last fiscal. The NABARD re-finance scheme will be further expanded and all eligible beneficiaries of PM-KISAN will be covered under Kisan Credit Scheme.

The Finance Minister proposed to allocate Rs. 1.60 lakh crore for agriculture, irrigation and allied activities for the year 2020-21 whereas, Rs. 1.23 lakh crore is allocated for activities under Rural Development and Panchayati Raj. Through this budget, the Government aims to make farming more competitive and profitable to ensure prosperity of farmers and is on the right path to meet its target of doubling farmers' income by 2022. ❑



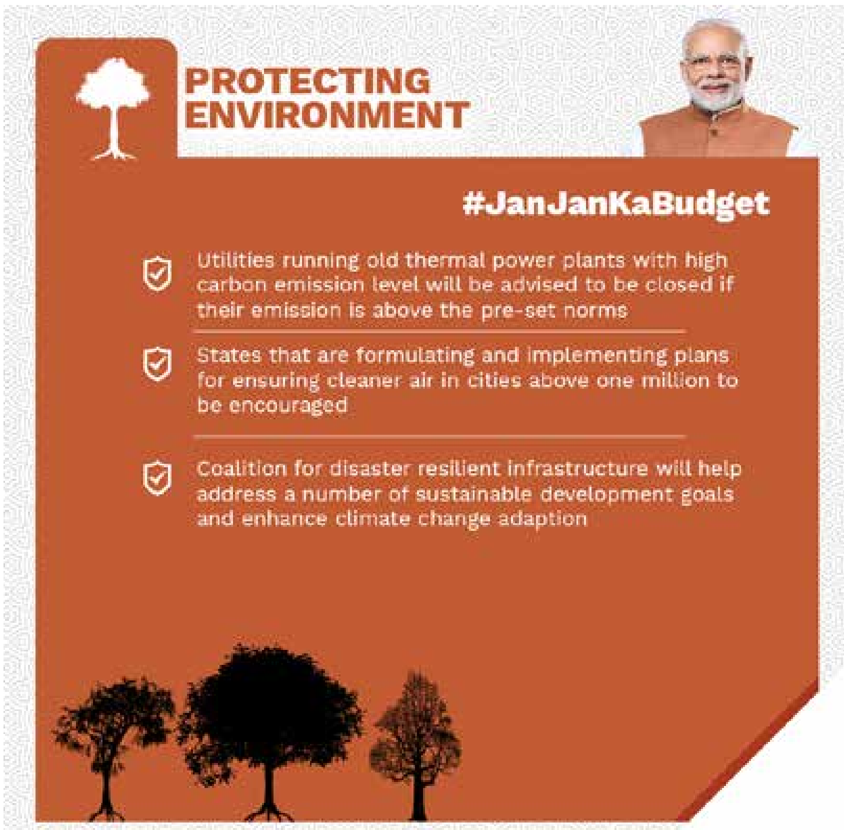
Environment and Forest

Dr S C Lahiry

The Union Budget 2020-21 allocations of the Ministry of Environment, Forest and Climate Change is enhanced by nearly 5% from the budget 2019-20 with no change in the outlay to pollution abatement and Climate Change Action Plan (CCAP). For CCAP, an outlay of Rs. 40 crore has been made, whereas Rs. 460 crore were allotted to control pollution; both are the same as in the last budget. The Control of Pollution scheme has been conceptualised to provide financial assistance to Pollution Control Boards/Committees and funding to National Clean Air Programme.

Air pollution is one of the biggest global environmental challenges of today. According to the World Health Organisation (WHO), 91% of the world's population breathes polluted air which causes cancers, strokes and heart diseases, stunting children's growth and development. A new study by IQAir AirVisual and Greenpeace has identified cities where air pollution is highest. The list is dominated by India, ranking seven of the worst 10 cities, and 22 of the worst 30. The research focused on the levels of fine particulate matter known as PM2.5. These microscopic particles 20 times smaller than the width of a human hair are the most damaging to human health. They can be metals, organic compounds or the by-products of combustion from coal-fired power stations, wood and charcoal-burning stoves, vehicle engines and factories. The cost of this type of air pollution is immense — both to human health and the economy. The World Bank estimates that air pollution costs India the equivalent of 8.5% of GDP — a huge drain on resources. And with the economy forecast to grow rapidly, increasing industrialisation could exacerbate the problem.

Recognising the severity of the adverse air quality standards, the Government of India in 2019, launched a five-year National Clean Air Action Plan (NCAP); a time bound national-level strategy for pan India implementation to tackle the increasing air pollution problem



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across the country in a comprehensive manner to achieve 20-30% reduction in concentration of particulate matter by 2024. The plan was to focus on 102 non-attainment cities with consistent poor air quality than the National Ambient Air Quality Standards.

