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AUGUST 2019

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Union Budget 2019-20

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PM ON UNION BUDGET 2019-20



"This is a Budget of expectations, faith and aspirations. This Budget will prove to be an important link in fulfilling the expectations of 21st century India and building a New India."

The #Budget For New India is one of hope and will boost India's development in 21st century: PM @narendramodi



#Budget For New India will empower the poor, ensure better future for the youth and guarantee all round progress of middle class: PM @narendramodi



#Budget For New India will strengthen the industries and agriculture sector while achieving the vision of a \$5 trillion economy: PM @narendramodi



The #Economic Survey2019 outlines a vision to achieve a \$5 Trillion economy. It also depicts the gains from advancement in the social sector, adoption of technology and energy security: PM @narendramodi



"This budget has reform for the financial world, ease of living for the ordinary citizens as also welfare for the villages and the poor. This is a green Budget wherein special emphasis has been given on environment, electric mobility and solar sector."

Source: www.pib.nic.in and narendramodi.in



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Let noble thoughts come to us from all sides
Rig Veda

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Kolkata	8, Esplanade East	700069	033-22486696
Chennai	'A' Wing, Rajaji Bhawan, Basant Nagar	600090	044-24917673
Thiruvananthapuram	Press road, Near Govt. Press	695001	0471-2330650
Hyderabad	204 II Floor CGO Towers, Kavadiyuda, Secundrabad	500080	040-27535383
Bengaluru	1st Floor, 'F' Wing, Kendriya Sadan, Koramangala	560034	080-25537244
Patna	Bihar State Co-operative Bldg, Ashoka Rajpath	800004	0612-2675823
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Ahmedabad	2nd Floor, Akhandanand Hall, Bhadra, Mother Teresa Road	380001	079-26588669



A Budget For All

Union Budget 2019-20 is a Budget for New India which is based on an inclusive approach for various sections of the society. The Budget aims to boost India's development in the 21st century on the basis of an investment-driven growth model that would propel our country towards achieving the target of becoming a five trillion dollar economy.

Some of the key areas driving the larger spirit of the Budget have been to simplify tax procedures, incentivise performance and make the best use of technology to set the pace for an all-inclusive development. With its focus on "Gaan, Garib, aur Kisan", the Union Budget 2019-20 is a Budget full of hope that aspires to provide gas connection, electricity, running water and clean toilets to every rural household through various initiatives such as *Swachh Bharat Abhiyan*, *Har Ghar Jal* etc. The new Jal Shakti Mantralaya for better management of water resources and water supply in a holistic manner is a boost in this direction. Bringing about a paradigm shift in how healthcare is looked at in India, *Ayushman Bharat* represents a comprehensive, holistic approach to achieve a healthy society by combining preventive, promotive, curative and rehabilitative aspects of care.

With emphasis on minimum government and maximum governance, the Union Budget has focussed on ease of living for the common man with developmental initiatives in various areas viz. physical connectivity, rural India, railways, unified digital payments, inland waterways and so on. The creation of payment platform for MSMEs to eliminate delays in Government payments would help the MSME sector to develop further.

Raising the slogan, "Nari Tu Narayani", the Budget focusses on enhancing the role and contribution of women in the workforce as well as economy through multiple initiatives such as Rs 1 lakh loan under MUDRA scheme for women entrepreneurs and Rs 5,000 overdraft for every verified SHG member having a Jan Dhan account. It not only speaks of the empowerment that is sure to come in the near future but also places it as a women-empowering Budget.

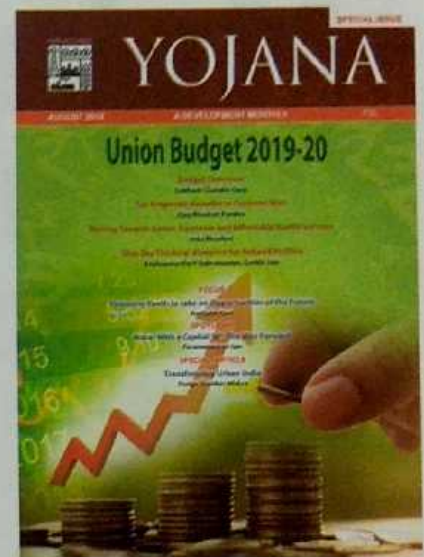
New-age technologies including electric vehicles, solar PV, storage batteries and charging infrastructure will not only create jobs but also go a long way in making the energy sector sustainable and ready for the future. This is a green Budget in which special emphasis has been laid on the environment.

Initiatives like the *Gaganyaan*, *Chandrayaan* and the introduction of the New Space India Limited (NSIL), a new commercial arm for research and development carried out by ISRO, speak of India's aspiration to be a major space power.

Globally valued skill-sets including Artificial Intelligence (AI), Internet of Things, Virtual Reality and Robotics and Big Data have been identified as focus areas for enabling the youth of the country to take up jobs overseas. Making the education system future ready and strengthening the Study in India programme have been highlighted as well.

Overall, the Budget speaks inter-alia about the aspirations of the rural and the urban population, the needs of farmers and students, and the drive for empowerment of youth and women.

Steering the economy towards a New India, the Union Budget 2019-20 is truly a Budget For All.



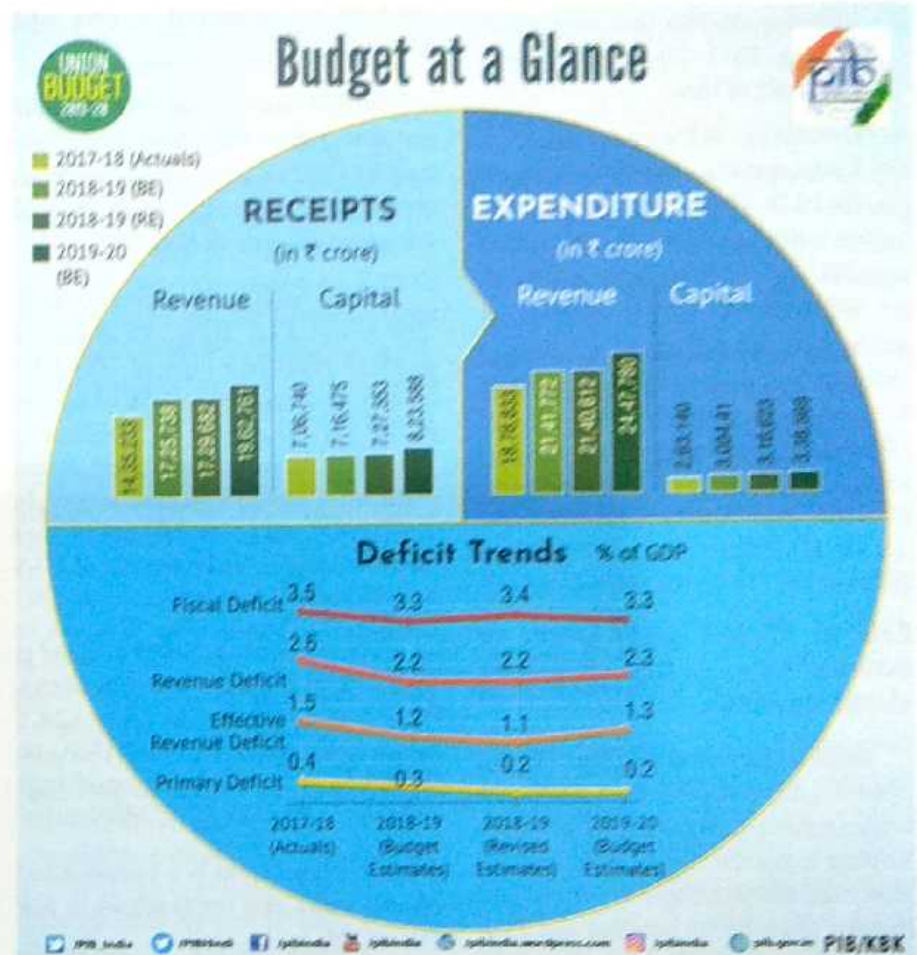
Budget Overview

Subhash Chandra Garg

After the constitution of 17th Lok Sabha and formation of new Government, the Regular Budget for 2019-20 was presented to Parliament on 5th July, 2019. The Regular Budget for 2019-20 is a compendium of 13 different documents, including the Finance Bill, 2019; Annual Financial Statement and Demands for Grants for 2019-20, covering the entire fiscal viz. 2019-20. It may be reminded that the Interim Budget 2019-20, was presented on 1st February 2019. Being a Vote-on-Account, approval from Parliament for undertaking expenditure till 31st July, 2019 is available with the Government.

Macroeconomic Outlook

The economy has achieved high growth that averaged 7.5 per cent in the last 5 years (2014-15 to 2018-19) amidst significant improvements in macroeconomic stability. As per the provisional estimates of national income, the growth of real GDP in 2018-19 was 6.8 per cent, 40 basis point lower than the real growth of 2017-18. The growth in Gross Value Added (GVA) at constant basic prices in 2018-19 was 6.6 per cent. At the sectoral level, agriculture, industry and services sectors grew at the rate of 2.9 per cent, 6.9



per cent and 7.5 per cent, respectively in 2018-19. This moderation in GDP growth momentum is mainly attributed to the lower growth in 'agriculture & allied', and in services (except financial, real estate and professional services).

The macro-parameters as reflected in the GDP numbers are given in the Table-1.

The Regular Budget 2019-20 was presented with this background. Apart

Table 1: Growth of GDP (per cent)

Indicator	2016-17	2017-18	2018-19	2018-19			
				Q1	Q2	Q3	Q4
Real GDP growth	8.2	7.2	6.8	8.0	7.0	6.6	5.8
Real Gross Value Added growth (of which)	7.9	6.9	6.6	7.7	6.9	6.3	5.7
Agriculture & allied	6.3	5.0	2.9	5.1	4.9	2.8	-0.1
Industry	7.7	5.9	6.9	9.8	6.7	7.0	4.2
Services	8.4	8.1	7.5	7.1	7.3	7.2	8.4

The author is Finance Secretary and Secretary, Department of Economic Affairs, Ministry of Finance, Government of India.

from the growth aggregates, the other Macro-facts worth mentioning are outlined below:

Fact 1: Inflation remains under control

- From close to double digit inflation (9.9 per cent) in the years 2012-13 and 2013-14, the consumer price inflation in the last five years ending 2018-19 averaged less than half of that.
- Headline inflation based on Consumer Price Index (Combined) for 2018-19 averaged 3.4 per cent, as compared to 3.6 per cent in 2017-18. In April-May 2019, CPI inflation was 3.0 per cent.
- WPI inflation stood at 4.3 per cent in 2018-19, as compared to 3.0 per cent in 2017-18. In April-May 2019, WPI inflation was 2.8 per cent.

The Figure 1 shows the inflation trend in the economy, since 2014-15.

Fact 2: Modest performance of external sector indicators despite global slowdown

India's Merchandise trade: During 2016-17, exports grew by 5.2 per cent while imports increased by 0.9 per cent, helping in narrowing the trade deficit. However, the merchandise exports and imports grew by 10 per cent and 21.1 per cent respectively in dollar terms during 2017-18, resulting in widening of trade deficit from US\$ 108.5 billion

in 2016-17 to US\$ 162.1 billion in 2017-18. A significant part of increase in higher trade deficit in 2017-18 could be attributed to higher oil import bill that increased on account of higher prices of crude oil in the international market. Despite the slowdown in global economy, merchandise trade deficit widened only by US\$ 21.9 billion in 2018-19, as compared to US\$ 53.6 billion in 2017-18.

Current account deficit: Current account deficit increased to 2.1 per cent of GDP in 2018-19 from 1.8 per cent in 2017-18, mainly on account of widening of trade deficit.

Robust foreign direct investment: The gross FDI flows to India in 2018-19 reached a high of US\$ 64.3 billion, as compared to US\$ 61 billion in 2017-18 and US\$ 60.2 billion in 2016-17, indicating improved global confidence on the Indian economy. In April 2019, the gross FDI inflow was US\$ 5.2 billion, as compared to US\$ 5.5 billion in April 2018.

Foreign exchange reserves stood at US\$ 412.9 billion at the end of March 2019, as compared to US\$ 424.5 billion at the end of March 2018. As on 28th June 2019, the foreign exchange reserves were US\$ 427.7 billion.

Fact 3: Investment is a concern but shown signs of a turnaround in last two years

There has been a secular decline in both investment rate and fixed

investment rate since 2011-12, which seems to have bottomed out with some signs of recovery since 2017-18. Investment rate (share of gross capital formation to GDP) improved to 32.3 per cent in 2017-18 (the latest year for which data is available) from 30.9 per cent in 2016-17. Fixed investment rate (share of gross fixed capital formation to GDP) improved from 28.6 per cent in 2016-17 to 29.3 per cent in 2018-19. However, there has been a significant decline in both fixed investment rate and growth in last quarter of 2018-19.

A snapshot of the investment scenario in the country is presented in Table 2.

The confidence in the Indian economy has increased on account of policy measures taken up by the Government, as can be seen from the two indicators listed below:

- Moody's rating agency upgraded India's local and foreign currency issuer rating to Baa2 with a stable outlook from Baa3 on the expectation that continued progress in India's economic reforms will enhance India's growth potential over time.

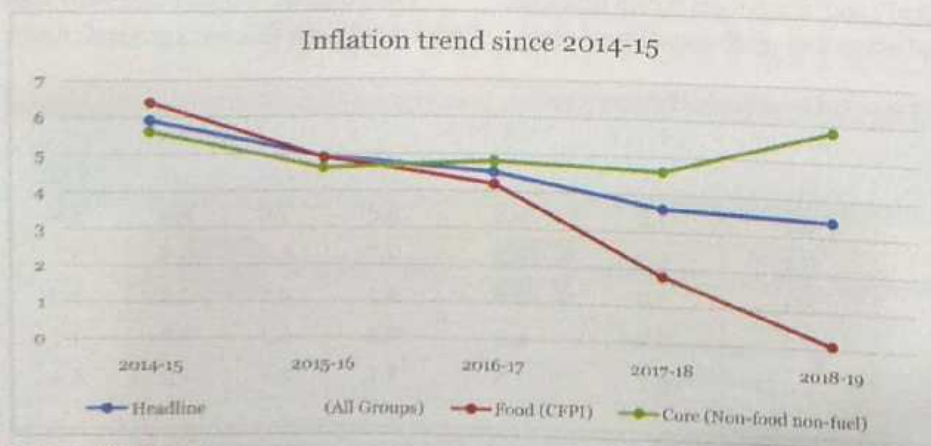
The Government has given a massive push to all forms of physical connectivity through Pradhan Mantri Gram Sadak Yojana, industrial corridors, dedicated freight corridors, Bhartamala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes.

- According to World Bank's Ease of Doing Business 2019 Report, India's ranking improved by 23 positions to 77th rank in 2018.

Macro-Outlook

Based on the above macro-parameters the following shall be macro-outlook for the remaining part of FY 2019-20:

Figure 1: Performance of Inflation



Source: CSO

Table 2: Rate of Capital Formation (per cent)

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Capital Formation	33.5	32.1	30.9	32.3	NA
Public sector	7.1	7.6	7.1	7.2	NA
Private corporates	13.4	13.2	11.6	11.6	NA
Household sector	12.1	9.6	10.5	10.3	NA
Gross Fixed Capital Formation	30.1	28.7	28.2	28.6	29.3

NA: Not Available

The economy grew by 6.8 per cent in 2018-19. This growth rate was achieved despite higher crude oil prices and depreciation of rupee vis-à-vis dollar. Now with the moderation in oil prices and stability in the exchange rate, the prospects of the Indian economy are looking bright. All international agencies including IMF and World Bank project firming up of growth in India in coming years. IMF has projected a gradual improvement in India's growth as a result of implementation of several structural reform measures.

Given the macroeconomic situation and the structural reforms being undertaken by the Government, the economy is projected to grow at 7 per cent in 2019-20. Outlook of Indian economy appears bright with prospects of pickup in growth in 2019-20 on back of pickup in private investment and robust consumption growth.

In 2019, when the world economy and EMDEs are projected to slow down by 0.3 and 0.1 percentage points, respectively, growth of Indian economy is forecast to increase.

Budget 2019-20

Fiscal deficit target for 2019-20 is 3.3 per cent of GDP in BE 2019-20 while Revenue Deficit has been pegged at 2.3 per cent of GDP.

- The Central Government Debt as a percentage of GDP for BE 2019-20 is expected to be 48 per cent.
- In BE 2019-20, the Gross Tax Revenue as a percentage of GDP is expected to be 11.7 per cent.

Budget Overview

Budget for 2019-20 is the second budget (excluding interim Budget for 2019-20) after implementation of

Goods and Services Tax from 1st July, 2017. The highlights of the Budget Estimates for 2019-20 are elaborated in the following paragraphs.

With the continued emphasis on empowering the States, the total resources transferred to States, including the devolution of State's share in taxes and the releases under Centrally Sponsored Schemes in BE 2019-20 is estimated at Rs. 13,29,428 crore. This entails an increase of Rs. 82,845 crore over revised estimate 2018-19 and Rs. 2,44,298 crore more than the actuals for 2017-18.