Annual budget 2020-21 allocation of the Ministry of Environment, Forest and Climate Change (MoEFCC) is enhanced by nearly 5% from the Budget 2019-20 with no change in the outlay to pollution abatement and climate change action plan. For Climate Change Action Plan (CCAP), an outlay of Rs. 40 crore has been made, whereas Rs. 460 crore were allotted to control pollution; both are the same as in the last budget. The Control of Pollution scheme has been conceptualised to provide financial assistance to Pollution Control Boards/Committees and funding to National Clean Air Programme (NCAP). There is no mention of budgeted outlay earmarked for NCAP in the expenditure budget. The allocation for Green India Mission (GIM), a centrally sponsored scheme (CSS), has been raised from Rs. 240 crore in the last financial year to Rs. 311 crore. In wildlife arena, the government-initiated projects — Project Tiger and Project Elephant —saw some changes with the former getting reduced by Rs. 50 crore and the other being raised by Rs. 5 crore. The allocation for Project Tiger, has reduced to Rs. 300 crore from Rs. 350 crore and for Project Elephant, it has increased to Rs. 35 crore from Rs. 30 crore. The budget for National Tiger Conservation Authority (NTCA), a statutory body under the Ministry responsible for tiger census and conservation of wild cats, saw a minor raise of Rs. 50 lakh from Rs. 10 crore in budget 2019-20 to Rs. 10.5 crore for 2020-21.

The budget for National Coastal Mission was also raised slightly with the government allotting it Rs. 103 crore this year, compared to Rs. 95 crore in the last fiscal. Under the National Coastal Mission, the MoEFCC is responsible to ensure livelihood security of coastal communities including fisher folks, to conserve, protect the coastal stretches and to promote sustainable development based on scientific principles. The Union Finance Minister while delivering budget speech on February 1, 2020 made several announcements for the environment and climate change. The "Clean Air Policy" has been allocated Rs. 4,400 crore. She said that the Government of India would actively help the state governments which are formulating and implementing plans to improve air quality in their cities. In this, the focus will be on those cities that have a population of one million and parameters for the incentives would be notified by the MoEFCC. It was announced that all coal-fired power plants not meeting prescribed standards will be closed down. The land so vacated can be put to alternative use.

Recognising the severity of the adverse air quality standards, the Government of India in 2019, launched a five-year National Clean Air Action Plan (NCAP); a time bound national-level strategy for pan India implementation to tackle the increasing air pollution problem across the country in a comprehensive manner to achieve 20-30% reduction in concentration of particulate matter by 2024. The plan was to focus on 102 non-attainment cities with consistent poor air quality than the National Ambient Air Quality Standards.

The FM also referred to Prime Minister's two international initiatives in the climate change arena; namely, the Coalition for Disaster Resilient Infrastructure (CDRI) and the International Solar Alliance (ISA), which according to her will also help achieve India's commitment to the Sendai Framework for Disaster Risk Reduction, enhance adaptation and achieve the 2030 Sustainable Development Goals (SDGs). India submitted its Nationally Determined Concentration (NDC) under the Paris Agreement in 2015 on a "best effort" basis, keeping in mind the development imperative of the country.

Towards augmenting farmers' income and generating of green power, she said that the scheme PM-KUSUM to be expanded. 20 lakh farmers are to be provided for setting up stand alone solar pumps. Another 15 lakh farmers will be helped to solarise their grid connected pump sets. A scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid has been proposed. It would augment generation of green power considerably in future.

Experts have lauded the big step up in the allocation of clean air policy and stressed that effective implementation of this policy would be the key. With this, at least we hope the monitoring of sources of pollution would improve across states. But, significant investment is needed for transition to clean fuel. However, this announcement does need a clear road map with clarity from MoEFCC in emission reduction. Role of stakeholders, regulatory agencies, local governments, etc. needs to be clearly established. Selection of technology and pollution control equipment would need to be vetted by an independent panel of experts. Finally, independent monitoring agencies to be constituted at the local and state level to oversee the time-bound implementation process. In the past subsidies to waste to energy plants or investing in smog towers have been the solutions proposed, which have been non starters and wasteful expenditure.

There are around 100 coal-fired power plants all below 100 MW capacity, many of these owned by the state governments which are not following permissible standards likely to be affected by this decision. It is imperative that all coal-fired power plants not meeting prescribed standards should be shut down. It would be desirable to have prior consultations and take the respective state governments on board before such closure.

It may be mentioned that under the 2015 Paris Agreement, India has committed to reduce by 2030 the emission intensity of its GDP by 33-35% over 2005 levels. It has also pledged to generate 40% of India's power capacity from non-fossil fuel sources and create an additional 'carbon sink' of 2.5-3 billion tonnes of carbon dioxide equivalent through additional forest and tree cover by 2030. The Government's solar energy drive aimed at reducing green house gas reduction. Tariffs for solar power have fallen to a record low. The installed capacity of renewable energy in the country recorded approx. 85 GW (in 2019) while wind energy accounts for 37 GW and solar 32 GW. Apart from increasing share of green energy and adopting latest techniques in fossil fuel-based plants, a host of measures are being undertaken to reduce India's carbon footprint.

In wildlife arena, the Government-initiated projects—Project Tiger and Project Elephant—saw some changes with the former getting reduced by Rs. 50 crore and the other being raised by Rs. 5 crore. The allocation for Project Tiger, has reduced to Rs. 300 crore from Rs. 350 crore and for Project Elephant, it has increased to Rs. 35 crore from Rs. 30 crore. The budget for National Tiger Conservation Authority (NTCA), a statutory body under the ministry responsible for tiger census and conservation of wild cats, saw a minor raise of Rs. 50 lakh from Rs. 10 crore in the budget 2019-20 to Rs. 10.5 crore for 2020-21. The budget for National Coastal Mission was also raised slightly with the government allotting it Rs. 103 crore this year, compared to Rs. 95 crore in the last fiscal.

Ashok Gulati, Infosys Chair Professor at Indian Council for Research on International Economic Relations (ICRIER), suggests that solar trees can be grown on fertile farm fields at 10-12 feet height which ensure enough sunlight for photo synthesis of crops below. If these solar trees can sell surplus power to the grid, solar trees become their third crop and can immensely augment farmers' income. The approach of installing solar trees in farm lands would be beneficial to farmers and enhancing grid power merit consideration.

It is claimed that India has led from the front in addressing global issues. India has gone beyond Davos to discuss issues that concern the global community and has engaged at all levels on the issue of climate change, reiterating its support for the Paris Climate Agreement. It has taken measures to go beyond its commitments at Paris. It has committed to scrap single-use plastics by 2022, increase its share of non-fossil fuel, renewable energy capacity and proportion of biofuel blend in petrol and diesel, besides initiatives for the conservation and rejuvenation of the river Ganga, and the Swachh Bharat Abhiyan.

According to Economic Survey 2019-20, our forest cover was 24.56% of the total geographical area of the country. The key findings of the Indian Forest Survey Report (ISFR), 2019 are that the carbon stock in forest has increased as compared to 2017 but is still far away from our Paris Agreement commitment of 2.5 to 3 billion tons. Carbon stock is the amount of carbon that has been squeezed from the atmosphere and now stored within forest ecosystem. Shailendra Yashwant, Adviser, Climate Action Network, South Asia, points out that while forest cover has been increasing in India as per the Economic Survey report, that will put India on track to achieve Paris Accord target of creating an additional carbon sink by increasing forest cover. However, there is no mention on any further investments required for research into restoring biodiversity, conserving landscapes and preserving the natural balance of biodiversity in various parts of India.

The objective of the Green India Mission (GIM) is to increase green cover in India to the extent of five million hectares (mha) and improve the quality of existing green cover on another 5 mha. It also aims to improve eco-system services like carbon sequestration, hydrological services and biodiversity and provisioning services like fuel, fodder, and timber and non-timber forest produces. It also has to increase forest-based livelihood income for about three million households. A sum of Rs. 343.08 crore has been released under the GIM for undertaking afforestation activities over an area of 126,916.32 hectare (ha) in 13 states, according to the Economic Survey report. In fact, for afforestation to be achieved over an area of 126,916.32 ha in 2019-20, as the report states, the plantation activity under GIM would have to increase by around 45% of where it stood in July 2019 whereas the afforestation done under the mission was only aimed at increasing tree count without considering the soil and weather conditions. "Trees like eucalyptus were planted which seem to aggravate environmental problems. Planting of unsuitable trees may cause drought, and prevent biodiversity in the regions," points out the The Lok Sabha Committee on Estimates' 30th report (released in December 2018). The findings of the Lok Sabha committee report should desist from planting eucalyptus tree under GIM by the implementing agencies.

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The institutions engaged in regulatory functioning both at the Central Government and States level lack capability in maintaining environmental regulation standards in large cities/urban centres. The institutions are understaffed and often lack infrastructure. To a large extent, an effective regulation system will reduce pollution at various levels. There is an urgent need to strengthen these agencies. Taking up Research and Development (R&D), recruitment of professionals having domain knowledge and provisioning of infrastructure are necessary.

The Way Forward

The budget announcement of clean air policy is a step in the right direction considering the challenge posed due to growing air pollution reported in the large cities. This would enable emission level under check through an effective monitoring mechanism in place. Closing down of coal fired power plants not meeting prescribed standards will have to be enforced. India pledged in Paris to generate 40% of India's power capacity from non-fossil fuel sources and create an additional 'carbon sink' of 2.5-3 billion tonnes of carbon dioxide equivalent by 2030 and is fast moving towards this end. To create an additional 'carbon sink' of 2.5-3 billion tonnes of carbon dioxide equivalent through additional forest and tree cover by 2030, the GIM has to be aggressively and effectively implemented throughout the States with quality planting materials. The expansion of PM-KUSUM will augment the farmers' income and green power generation in the country. Regulatory agencies like Central Pollution Control Board and State Pollution Control Boards are understaffed and lack infrastructure. To keep pollution levels under check, these agencies need to be adequately strengthened. ❑

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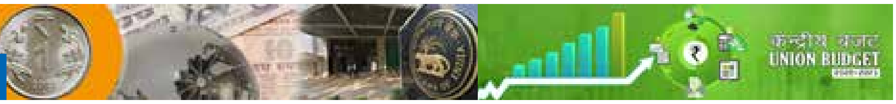

Gender Budgeting and Senior Citizens

Dr Shahin Razi[1]
Naushin Razi[2]

Inclusive development ensures that all marginalised and excluded groups are stakeholders in development processes. The Union Budget 2020-21 demonstrated the government's resolve to work for the aspirations, welfare and empowerment of women and welfare of senior citizens.