The Budget 2019-20 reflects the Government's firm commitment to substantially boost investment in Agriculture and Social Sector, particularly in Education and Health. Keeping the Fiscal Deficit at 3.3 per cent of GDP (as against 3.4 per cent envisaged in *interim* Budget) in BE 2019-20, Government is committed to continue the path of fiscal consolidation without compromising on the requirements of public expenditure placed by the various sectors. This has been achieved through prudent rationalisation of expenditure and mobilisation of additional resources.

Expenditure

In Budget Estimates (BE) 2019-20, the total expenditure is placed at Rs. 27,86,349 crore showing an increase of Rs. 3,44,136 crore over BE 2018-19 and an increase of Rs. 3,29,114 crore over RE 2018-19. The total expenditure includes a provision of Rs. 12,02,404 crore under Schemes.

Revenue Expenditure and Capital Expenditure are Rs. 24,47,780 crore and Rs. 3,38,569 crore, respectively. Capital Expenditure (including IEBR)

is estimated at Rs. 8,76,209 crore in BE 2019-20.

Revenue Expenditure

The major components of the revenue expenditure of the Government include Interest payments, Subsidies, Salaries, Pensions, Defence revenue expenditures, expenditure on Central Police Organizations and the revenue transfers made to the State/UT Governments in the form of Finance Commission grants, Centrally Sponsored Schemes and Other Transfers. In 2019-20, outgo towards interest payments is expected to be Rs. 6,60,471 crore which is 33.7 per cent of revenue receipts. In BE 2019-20, expenditure on account of subsidies is expected to be Rs. 3,01,694 crore.

The Defence Services revenue expenditure constitute mainly expenditure on salaries, other establishment-related items including Stores, works-related maintenance expenditures, transport and other miscellaneous expenditure. BE 2019-20 for Defence Service revenue expenditure is estimated at Rs. 2,01,902 crore. The Finance Commission grants are given to the State Governments under the statutory provisions under Article 275(1) of the Constitution. The current transfer to States under FC grants are based on recommendations of 14th Finance Commission in relation to revenue deficit grants, Grants in aid for State disaster response funds and Grants in aid for the rural and urban local bodies. Budgeted estimate in 2019-20 under this component of revenue expenditure is Rs. 1,20,466 crore. The recommendations of 14th Finance Commission are in force till 2019-20.

Revenue expenditure under Pension has three main components, i.e., civil pensions which caters to pension expenditure to all Ministries/Departments of the Union Government, barring few exceptions, defence pensions and pensions under Department of Telecommunications. In BE 2019-20, pension expenditure is budgeted to be Rs. 1,74,300 crore. Central Sector Scheme Expenditure is Rs. 8,70,794 crore, with 18.2 per cent increase over RE 2018-19. Centrally Sponsored Scheme Expenditure is Rs. 3,31,610 crore, with 8.8 per cent increase over RE 2018-19.

Capital Expenditure

Capital Expenditure in BE 2019-20 is Rs. 3,38,569 crore. This is through Consolidated Fund of India. Capital expenditure is incurred mainly in the following Ministries:

- Defence - Rs. 1,03,394 crore
- Railways - Rs. 65,837 crore
- Road Transport & Highways - Rs. 72,059 crore
- Housing and Urban Affairs - Rs. 19,544 crore
- Department of Economic Affairs - Rs. 11,584 crore
- Police - Rs. 10,790 crore

Internal and Extra Budgetary Resources of CPSUs are estimated at Rs. 5,37,639 crore in BE 2019-20. Capital Expenditure (including IEBR) is estimated at Rs. 8,76,209 crore in BE 2019-20 as against Rs. 9,29,238 crore in RE 2018-19 (including Rs. 97,000 crore provided to Food Corporation of India from NSSF). Excluding loan of Rs. 97,000 crore, the capital expenditure (with IEBR) has gone up from Rs. 8,32,238 crore in RE 2018-19 to Rs. 8,76,209 crore in BE 2019-20, with an increase of 5.3 per cent.

Revenue and Capital Receipts

Total revenue receipts comprise of tax revenue and non-tax revenue receipts. Total revenue receipts are expected to be Rs. 19,62,761 crore

in BE 2019-20. The gross tax receipts are budgeted at Rs. 24,61,195 crore in BE 2019-20 which marks an increase of Rs. 2,13,020 crore (9.48 per cent) over RE 2018-19. Centre's net tax revenue (after transfer of State's share and transfer to National Disaster Response Fund) is estimated to be Rs. 16,49,582 crore with an increase of Rs. 1,65,176 crore (11.13 per cent) over RE 2018-19.

Direct Taxes, comprising Income tax and Corporation Tax, are levied and collected from individuals, companies. Direct taxes are expected to reach Rs. 13,35,000 crore in BE 2019-20. Indirect Taxes, including Customs, Central Excise and GST, are levied and collected from goods and services. Indirect taxes are budgeted at Rs. 11,22,015 crore in BE 2019-20.

Non-tax revenue comprises, mainly, dividend receipts, interest receipts, licence fees, user charges, external grants, aid materials, etc. Disinvestment receipts are in the nature of non-debt capital receipts and are through sale of Government stake in CPSUs. Other capital receipts are mainly recovery of loans lent earlier. The Non-tax revenue receipts are estimated at Rs. 3,13,179 crore in BE 2019-20.

Non-Debt Capital Receipts (NDCR) are expected to be Rs. 1,19,828 crore in BE 2019-20. The revenues expected from disinvestment are budgeted at a realistic Rs. 1,05,000 crore in BE 2019-20.

Borrowings

In BE 2019-20, gross and net market borrowing by the Government of India (GoI) through dated securities, excluding buyback/switches are budgeted at Rs. 7,10,000 crore and Rs. 4,23,122 crore, respectively.

Budget 2019-20 Highlights

We examine certain issues that have been the highlights of the Budget discourse below. Three main issues are highlighted:

Investment Promotion Measures

Apart from domestic savings it is anticipated that the growth-aiding effects and the increased incomes as a result will help in buoying up savings in the economy. Some of the important measures for the promotion of investment measures are listed below:

Measures for Attracting Foreign Investment

- Further liberalisation of Foreign Direct Investment policy. Proposed for 100 per cent Foreign Direct Investment (FDI) will be permitted for insurance intermediaries.
- Local sourcing norms will be eased for FDI in Single Brand Retail sector.
- The budget proposed to increase the statutory limit for FPI investment in a company from 24 per cent to sectoral foreign investment limit with option given to the concerned corporates to limit it to a lower threshold.

Measures for Attracting Domestic Investment

- Increasing the annual turnover limit from Rs. 250 crore to Rs. 400 crore for a lower corporate tax rate of 25 per cent.
- Additional income tax deduction of Rs. 1.5 lakh on the interest paid on loans taken to purchase electric vehicles and moving the GST council for reduction of GST rate on electric vehicles from 12 per cent to 5 per cent.
- The budget provides a push to infrastructure development with the intention to invest Rs. 100 lakh crore in infrastructure over the next five years and by restructuring of National Highway Programme.
- Public-Private Partnership model will be used to enhance investment in Railway Infrastructure. It will unleash faster development and

completion of tracks, rolling stock manufacturing and delivery of passenger freight services.

- Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI) has been started to facilitate cluster-based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities.
- Other growth promoting measures includes reductions of customs duty on certain raw materials and capital goods to further promote domestic manufacturing.
- Allowing one woman in every SHG for a loan up to Rs. 1 lakh under the MUDRA Scheme.
- The Government is simplifying the GST processes. A simplified single monthly return is being rolled out. Taxpayer having annual turnover of less than Rs. 5 crore shall file quarterly return. Free accounting software for return preparation has been made available to small businesses.
- Proposed to provide Rs. 70,000 crore of capital to boost credit of Public Sector Banks for a strong impetus to the economy.

Connectivity

- The Government has given a massive push to all forms of physical connectivity through Pradhan Mantri Gram Sadak Yojana, industrial corridors, dedicated freight corridors, Bhartamala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes.
- Increasing the annual turnover limit from Rs. 250 crore to Rs. 400 crore for a lower corporate tax rate of 25 per cent.
- Implementation of the essential elements of the regulatory roadmap for making India a hub for aircraft financing and leasing activities to ensure development of a self-reliant aviation industry.

- Suitable policy interventions will be adopted to create a congenial atmosphere for the development of Maintenance, Repair and Overhaul (MRO) industry by leveraging India's engineering advantage.

- About 210 km metro lines have been operationalised in 2019. With this, 657 km of Metro Rail network has become operational across the country.

- India's first indigenously developed payment ecosystem for transport, based on National Common Mobility Card (NCMC) standards has been launched in 2019 which will enable people to pay multiple kinds of transport charges, including metro services and toll tax, across the country. This inter-operable transport card runs on RuPay card and would allow the holders to pay for their bus travel, toll taxes, parking charges, retail shopping and even withdraw money.

- Phase-II of FAME Scheme, with an outlay of Rs. 10,000 crore for a period of 3 years, has commenced with the main objective of encouraging faster adoption of Electric vehicles by way of offering upfront incentive on purchase of Electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles. Emphasis is on providing affordable and environment friendly public transportation options for the common man.

- Comprehensive restructuring of National Highway Programme proposed to ensure that the National Highway Grid of desirable length and capacity is created using financeable model.

- Use of rivers for cargo transportation envisioned, which will also help to decongest roads and railways. The movement of cargo volume on Ganga is estimated to increase by nearly four times in the next four years.

- It is estimated that Railway Infrastructure would need an investment of Rs. 50 lakh crores

between 2018-2030. Use of Public-Private Partnership has been proposed to unleash faster development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services.

- The model of 'One Nation, One Grid' that has ensured power availability to States at affordable rates is proposed to be used for developing gas grids, water grids, i-ways, and regional airports.

US\$ 5 Trillion

The Budget envisages that the Indian economy will grow to a US\$ 5 trillion economy in a few years' time. The economic fact of a US\$ 5 trillion number requires bold policy actions to be taken to ensure realisation. The main challenges to meet the above target includes:

- INR depreciates moderately in relation to US dollar;
- Inflation stays within the present level;
- Annual real GDP growth rate accelerates to higher levels;
- Overall productivity in the economy increases;
- Household financial savings rate increases; and Current account deficit of the country stays within manageable levels.

Conclusion

Regular Budget for 2019-20 details the estimates of receipts and expenditure of the Union Government for the ensuing year. The expenditure allocations have been made while working within the constraints of current macro-economic situation and fiscal prudence. The Budget also highlights some issues faced by the country and proposes significant measures to effectively overcome these challenges while working towards the goal of a US\$ 5 trillion economy. □

(E-mail: secy-dea@nic.in)

Tax Proposals: Benefits to Common Man

Ajay Bhushan Pandey

India today envisions being a US\$ 5 trillion economy driven by 'virtuous cycle of investment' in next few years. Currently we are growing to be a US\$ 3 trillion economy within this year. We are the third largest economy, next only to China and the USA, in terms of purchasing power parity.

With the growth *mantra* of "Reform, Perform, Transform", it is an era of transformative revolutions for India. Revolutions with the appropriate use of technologies, innovations, potentials and resources to empower masses, re-energise prospects, upgrade institutions, restructure infra-build up, endorse formal economy and rejuvenate socio-cultural fabric.

India now puts recalibrated, intense, leapfrogged efforts not only to gain its losses during pre-Independence period, but to achieve much more to make a mark internationally and compete with the World at her best. These efforts are transforming the national fabric of the society by "putting the nation first", along with ample economic opportunities to empower people so that they enjoy ease of life and ease of business in a manner where no one is left behind.

India, now with many firsts, has more than 124 crore Aadhaar with more than 99 per cent adult coverage under the World's largest digital identification platform, 119 crore bank accounts covering 99.8 per cent financial inclusion of families with more than 65 crore unique personal accounts and almost 118 crore mobiles


with 91.8 per cent tele-density, is the fastest-growing US\$ 2.7 trillion-dollar economy in the world.

At present, India is the sixth largest economy in the world and tax administration has played a very vital role in this journey of India's economic development. In his legendary work *Arthashastra*, Kautilya says, A nation's status relies upon its fiscal power and *Kosha Moolo Danda* which means that revenue is the backbone (of administration). Therefore, in today's time, India needs fiscal robustness to grow fast with good governance and transparency. And to achieve this, we must have appropriate tax proposals and to implement them also


As an accountable and responsive tax system to facilitate ease of compliance and transparency, the tax administration is all set to use technology to speed up regular business processes and eliminate opportunity for rent seeking.






require an upgraded modernised tax administration system which is not only simple, convenient, comprehensive, modern, and taxpayer-friendly but is also judicious, responsive and prompt in addressing the challenges within the ecosystem of tax administration to persuade a tax compliant society.

TAX REFORMS FOR NEW INDIA



**Budget For
New India
2019**



-  Special administrative arrangements to be made by CBDT for pending assessments of start-ups and redressal of their grievances.
-  No inquiry or verification in such cases of startups to be carried out by the Assessing Officer without obtaining approval of the supervisory officer.
-  Pre-filled tax returns to be made available to taxpayers, containing details of salary income, capital gains from securities, tax deductions, etc.
-  A scheme of faceless assessment in electronic mode involving no human interface to be launched this year in a phased manner.
-  Cases selected for scrutiny to be allocated to assessment units in a random manner and notices to be issued electronically by a Central Cell, without disclosing the details of the Assessing Officer.

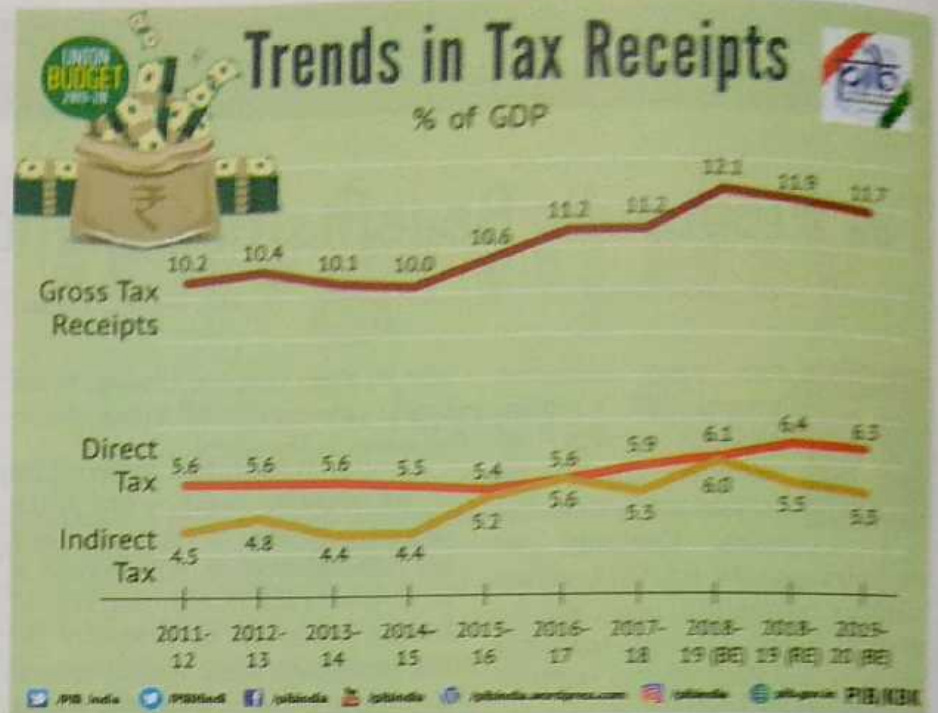
Dr. Ajay Bhushan Pandey is Secretary, Department of Revenue, Ministry of Finance, Government of India.

We must also keep in mind two essential constituents of tax policy. One is our capacity to generate higher and more reliable revenue for the Government to provide public services to sustain continuous development and financial robustness; and the second is to mobilise revenue in a globalised market wherein we need to work out for an arrangement to dampen the artificial shifting of profits/assets to low-tax heavens and to counter aggressive tax competition to save our economic interests.

Various infrastructural and social welfare facilities that the Government provides are largely from the taxpayers' money. In today's modern economic world, we need an online taxation system which is just a click away for the taxpayers to enjoy a stress-free life with motivating incentives to pay taxes and be part of the tax base on the one hand; while on the other, it is equally convenient for the tax administration to check deviation and evasions and also provide hassle-free, non-interfaced, judicious services to honest taxpayers.

Whenever it comes to tax, we often perceive it as a penalty, while we should basically see it as our contribution to nation building. Keeping in view the diverse socio-economic contour of citizens of India and their economic development, in order to be judicious in tax policy the tax proposals are always made keeping in mind the paying capacity of the payers' class. We cannot trample the flowers from whom we are to collect honey.

The tax proposals in The Finance (No. 2) Bill, 2019 which was presented as part of main Budget has provided certain benefits to the common man and the middle class taxpayers that are applicable to taxable income for FY 2019-20. In this connection it may be noted that Finance Act, 2019 which was presented as part of interim Budget has provided a number of benefits to the middle class taxpayers, which are also applicable to taxable



income for FY 2019-20. Therefore, the benefits provided to the middle class taxpayers for FY 2019-20, are as under:

In the Finance Act, 2019 (Interim Budget)

Rebate of income-tax for taxable income up to Rs. 5 lakh: It is provided in the tax proposal that a resident individual having total taxable income up to Rs. 5 lakh shall not be required to pay any income-tax.