Union budget 2020-21 can be described as the one well intended to boost the economy, promote inclusive progress; that bodes well for the new decade. In particular, the three overreaching themes, to improve standard of living, boost economic development for all and building a humane and compassionate society.

It is said that there can be no progress without gender equality, women empowerment and welfare of senior citizens. In light of this reality, the Union Budget 2020-21 demonstrated the government's passionate will to work for the aspirations, welfare and empowerment of women and welfare of senior citizens.

Harnessing Women Power for Development

Inclusive development ensures that all marginalised and excluded groups are stakeholders in development processes. The United Nations Development Programme maintains that many groups are excluded from development because of their gender, ethnicity, age, sexual orientation, disability or poverty. Consequently, there is inequality around the world because of such exclusion. Development cannot effectively reduce poverty unless all groups contribute to the creation of opportunities, share the benefits of development and participate in decisionmaking. The goal of inclusive development is to achieve an inclusive society that is able to accommodate differences and value diversity.

Since last three decades, women's equality and empowerment have been at the forefront of government initiatives to secure sustainable development while alleviating the miseries of backwardness, poverty and social exclusion experienced by women in urban and rural environs. In this process, various institutions and activists working in development have played a significant role in globalising the concept of empowerment as a favoured strategy for promoting gender equality and just development.

Women Empowerment: A Perspective

Acknowledging that women's empowerment is a process in which women increase their choices and freedom to participate, negotiate, influence and hold accountable institutions that affect their lives is a

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step in the right direction. However, this empowerment will be achieved only when women perceive gender empowerment as a meaningful goal that is worth striving for. This necessitates harnessing women's power, utilising their potential and encouraging women to work towards these goals defined by them. Creating conditions wherein these goals are a possibility demands the incorporation of women's voice and agency as central prerequisites in gender empowerment policies and programmes (World Bank 2014).

Empowerment is a multi-faceted, multi-dimensional and multi-layered concept. Women's empowerment is a process in which women gain greater share of control over resources – material, human and intellectual, like knowledge information, ideas and financial resources like money – and access to money and control over decision-making in the home, community, society and nation and to gain "power".

The grim scenario of women having no voice in their own houses has undergone major transformation in recent times. The modern woman is no longer confined to the four walls of the house. Women are now realising their worth in every way and demanding gender equality and justice both at home and in the workplace. They have broken the glass barrier in almost every field, be it technology, space science, sports or the armed forces. Almost every fifth woman is an entrepreneur both in urban and rural India.

Three-Pronged Plan for Ease of Living

Government spending on the social sector, especially on health, education and social protection, is crucial to address the widening economic and social inequality. In the Union Budget 2020-21, the Finance Minister (FM) clearly emphasised on this with a three-pronged agenda of "Aspirational India", "Economic Development", and "Caring Society" to achieve ease of living for all its citizens.

'Caring India' to Take Care of Mother and Child

The Government announced setting up of a task force to recommend steps to lower maternal mortality rate. The task force will submit its report within six months.

Explaining the need for the task force, the FM said, "Women's age of marriage was increased from fifteen years to eighteen years in 1978, by amending the erstwhile Sharda Act of 1929. As India progresses further, opportunities open up for women to pursue higher education and careers. There are imperatives of lowering MMR as well as improvement of nutrition levels. Entire issue about age of girl entering motherhood needs to be seen in this light."

Categorising women and children under the larger budgetary theme of "Caring India", the FM announced an allocation of Rs. 35,600 crore for nutrition-related programmes. She emphasised that health of mother and children is closely related.

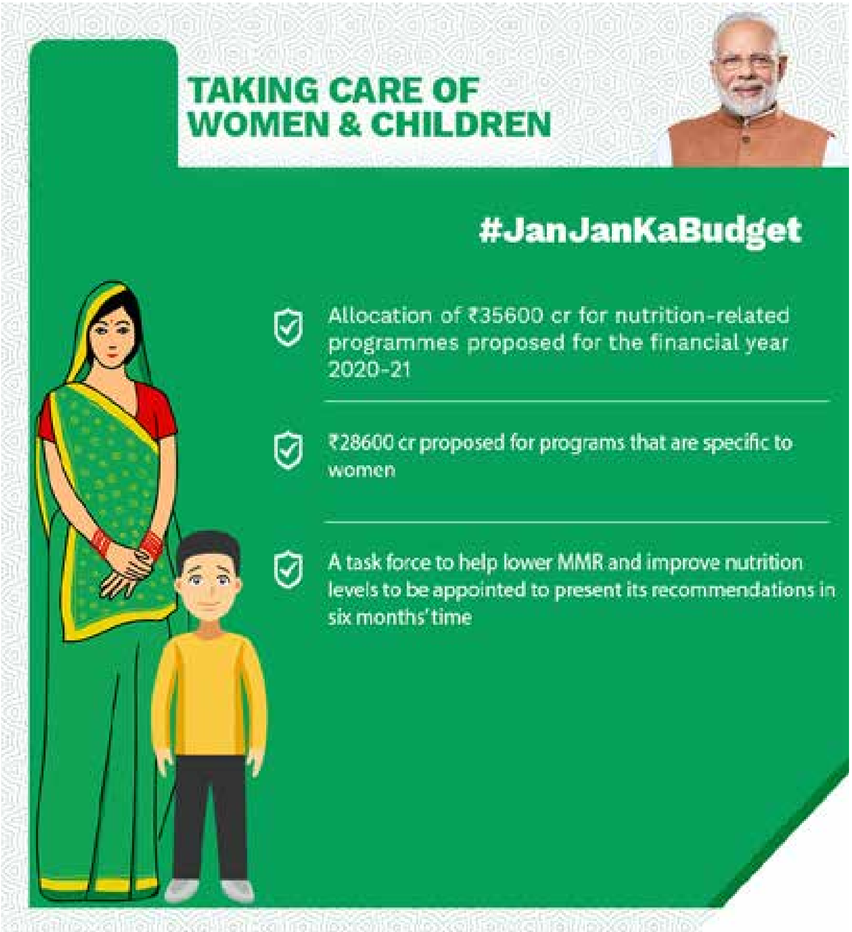
The FM highlighted the need to improve nutritional status of children (0-6 years), adolescent girls, pregnant women and lactating mothers through "Poshan Abhiyan" which was launched in 2017-18. She said more than 6 lakh anganwadi workers are equipped with smart phones that are used to upload nutritional status of more than 10 crore households.

She said awareness building and outreach under "Beti Bachao, Beti Padhao" scheme is yielding results. She said gross enrolment ratio of girls across all levels of education is now higher than boys. At elementary level, it is 94.32% as against 89.29% for boys. At secondary level, it is 81.32% as compared to 78% for boys at higher secondary level and girls have achieved a level of 59.70% as compared to 57.54% for boys.

Allocation for Ministry of WCD Hiked by 14%

The budget allocates over Rs. 30,007 crore for the Ministry of Women and Child Development (WCD), an increase of over Rs. 3,822 crore from the current year. The total amount allocated for the social services sector, which includes nutrition and social security and welfare, has been increased from Rs. 3,891.71 crore in 2019-20 to Rs. 4,036.49 crore in 2020-21. The Budget for the National Nutrition Mission or Poshan Abhiyan has been increased from Rs. 3400 crore in 2019-20 to 3700 crore in 2020-21.

The Poshan Abhiyan, which aims to bring down stunting of children in the age group of 0-6 years from 38.4% to 25% by 2022, has been a key focus area of the Ministry. The allocation for 'One Stop Centre' scheme saw a major boost, increasing from Rs. 204 crore in 2019 to Rs. 385 crore in 2020. The scheme aims to facilitate access to an integrated range of services, including medical aid, police assistance, legal aid and psycho-social counseling to women affected by violence, including sexual assault. The Centre's programmes of maternity benefit and child protection services also got a boost in the Budget.



The allocation for Pradhan Mantri Matru Vandana Yojana (PMMVY), a maternity benefit programme, has been increased from Rs. 2,300 crore to Rs. 2,500 crore. Under the programme, Rs. 6,000 crore is given to pregnant women and lactating mothers for the birth of the first living child.

The allocation for the Child Protection Services Programme under the Integrated Child Development Services has been increased to Rs. 1,500 crore from Rs. 1,350 crore. A sum of Rs. 30,007.10 crore has been earmarked for the WCD Ministry for the next financial year; a 14 per cent increase of over Rs. 26,184.50 crore allocated to it last year. A major chunk of the sum, Rs. 20,532.38 crore, is apportioned for 'anganwadi' services.

'Beti Bachao, Beti Padhao' has been allocated Rs. 220 crore in the current financial year. The allocation for the Mahila Shakti Kendras has been doubled from Rs. 50 crore to Rs. 100 crore. The total allocation for the centrally sponsored schemes is Rs. 29,720.38 crore, a boost of Rs. 3,804 crore from the last fiscal year.

Allocation for Women and Child Development

Scheme	Allocation	Increase
Rashtriya Poshan Abhiyan	Rs. 3700 cr	Rs. 300 cr
'One Stop Centre' Yojana	Rs. 385 cr	Rs. 181 cr
Matru Vandana Yojana	Rs. 2500 cr	Rs. 200 cr
Bal Suraksha Seva	Rs. 1500 cr	Rs. 150 cr
Mahila Shakti Kendra	Rs. 100 cr	Rs. 50 cr

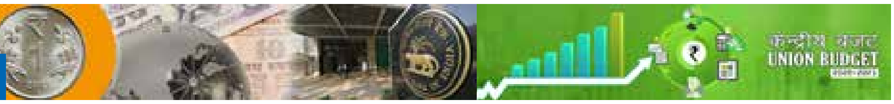
On the issue of providing safety to all women, the budget for Ujjawala, a scheme for prevention of trafficking, rescue and rehabilitation of the victims, has been increased from Rs. 20 crore to Rs. 30 crore. The total budget under the Mission for Protection and Empowerment of Women has been increased from Rs. 961 crore to Rs. 1,163 crore. The announcements relating to the 'Blue Economy' especially fisheries will also benefit women due to their significant participation in the sector.