Further, with the deduction of up to Rs. 1.5 lakh available under Section 80C of the Act, an individual with income up to Rs. 6.5 lakh will not be required to pay any income-tax.

Deduction of up to Rs. 3.5 lakh (instead of Rs. 2 lakh earlier) on loan interest on purchasing an

The tax proposals in The Finance (No. 2) Bill, 2019 which was presented as part of main Budget has provided certain benefits to the common man and the middle class taxpayers that are applicable to taxable income for FY 2019-20.

affordable house: An individual who has purchased a house after taking a loan also gets a deduction on interest payment on such loan up to Rs. 2 lakh. If an individual has purchased an affordable house after taking a loan, he will get a deduction of up to Rs. 3.5 lakh (instead of Rs. 2 lakh earlier) on interest payment on such loan.

Deduction of up to Rs. 1.5 lakh on loan interest on an electric vehicle: If an individual has purchased an electric vehicle after taking a loan, he will get a deduction of up to Rs. 1.5 lakh on interest payment on such loan.

Therefore, an individual with income up to Rs. 11.5 lakh, who is paying interest on housing loan taken to purchase an affordable house, on loan taken to purchase an electric vehicle and has made investments eligible for deduction under Section 80C will be not be required to pay any income-tax.

Increase in Standard Deduction for salaried taxpayers: The amount of standard deduction was increased from Rs. 40,000 to Rs. 50,000.

Exemption for the Second Self-Occupied House: Exemption from levy of tax on notional rent of the

second self-occupied house was provided.

Capital Gains Exemption for Second House: Exemption to capital gains up to Rs. 2 crore was provided for purchase/construction of two houses (instead of one house earlier).

Increase in Threshold Limits for Tax Deduction at Source (TDS): The threshold limits for TDS are increased as below:

- i. Threshold limit for TDS on bank interest, etc. increased from Rs.10,000 to Rs. 40,000.
- ii. Threshold limit for TDS on rental income increased from Rs. 1.8 lakh to Rs. 2.4 lakh.

In the Finance (No. 2) Bill, 2019 (Main Budget)

Incentives for Purchase of Affordable House: Interest deduction on loan taken for purchase of an affordable house is proposed to be increased from the existing Rs. 2 lakh to Rs. 3.5 lakh.

Incentives for Purchase of Electric Vehicle: Interest deduction of Rs.1.5 lakh is proposed to be given on loan taken for purchase of an electric vehicle.

Interchangeability of PAN and Aadhaar: In order to enable an individual who does not have PAN to file return and carry out other transactions which require quoting of PAN, it is proposed that such individual can use Aadhaar in place of PAN.

Incentives for NPS: Various incentives proposed to be provided are (i) full exemption to the amount which can be withdrawn from NPS on closure of NPS account; (ii) enhanced deduction of 14 per cent on Central Government contribution to NPS; (iii) deduction under Section 80C on contribution made by Central Government employees to their Tier-II NPS accounts.

TDS on Income Element only of Insurance Policy Payout: TDS

on payout of taxable life insurance policies proposed to be on income element only, instead of on the gross amount.

Pre-filing of Income Tax Return: It is proposed to widen the scope of third-party reporting for enabling pre-filing of income-tax returns for ease of compliance to the taxpayer.

With India's vision of speedy growth and to serve people with higher human development index ratings, we do need a healthy tax policy which has moderate tax structure with maximised tax base, ease to comply, administrative transparency, non-adversarial tax regime, lowest tax litigation, online simple services and procedures, credible adjudication system and tax abuse prevention mechanism.

Also, the integrity and efficiency of the tax system should be highly credible in the eyes of taxpayers so that our tax administration motivates every resident to be a proud self-compliant contributor to the development of the country by being an honest taxpayer. The tax administration is gearing up to alter its taxation approach from enforcement to self-motivated voluntary compliance through technological means and tax incentives.

We have comprehensively modernised and eased out our indirect taxation system with implementation of Goods and Services Tax (GST), the simpler and uniform tax structure on all goods and services since July 2017 and have been able to achieve entire tax incidence reflected in the tax invoices. This brings in complete transparency in indirect taxation system with no cascading effects of taxes to the retailers' point resulting in GST rate of either NIL or 5 per cent on 99 per cent essential household commodities of daily use. There is no difference in GST rates across States/UTs and there is a robust anti-profiteering mechanism to ensure passing of rate rationalisation benefits to consumers.

We are also in the process of modernising our direct taxation system with Direct Tax Code being framed and working our best to arrange record revenue with tax base maximisation, essential tax reforms, process simplification, and tax relief to senior citizens, *divyangs* and other deserving categories of people. We are functioning to enhance further ease of doing business, reduction of litigation, appropriate Acts to control money laundering, black money, economic fugitives and tax evaders, apposite action against tax evasion and better service to taxpayers.

The tax administration is working to maximise the tax base and phased withdrawal of profit-based incentives. To modernise and prevent tax abuse, strong laws have been enacted to combat the menace of black money, *benami* transactions, economic offenders, etc. These need to be implemented rigorously to set as a deterrent for future misadventures.

As an accountable and responsive tax system to facilitate ease of compliance and transparency, the tax administration is all set to use technology to speed up regular business processes and eliminate opportunity for rent seeking. Online filing and tax refund mechanisms are already in place. In future, there would hardly be any physical interaction by the assessing officer with taxpayers for verification and assessment. Introduction of faceless assessment (e-assessment scheme) will take place soon.

Also, pre-filing of returns is expected to start shortly and digital transactions are being promoted through tax incentive and penalty, so that tax net is spread wide. We may underline here that the technology has helped in collection of actionable information and carrying out e-verifications. This has led to increase in tax base and is expected to increase it further in future. □

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Fostering Youth to Take on Opportunities of the Future

Amitabh Kant

Encouraging the youth and preparing them for future livelihood opportunities through skill development, mentoring and support for research and development is key to the nation's advancement. This Budget reiterates Government's commitment to empower the youth to take on challenges of the future and tap opportunities brought forth by changes in technologies and other transformations in the local and global economic situations.

Education and training are key to tap the inherent potential of youth and prepare them to take on diverse roles in different sectors, including new and emerging sectors of the economy. The draft report of National Education Policy 2019 lays greater focus on research and innovation to transform India's higher education system to one of the best global education systems. A large number of youth are able to take up industry-relevant skill training through the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and various other schemes under 'Skill India.' The Government's focus now is to skill and re-skill youth in the new and upcoming skills like Artificial Intelligence (AI), Internet of Things, Big Data analytics, 3D Printing, Virtual Reality and Robotics, which are gaining more and more value. Given the demographic trends that show severe labour shortages for major economies of the world, there is also a need to prepare our youth to take up jobs overseas. Increased emphasis will be given to skill sets needed abroad, including language training.

The author is CEO of NITI Aayog.

Research and Development is of strategic importance to foster a skilled, knowledge-led economy. The proposal to establish a National Research Foundation that assimilates the research grants given to different Ministries will ensure that the overall research ecosystem in the country is strengthened with a focus on identified thrust areas relevant to our national priorities. Massive online open courses through the SWAYAM initiative have helped bridge the digital divide for disadvantaged section of the student community. To upgrade the quality of teaching, the Global Initiative of Academic Networks (GIAN) programme in higher education was started, aimed at tapping the global pool of scientists and researchers. The IMPRINT or Impacting Research Innovation and Technology scheme began as a Pan-IIT and IISc joint initiative to develop a roadmap for research to solve major engineering and technology challenges in selected domains needed by the country. Higher educational institutions are becoming the centres of innovation.

India is coming up as a launchpad for Start-ups and their continued growth needs to be encouraged. Budget 2019-20 has brought various enabling provisions for Start-ups ranging from a relief from 'angel tax' and unnecessary

scrutiny from the Income Tax Department, facilitated by a mechanism for e-verification to the launching of an exclusive television channel within the DD bouquet of channels for promoting and discussing issues affecting Start-ups. For ease of access to credit for MSMEs, Government has introduced the facility of availing a loan up to Rs.1 crore within 59 minutes through a dedicated online portal. Under the Interest Subvention Scheme for MSMEs, Rs.350 crore has been allocated for FY 2019-20 for 2 per cent interest subvention for all GST registered MSMEs, on fresh or incremental loans. As highlighted in the Budget speech, the Government has proposed to launch a Mission which will integrate our traditional artisans and their creative products with global markets. Wherever necessary, Intellectual Property rights, patents and geographical indicators will be obtained for the artisans. With this Mission then, the Indian traditional creative industry will be brought to the forefront of national and international markets.