Senior Citizens

Presenting the Union Budget for 2020-21 in the Lok Sabha, Union Finance Minister announced allocation of Rs. 9,500 crore for the welfare of senior citizens and *Divyang*. In the 2019 Union Budget, senior citizens (aged 60 years or above but less than 80 years) income up to Rs. 3 lakh were exempted from tax. Income from Rs. 300,001 to Rs. 5 lakh was taxed at 5%, from Rs. 500,001 to Rs. 10 lakh at 20% and above Rs. 10 lakh at 30%. For super senior citizens, aged 80 years and above, income up to Rs. 5 lakh is exempt from tax. Income from Rs. 500,001 to Rs. 10 lakh is taxed at 20% and above Rs. 10 lakh is taxed at 30%. Besides, the Finance Minister also allocated Rs. 53,700 crore for the upliftment of Scheduled Tribes, and Rs. 85,000 crore for the welfare of Scheduled Caste and Other Backward classes.

Conclusion

A path to development must include health, education and empowerment of women who constitute almost 50% of the Indian population. Senior citizens are equally important. A multidirectional organised approach to their development is sure to take the country way beyond this path. And in India, the forces are marching in the right direction to take the nation to new horizons. ❑



Key Highlights of Economic Survey 2019-20

Yojana Team

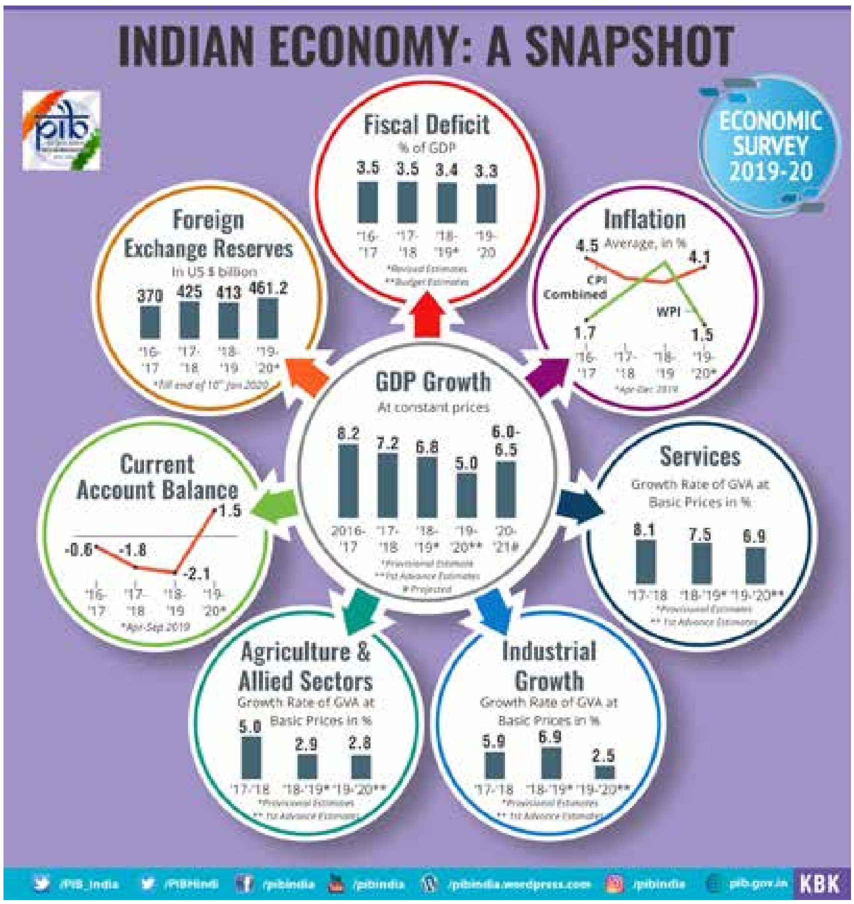
The Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman presented the Economic Survey 2019-20 in the Parliament. The key highlights of the Economic Survey 2019-20 are as follows:

Wealth Creation: The Invisible Hand Supported by the Hand of Trust

- The Survey shows that the liberalised sectors grew significantly faster than the closed ones.
- Exponential rise in India's GDP and GDP per capita post-liberalisation coincides with wealth generation.
- It posits that India's aspiration to become a $5 trillion economy depends critically on:
  - ➢ Strengthening the invisible hand of the market.
  - ➢ Supporting it with the hand of trust.
- The Survey also suggests that policies must empower transparency and effective enforcement using data and technology.

Creating Jobs and Growth by Specialising in Network Products

- By integrating "Assemble in India for the world" into Make in India, India can:
  - ➢ Raise its export market share to about 3.5 % by 2025 and 6 % by 2030.
  - ➢ Create 4 crore well-paid jobs by 2025 and 8 crore by 2030.



- Exports of network products can provide one-quarter of the increase in value added required for making India a $5 trillion economy by 2025.

Sustainable Development and Climate Change

- India hosted COP-14 to UNCCD which adopted the Delhi Declaration: Investing in Land and Unlocking Opportunities.
- Forest and tree cover:
  - ➢ Increasing and has reached 80.73 million hectare.
  - ➢ 24.56% of the geographical area of the country.

Agriculture and Food Management

Gross Value Added (GVA) at Basic Prices for 2019-20 from 'Agriculture, Forestry and Fishing' sector is estimated to grow by 2.8%. During the last 6 years ending 2017-18, Food Processing Industries sector has been growing at an Average Annual Growth Rate (AAGR) of around 5.06%. While interests of the vulnerable sections of the population need to be safeguarded, Survey emphasises on sustainability of food security operations by:

- ➢ Addressing the burgeoning food subsidy bill.
- ➢ Revisiting the rates and coverage under NFSA.

Industry and Infrastructure

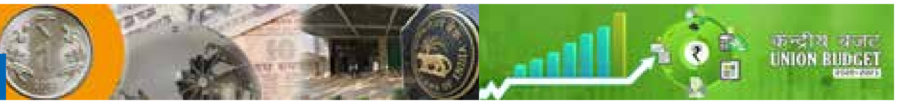
- The industrial sector as per Index of Industrial Production (IIP) registered a growth of 0.6% in 2019-20 (April-November) as compared to 5.0% during 2018-19 (April-November).
- Fertilizer sector achieved a growth of 4.0% during 2019-20 (April-November) as compared to 1.3% during 2018-19 (April-November).

- Steel sector achieved a growth of 5.2% during 2019-20 (April-November) as compared to 3.6% during 2018-19 (April-November).
- Total telephone connections in India touched 119.43 crore as on September 30, 2019.

Social Infrastructure, Employment and Human Development

- The expenditure on social services (health, education and others) by the Centre and States as a proportion of GDP increased from 6.2% in 2014-15 to 7.7% in 2019-20 (BE).
- India's ranking in Human Development Index improved to 129 in 2018 from 130 in 2017. With 1.34% average annual HDI growth, India is among the fastest improving countries.
- The share of regular wage/ salaried employees has increased by 5 percentage points from 18% in 2011-12 to 23% in 2017-18.
- Total formal employment in the economy increased from 8% in 2011-12 to 9.98% in 2017-18.
- Access to health services inter-alia through Ayushman Bharat and Mission Indradhanush across the country has improved.
- Mission Indradhanush has vaccinated 3.39 crore children and 87.18 lakh pregnant women of 680 districts across the country.
- About 76.7% of the households in the rural and about 96% in the urban areas had houses of pucca structure.
- A 10-year Rural Sanitation Strategy (2019-2029) launched to focus on sustaining the sanitation behavior change and increasing access to solid and liquid waste management. ❑

Source: *Press Information Bureau*



Accelerating the Holistic Development of the Northeast

Shreeprakash Sharma

The development of a nation depends upon the development of its people. The Union Budget highlights the key initiatives to ensure the growth of the economy with more employment opportunities for the youth of the country and also to bring about paradigm changes in the standards of living. The Prime Minister's exemplary vision of "Purvodaya - Rise of the East" will edge closer to realisation with all these historic initiatives in the years to come.

With a landmass of 2.6 million sq. km and nestled strategically in the easternmost part of country, the Northeastern Region, sharing 3220 miles of international borders with several neighbouring countries and comprising of 8 states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim is conspicuous with a variety of rugged mountain terrains, engaging flora and fauna, uncommon rainfall patterns, cults, cuisines, cultures and various other socio-human indicators. This region has an array of bizarre and unparalleled geographical and topographical features inter alia, abundant water resources, rich biodiversity, evergreen dense forests, fertile land and a unique conglomeration of kaleidoscopic socio-economic, political, ethnic and cultural fabric.

But the realistic scenarios are not rosy, especially in the northeastern areas; so the task to achieve the goal of 'Inspirational India', one of the three themes of the government's pioneering development plan in the Union Budget 2020-21 calls for radical changes to be initiated in the highly diverse and uniquely varied northeastern region.

With the population of 45 million, the region has been predominantly an agrarian economy. Two-thirds of the population of the region heavily depends upon the agriculture for their livelihood. The high presence of small and marginal farmers in this region makes the agrarian economy of this region conspicuously vulnerable and vital. The low agriculture productivity, aggravated by rain-fed floods, soil erosion, and landslides greatly account for insufficient purchasing power and challenging form of poverty in the region. As per the latest data available, the absolute number of population below the poverty line in the region is 13.6 million which sum up for approximately one third of the total population of the region. Undoubtedly, the widespread unemployment in the region worsens the situation and calls for immediate well-orchestrated and radical steps.

The services sector has witnessed immensely incredible increase in the contribution to the GDP of the country over the past few decades. From 29%

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share of services sector to the GDP of the country in 1950 to nearly 55% in 2020, the country has amazingly leapt forward in the direction of inclusive growth of the Indian society. From this perspective of the faster development of the services sector and its contribution to the national income, the Union Budget has very urgently put forth the proposal of developing 5 archaeological sites of Assam as iconic sites with on-site museums. Sivasagar district, earlier known as Rongpur, established by Ahoms dynasty and ruled by it for nearly six hundred years, has also been chosen for it.