The present budget is focussed on boosting investment, manufacturing and exports. All of these would lead to increase in employment. In order to boost economic growth and provide an impetus to Make in India, the

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Government will launch a scheme to invite global companies through a transparent competitive bidding to set up mega-manufacturing plants in sunrise and advanced technology areas, such as Semiconductor Wafer Fabrication (FAB), Solar Photo Voltaic cells, Lithium storage batteries, Solar electric charging infrastructure, Computer Servers, Laptops, etc. The Government aims to leapfrog and envision India as a global hub of manufacturing of Electric Vehicles. The manufacturing and supply of solar storage batteries and charging infrastructure is expected to provide a further impetus to job creation and entrepreneurship. As the world's third largest domestic aviation market, the time is ripe for India to enter into aircraft financing and leasing activities from Indian shores. This will lead to the creation of aspirational jobs in aviation finance.

'Khelo India' Scheme, launched in October, 2017, has had a significant impact on creating awareness across the country on sports as a career option for young people and as an integral part of wellness. The Government is committed to expand the scheme and to provide all necessary financial support needed for this initiative. To popularize sports at all levels, a

National Sports Education Board for training of sportspersons would be set up under Khelo India Scheme.

Considering the fact that the majority of people still live in villages and depend on agriculture and traditional industries, the 'Scheme of Fund for Upgradation and Regeneration of Traditional Industries' (SFURTI) aims to set up more Common Facility Centres (CFCs) to facilitate cluster based development to support traditional industries to be more productive, profitable and capable of generating sustained employment opportunities. The focussed sectors are Bamboo, Honey and Khadi clusters. SFURTI

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envisions setting up 100 new clusters during 2019-20 which should enable 50,000 artisans to join the economic value chain. Further, to improve the technology of such industries, the Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) has been consolidated for setting up of 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators, which will help foster at least 75,000 agri-entrepreneurs.

Circular economy has the potential to create millions of jobs and to foster several new entrepreneurs. Committed to the agenda of sustainable development, 30,000 km of PMGSY roads have been built using Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprint. The budget proposes to expand the Swachh Bharat Mission to undertake sustainable solid waste management in every village. We will support private entrepreneurs in driving value-addition to farmers' produce from the field and for those from allied activities, like bamboo and timber from the hedges and for generating renewable energy. All these activities of creating value from waste have great potential for

employment generation, including for our rural youth and at the same time, promoting sustainable development. Similarly, the new initiatives envisaged by the Department of Drinking Water and Sanitation under the Jal Shakti Mantralaya for sustainable water supply management will focus on reuse and recycling. India's ability to manage water, I believe, will determine its destiny, and in the course of such a transformation, millions of jobs and entrepreneurship ventures will be created.

Connectivity is the lifeblood of an economy. The Government has given a massive push to all forms of physical connectivity through Pradhan Mantri Gram Sadak Yojana (with an emphasis also on upgrading roads connecting villages to rural markets), industrial corridors, dedicated freight corridors, Bharatmala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes. The Government proposes to enhance the metro-railway initiatives by encouraging more PPP initiatives and ensuring completion of sanctioned works, while supporting Transit Oriented Development (TOD) to ensure commercial activity around transit hubs. The proposed massive programme of railway station modernization is also going to lead to increase in employment opportunities. The UDAN Scheme is providing air connectivity to smaller cities and enabling the common citizens of our country to avail air travel. At the same time, digital connectivity has remained a priority for the Government. To bridge rural-urban digital divide, Bharat Net is targeting internet connectivity in local bodies in every Panchayat in the country. Under the Pradhan Mantri Gramin Digital Saksharta Abhiyan, over two crore rural Indians have so far been made digitally literate. All these initiatives have unleashed increased employment generation, particularly for the youth.

Women's contribution to the economy is acknowledged as being indispensable and most valuable. Working women hostels have received a two-fold hike at Rs. 165 crore in this Budget. This Government has supported and encouraged women

entrepreneurship through various schemes such as MUDRA, Stand Up India and the Self Help Group (SHG) movement. In order to further encourage women enterprise, this budget extends the Women SHG interest subvention programme to all districts. Every verified member of a Self Help Group possessing a Jan Dhan Account would be given Rs. 5000 over and above their saving, and at least one woman in every SHG would be eligible for a loan up to Rs. 1 lakh under the MUDRA Scheme. Budgetary allocation has also been made for providing incentives to entities for providing maternity benefits to women employees.

The Stand Up India Scheme has brought human dignity and self-esteem to so many of its beneficiaries, who are mostly women and from the Scheduled Caste and Scheduled Tribes. The Ministry of Petroleum and Natural Gas has enabled SC/ST entrepreneurs in providing Bulk LPG Transportation. Machines and robots have been deployed for scavenging, hence imparting dignity among manual scavengers. The synthesis between Stand Up and Start Up with commercial banks playing the catalyst has brought this transformational change. In response to the popularity gained by the scheme among the SC and ST communities and considering the positive strides made by it, the Stand Up India Scheme would be continued for the entire period coinciding with the 15th Finance Commission period of 2020-25. The Banks will provide financial assistance for demand based businesses, such as for acquisition of scavenging machines and robots.

The revival of and boost given to the real estate and housing sector in this budget has direct implications for employment generation as the sector employs both semi-skilled and unskilled workers as well as those who are highly skilled. The Government had already laid the ground for affordable houses with the completion of 1.54 crore rural homes under Pradhan Mantri Awas Yojana-Gramin and 26 lakh houses under PMAY-Urban in the past five years. In the second phase of PMAY-G, during 2019-20 to 2021-

2022, 1.95 crore houses are proposed to be constructed and provided to the eligible beneficiaries. Measures such as increased tax deductions for interest paid on loans for houses up to Rs. 45 lakh and finalization of a model tenancy law will further boost the housing and real estate sector and lead to employment generation for construction workers, real estate developers, architects and a host of others engaged in the sector. The plan to launch the 'Study in India' programme to attract foreign students in higher education will inevitably create more demand for student housing and employment generation for those needed to construct houses and manage student hostels.

The Government is, at the same time, committed to ensure social security and welfare for the working population across sectors. Pradhan Mantri Shram Yogi Maandhan launched on 5th March, 2019 by the Prime Minister already has about 30 lakh subscribers. The Scheme aims at providing Rs. 3,000 per month as pension on attaining the age of 60 to crores of workers in the unorganized and informal sectors. With the new initiative of Pradhan Mantri Karam Maandhan Yojana, pension benefit is now extended to about 3 crore retail traders and small shopkeepers whose annual turnover is less than Rs. 1.5 crore. While an allocation of Rs. 500 Crores has been made for Pradhan Mantri Shram Yogi Maandhan, this Budget allocates Rs. 750 crores for Pradhan Mantri Karam Yogi Maandhan. This Government is putting in tremendous efforts to streamline and simplify the multiple labour laws into four labour codes that would simplify running business for employers and at the same time ensure rights and welfare for workers.

With a huge line-up of initiatives aimed at harnessing the employment and entrepreneurship potential in diverse and emerging sectors, India is all set to foster its youth to take every challenge head-on and emerge as future leaders in their communities as well as on the global stage. □

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Water With a Capital 'W': The Way Forward

Parameswaran Iyer


Water is at the top of the development agenda of the new Government, as emphasized by the Prime Minister after the Finance Minister's budget speech earlier this month. Calling for a *jan andolan* (people's movement) along the lines of the Swachh Bharat Mission, the Prime Minister emphasized that *jal sanchay* (water collection and conservation) is not possible without *jan shakti* (people's power). Earlier, in her budget speech, the Finance Minister said that the first concrete step taken in the direction to ensure water security for all in the country by the Central Government has been the constitution of the new Jal Shakti Mantralaya. This bold institutional step has integrated the erstwhile Ministry of Water Resources, River Development and Ganga Rejuvenation, with the Ministry of Drinking Water and Sanitation, and has led to the formation of a single new Ministry focused on Water. This is a major step towards the consolidation of the management of water resources with the delivery of drinking water and sanitation as well as a thrust towards the goal of providing safe and adequate piped water supply for all households.


The Story So Far






Until now, the institutional landscape for water in India has been somewhat fragmented, with about seven Ministries and more than 10 Departments having a say on different aspects of water management and use. Not only have these had some overlapping roles and responsibilities, but no single body had the authority

Budget For
New India
2019

"HAR GHAR JAL"





-  Ensuring water security and access to safe and adequate drinking water to all Indians
-  The new Jal Shakti Mantralaya shall look at the management of water resources and water supply in an integrated and holistic manner
-  Jal Jeevan Mission to ensure **Har Ghar Jal** (piped water supply) to all rural households by **2024**
-  This mission will focus on creating local infrastructure for rainwater harvesting, groundwater recharge and management of household wastewater for reuse in agriculture
-  The Government has identified 1592 Blocks which are critical and over exploited, spread across 256 District for the Jal Shakti Abhiyan

necessary to resolve conflicting issues and take necessary decisions. This led to these Ministries and Departments working in silos. While the NITI Aayog had made a solid start at integrating the sub-sectors of water by creating an integrated water management index and ranking States on this basis, the creation of the new Jal Shakti Mantralaya is a big bang governance

reform, which will have a permanent and positive impact on integration in the water sector.

Integrated water management in India has never been more relevant than it is today. India is entering water crisis territory, with certain estimates indicating that water demand will exceed supply by a factor of two by 2030, if we continue with a business-as-

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The author is Secretary, Department of Drinking Water and Sanitation, Ministry of Jal Shakti, Government of India.



usual approach. This has the potential of driving economic losses of an estimated 6 per cent of GDP by 2050 and potentially leading to a significant percentage of our population having limited or no access to drinking water. Recent satellite data has also shown that India's taps could run completely dry in the medium term, with cities like New Delhi, Bengaluru, Chennai and Hyderabad completely running out of groundwater.

Breaking Down the Challenge Ahead

Some inefficiencies in the water sector have led to challenges with respect to important outcomes such as rainwater storage and greywater treatment and reuse. Presently, India captures only eight per cent of its annual rainfall, among the lowest in the world. Lack of proper maintenance of existing infrastructure causes further losses of almost 40 per cent of piped water in urban areas. Treatment and reuse of greywater is almost non-existent. As a benchmark, Israel, another country facing severe water shortages, treats 100 per cent of its used water and recycles 94 per cent of it, meeting more than half of its irrigation needs through this reused water.

In terms of drinking water, while 81 per cent of all habitations are

currently estimated to have access to 40 litres of water per day through some source, only about 18 to 20 per cent of rural households in India have connections for piped water supply. As the Finance Minister mentioned, one of the priorities of the government is to provide piped water supply to all rural households by 2024 in a sustainable manner. This has been backed with a budget of approximately Rs.10,000 crores for rural drinking water for 2019-20 for the Jal Shakti Mantralaya, in addition to the Rs.10,000 crores for the Swachh Bharat Mission-Grameen. The Jal Shakti Mantralaya will promote



decentralized, but integrated, water resource management and service delivery, with a key focus on water conservation, source sustainability, storage and reuse, wherever possible, by involving the communities themselves, as they are the primary stakeholders. There are important lessons to be learned from the best practices of decentralized planning for water conservation such as in Hiware Bazaar, Maharashtra and the Swajal model of community-based drinking water in Uttarakhand — which need to be scaled up.

Jal Shakti Abhiyan

In water-stressed areas, especially in the designated dark blocks and in areas affected by water quality issues, surface water-based multi-village schemes need to be designed; while in groundwater rich areas, single village, groundwater-based schemes with end-to-end source sustainability measures should be encouraged. These schemes also need to have provisions for rainwater harvesting through household or community storage, which can also be used for recharging groundwater. Other local methods of water storage and conservation must also be encouraged. A good example of local approaches to developing infrastructure for storage of water

is seen in Dewas district in Madhya Pradesh. Here, through Government support to farming communities for building ponds as alternative storage and supply sources, the district has achieved a 6 to 40 feet rise in the water table, even while increasing irrigated area by 120-190 per cent.

To this end, the Ministry of Jal Shakti recently launched the Jal Shakti Abhiyan – a collaborative effort of the Central and State Governments to accelerate progress on water conservation activities in identified 1592 waterstressed blocks in 256 districts. Under this campaign, over 1000 senior Central Government officers will join the States to promote focused interventions for *jal sanchay* and *jal sanrakshan* (water collection and conservation).

The Way to Har Ghar Jal

Going forward, another area of focus for water conservation in each drinking water scheme is developing infrastructure for collection and basic treatment of domestic non-faecal wastewater, kitchen or bathing waste water – also called greywater – which typically accounts for nearly 80 per

cent of the by-product of all domestic water. This may be done through simple waste stabilization ponds, constructed wetlands and similar local infrastructure projects in order to recycle this water for agriculture the sector that consumes 80 per cent of our water.

Some States, like Gujarat, are leading the efficient use of agricultural water by bringing in micro-irrigation to over six lakh farmers, 50 per cent of which are small and medium ones. The Andhra Pradesh Government is also prioritising water efficiency in agriculture, by earmarking Rs. 11,000 crore to bring 40 lakh acres of land under micro-irrigation over the next five years. If these measures are combined with reuse of greywater for agriculture, it will result in a significant reduction of demand from our water resources.

A Required Jan Andolan: Water as "Everyone's Business"

Raising awareness and changing perceptions on water also needs to be an important priority. Even today, water is regarded as an infinite resource and is abundantly wasted in many parts of the country, while others suffer

drought-like conditions. Behaviour change communication initiatives for both internal and external stakeholders will be critical in changing attitudes towards water. All stakeholders, from State governments to citizens, must be taken on board and a national consensus will have to be built. To that effect, all integrated water management approaches would do well to borrow from the effective behaviour change communication initiatives of the Swachh Bharat Mission, and attempt to create an army of grassroots motivators on water, on the model of the Swachhagrahis for sanitation. Initiatives to strengthen the capacity of this field force, sarpanches, and block and district officials are already underway.

This approach of holistic and integrated water management is unique for any large federal country. Just like the country did in the Swachh Bharat Mission, India could lay out a template for other countries on securing national water security by integrating fragmented institutions and making water security everyone's business. □

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DO YOU KNOW?

National Common Mobility Card: India's First Indigenously Developed Payment Platform

India's first indigenously developed payment ecosystem for transport based on National Common Mobility Card (NCMC) standards was launched in March 2019. This is the first of its kind in India. NCMC Card, SWEEKAR (Swachalit Kiraya: Automatic Fare Collection System) and SWAGAT (Swachalit Gate) is used on NCMC Standards.

These are bank issued cards on Debit/Credit/Prepaid card product platform. The customer may use this single card for payments across all segments including Metro, bus, suburban railways, toll, parking, smart city and retail. The stored value on card supports offline transaction across all travel needs with minimal financial risk to involved stakeholders. The service area feature of this card supports operator specific applications, for example, monthly passes, season tickets, etc.

Ministry of Housing and Urban Affairs brought to the fore the NCMC to enable seamless travel by different metros and other transport systems across the country besides retail shopping and purchases.

NCMC Ecosystem offers the value proposition for customers as they need not to carry multiple cards for different usage. Further, the super quick contactless transactions will improve the seamless experience. For operators, NCMC ecosystem brings common standards for implementation without vendor lock-in.

This will also help in higher digital payments penetration, savings on closed loop card lifecycle management cost and reduced operating cost. The rich data insights may be used by operators for business intelligence leading to efficient operation. NCMC Ecosystem will further help government in digitization of low value payments and reduced cost for the entire ecosystem.

Source: PIB

Transforming Urban India

Durga Shanker Mishra

India has been urbanising rapidly. As per last census 2011, 37.7 crores people (31.2 per cent of population) lived in urban areas. This is projected to grow to 60 crores by 2031 and 80 crores by 2051 (High Powered Expert Committee [HPEC], 2011). While urbanisation is inevitable, there has been substantial increase in census towns/out growths, and delivery of civic services has severely lagged behind leading to huge cumulative gaps in urban infrastructure.

McKinsey's Global Institute's Report titled "India's Urban Awakening: Building Inclusive Cities, Sustaining Economic Growth (2010)", observes that India faces severe challenge of low capital investment in urban infrastructure, which is around US\$ 17 per capita as compared to US\$ 100 in other countries of same level. Report estimated that an investment to the tune of US\$1.2 Trillion (Rs. 54 lakh crores at 2009-10 prices) would be required till 2030; out of which half is required to take care of the backlogs of earlier years! Report mentions that in 2008, India's urban areas accounted for 58 per cent of overall GDP and that cities generated lion's share of tax revenue between 80-85 per cent.

Missions for Urban Rejuvenation

Right since 2014, Government embarked on one of the most comprehensive programmes of planned and systematic urban development with the launch of various flagship missions to bring about a transformative change



“ The biggest strength of a democracy is Jan Bhagidari. Success of Swachh Bharat Mission is not due to governments, it is due to the people. ”

NARENDRA MODI, Prime Minister

in the lives of people with inclusive, participative and sustainable approach. Not only there has been a substantial increase in the financial commitments and allocation of funds but above all, the powerful mantra of “Sabka Saath, Sabka Vikas” given by the Prime Minister has inspired the policy thrust for achieving ease of living for the citizens. This can be seen in Government's three level approach described below.