Sivasagar district, famous for more than 500 historical sites and various beautiful temples, tanks and Rang ghars which add to the glories of the northeast region; has the potential to attract national and international tourists and may prove to be the source of additional employment opportunities and increase in personal income and foreign exchange reserves. The National Gas Grid is also proposed to be expanded from 16,200 kilometer to 27,000 kilometer for which the Cabinet has already approved a grant of Rs. 5,559 crore to Indradhanush Gas Grid Limited (IGGL) which will set up North-East Natural Gas and Pipeline Grid. The expansion of the North-East Natural Gas Grid through IGGL has other advantages too for the faster development of the northeastern region. This would definitely increase the supply of fuels in the region and accelerate the pace of industrialisation. There is no gainsaying the fact that IGGL will also immensely help in providing sustained supply of natural gas to 8 states of the northeastern region.

This long-term purpose of the government is to create a milieu of industrialisation and proper utilisation of resources in the northeastern region and which, in return, will generate huge employment opportunities and lead finally to the faster economic growth vis-à-vis mainstream development. The Prime Minister's exemplary vision of "Purvodaya - Rise of the East" will edge closer to realisation with all these historic initiatives in the years to come. The realisation of "Aspirational India" especially in eight states of the northeastern region, heavily depends upon how soon and sincerely the radical changes and innovative practices are implemented in true spirit to increase the overall yield of various crops; the backbone of the economy of the region. For increasing the food grains production in the region, the need of integrated research works as well as perfectly harnessing the natural resources and human potential is a sine qua non.

In her announcement, the FM has proposed a string of important schemes for the faster and accelerated growth of the northeast region which only shows that the government is earnestly committed towards "Sabka Saath, Sabka Vishwas, Sabka Vikas". But in the wake of availability and accessibililty of various resources, status of development and ranking of other vital socio-economic indices, the path of the realisation of this dream of the Prime Minister is stacked against odds and challenges. What is most required at this crucial juncture is to keep on making sustained efforts to turn this region with cornucopia of both the natural and human resources to a superb model of development, progress and prosperity. ❑

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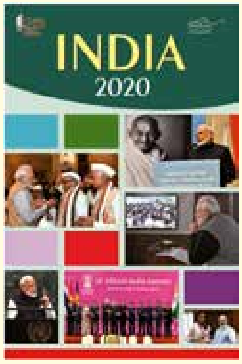
1. Ministry of Agriculture and Farmers Welfare, New Delhi.
2. Directorate of Economics and Statistics.

About Our Books



India - 2020

Compiler- New Media Wing

ISBN- 978-81-230-3239-9, Price- Rs 300/-

Details: This Reference Annual talks comprehensively about the policies, programmes of the Government of India, States / UTs, etc.

It is a comprehensive digest of country's progress in different fields. The book deals with all aspects of development - from rural to urban, industry to infrastructure, science and technology to art and culture, economy, health, defence to education and mass communication. With its authenticity of facts and data, the book is a treasure for students, researchers and academicians. ❑

DO YOU KNOW?

About COVID-19

Yojana Team

Coronaviruses are large group of viruses that cause illness in humans and animals. Rarely, animal corona viruses can evolve and infect people and then spread between people such as has been seen with Severe Acute Respiratory Syndrome (SARS) in 2003 and Middle East Respiratory Syndrome (MERS) in 2014.

China reported an outbreak of Novel Coronavirus on 31 December, 2019. The outbreak was initially noticed in a seafood market in Wuhan city in Hubei Province of China in early December, 2019 and in a short span has spread to all the provinces of China. Temporarily called 2019-nCoV (novel coronavirus), the Wuhan coronavirus with pneumonia-like symptoms has been officially named by World Health Organisation (WHO) as "COVID-19". WHO has also declared this outbreak as a "Public Health Emergency of International Concern" (PHEIC) on 30 January, 2020.

Common signs of infection include respiratory symptoms, fever, cough, shortness of breath and breathing difficulties. In more severe cases, infection can cause pneumonia, severe acute respiratory syndrome, kidney failure and even death.

Standard recommendations to prevent infection spread include regular hand washing, covering mouth and nose when coughing and sneezing, thoroughly cooking meat and eggs. Avoid close contact with anyone showing symptoms of respiratory illness such as coughing and sneezing.

Many of the epidemiological parameters such as incubation period, mode of transmission, subclinical infection, period of virus shedding etc. are still being researched. Once a person is exposed to the infection, it may take about 2 weeks to develop the illness. There will be radiological evidence indicative of pneumonia. In 10% to 20% of cases, disease may become severe enough to require ventilatory support. The case fatality is around 2%. Human to human transmission has been noticed in the cases of Novel Coronavirus and it spreads through droplets/aerosols in persons having close contact. Public health implications of the reports that the virus has been found in fecal samples of infected patients are being worked out. All suspected or probable cases of nCoV must be treated in isolation with barrier nursing and universal precautions to prevent the further spread of disease.

The ever increasing magnitude of this outbreak calls for a concerted effort by not only health but across all sectors. The Government of India has initiated a series of action to prevent entry of the disease and to contain it. It has also taken several other measures to control the risk of novel Corona virus infection spreading to India.

In view of the continuing lock down of the Hubei Province in China, the Government of India decided to evacuate the Indian students and other professionals working in Wuhan and neighbouring cities in the Hubei Province. ❑

Sources: *WHO & PIB*
(as accessed on 14 February, 2020)

OUR NEXT ISSUE

The April 2020 issue of Yojana will be a Special Edition focusing on **The Constitution of India**.

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