At the first level, for all over 4,300 urban local bodies (ULBs) flagship schemes like Swachh Bharat Mission (SBM-U), Pradhan Mantri Awas Yojana (PMAY-U) and Deendayal Antyodaya Yojana-National Urban Livelihood Missions (DAY-NULM) were launched to address the issues of cleanliness, affordable housing and urban poverty alleviation. At second level, provision for universal water supply and substantive enhancements

in coverage of sewerage/septage needed focus, for which 500 cities (with over 1 lakh population) were covered under the scheme Atal Mission for Rejuvenation and Urban Transformation (AMRUT). Lastly,

Budget 2019-20 with 10 point vision for the decade is aimed at building physical and social infrastructure. Government has announced in the budget its intention to invest around Rs. 100 lakh crores to fund India's infrastructure in next five years. For the first time, Budget has set a definite goal i.e. aspiration to take the economy to US\$ 5 Trillion level in next five years backed with Aastha (Hope), Vishwas (Trust) and Aakash (Aspirations) of 130 crore Indians.

The author is Secretary, Ministry of Housing and Urban Affairs, Government of India.

Smart City Mission (SCM) using city challenge mode was launched in 100 cities for improving core infrastructure and providing better quality of life and related urban services using ICT capabilities, etc.

Most of the schemes were designed with participatory approach and involvement of the citizens. Schemes like SBM become a "Jan Andolan", a people's movement which led to its remarkable success in such a short time.

Enhanced Budgetary Support and Fund Availability

The critical issue of higher funding required for urban infrastructure was addressed by substantial increase in budgetary allocations. As against a total of Rs. 1,58,164 crores allocated during 10 year period from 2004-05 to 2013-14, the cumulative budgetary allocations during next six years, i.e. 2014 onwards (including current year's estimate) have been to the tune of Rs. 2,68,455 crores. The annual average budgetary allocation during the preceding 10 year period was around 15,800 crores which was increased substantially to more than Rs. 44,000 crores (inclusive of allocations under Extra Budgetary Resources (EBR), i.e., approximately 3 times increase! Budget for 2019-20 has proposed allocation of Rs. 48,032 crores for various urban Missions along with additional provision of around Rs. 20,000 crores for funding PMAY through EBR mechanism, i.e., a total availability of above Rs. 68,000 crores.

India's March to US\$ 5 Trillion Economy: Cities as Engines of Growth

Budget 2019-20 with 10 point vision for the decade is aimed at building physical and social infrastructure. Government has announced in the budget its intention to invest around Rs. 100 lakh crores to fund India's infrastructure in next five years. For the first time, Budget has set a definite goal i.e. aspiration to take the economy to US\$ 5 Trillion level in next five years backed with *Aastha* (Hope), *Vishwas*

(Trust) and *Aakash* (Aspirations) of 130 crore Indians.

"I am fully confident that as a nation, with our collective efforts, in the next five years we will definitely reach the destination of \$ 5-trillion economy... Making India \$5 Trillion economy was not just the Government's aim but that of every Indian."

Narendra Modi,
Prime Minister of India

Budget for 2019-20 has underlined that Government sees urbanisation as an opportunity, not a challenge. McKinsey's report (2010) narrates that India's urbanisation presents huge opportunity-since by the year 2030, 70 per cent of GDP, 85 per cent of total tax revenues and 70 per cent of new net employment opportunities will be contributed by cities.

Further, cities have been found to contribute towards achieving inclusive growth as they bridge the rural and urban divide. McKinsey's report says that around 20 crore rural population, who live close to cities, will benefit with improved access to jobs, market and infrastructure in urban areas. Such

people have higher incomes than the average income in rural areas.

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 till date during the period 2014-19 mainly for Metro projects, PMAY-U, AMRUT, SCM and SBM. However, total investment under these schemes as per approved cost of related projects is to the targeted tune of Rs. 10,45,076 crores which includes contributions of States/ULB's/ Beneficiaries and PPP projects. It is, therefore, clear that central assistance is generating around six and half times investments for creating urban infrastructure. Development of urban areas will constitute major part of the investment of Rs. 100 lakh crore in infrastructure. That will spur significant push to country's GDP and tax revenues helping in the march towards US\$ 5 Trillion Economy in next 5 years. Needless to say, such investments are very closely related to or in fact *sin qua non* to India's future economic growth!

OVERALL INVESTMENT IN URBAN REJUVENATION (2004-2014/2014-2019)



"People in the economic field consider cities as a growth centre...If anything has the potential to mitigate poverty it is our cities. That is why people from poor places migrate to cities, as they find opportunities there."

Narendra Modi,
Prime Minister of India

Since the launch of various urban flagship schemes, around Rs. 1,62,165 crore of central assistance has been released till date during the period 2014-19 mainly for Metro projects, PMAY-U, AMRUT, SCM and SBM.

Metro Projects: Connecting City

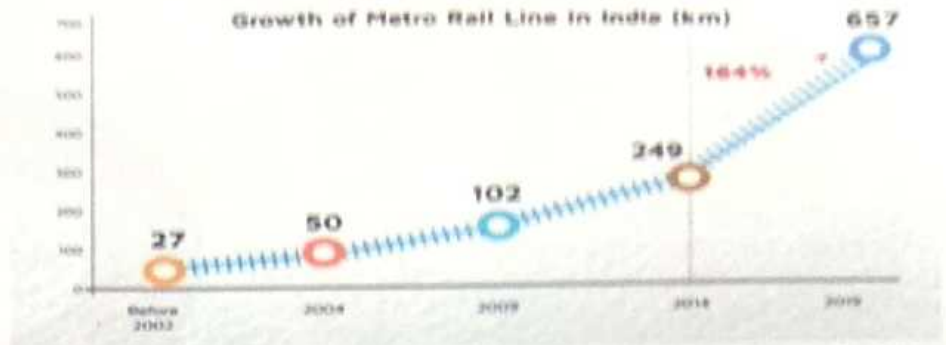
Budget 2019-20 has termed connectivity in the country as lifeblood of an economy. Government's Metro Rail Policy, 2017 aims to focus on systematic planning and implementation of Metro Rail Systems with last mile connectivity using greater private participation and innovative financing through Transit Oriented Development (TOD) and Land Value Capture Finance, etc. Budget 2019-20 has referred to approval of 300 km of new Metro Rail projects and operationalisations of 210 km Metro lines during 2018-19. With this, a total of 657 km of Metro Rail Networks have now become operational in 18 cities across the country with 873 km being at various stages of implementation in 27 cities.

It has been proposed in the Budget to enhance the Metro Rail Networks by encouraging PPP initiatives and ensuring completion of sanctioned works, while supporting Transit Oriented Development (TOD) to ensure commercial activity around transit hubs. The first Regional Rapid Transit System (RRTS) corridor between Delhi and Meerut for 82 km of route length at an estimated cost of Rs. 30,274 crores has commenced works.

Metros Support "Make in India"

MoHUA has made concerted efforts for indigenisation of Metro Rail Systems in the country. Ministry has stipulated that minimum 75 per cent coaches procured under any tender will have to be manufactured in India. State-of-the-art driverless trains will now be manufactured indigenously by Bharat Earth Movers Limited (BEML), a Public Sector Undertaking, which has recently bagged a contract of Rs. 3,015

METRO PROGRESS



crores for manufacturing of 378 metro cars for Mumbai Metro Rail Corridors. This is one of the largest orders of Metro Rail coaches in recent times.

One Nation One Card

The launch of India's first indigenously developed payment eco system for transport based on national common mobility card by the Prime Minister in March 2019 was referred to in the budget speech. This includes Automatic Fare Collection System (AFCS) and National Common Mobility Card (NCMC) which has laid foundation of "One Nation One Card". This card is usable in all kinds of transit as well as retail systems. With this internationally accredited system, India joins the very few elite nations who have complete payment eco-system that has immense export potential.

Swachh Bharat Mission (Urban)-Cleaner and Healthier India

Budget has highlighted the remarkable progress achieved under

SBM-U, wherein 24 states and more than 95 per cent of cities have been declared Open Defecation Free (ODF). In Solid Waste Management, 90 per cent of wards in the country are now covered under door-to-door collection with 56 per cent of waste being scientifically processed.

Economic Survey 2018-19 has analysed direct impact of improved sanitation on health indicators and has reported that becoming ODF has reduced deaths due to diarrhoea and malaria, especially children under the age of 5, new born, etc. Further, the financial savings from household toilets has exceeded the related financial cost of households by 2.4 times for the poorest. A World Bank study has stated that inadequate sanitation costs India about 6.4 per cent of its GDP. MoHUA is committed to fulfil the Prime Minister's Sankalp to make India ODF much before 2nd October, 2019 when nation celebrates 150th Birth Anniversary of Mahatma for whom Swachhata was paramount.

MISSION PROGRESS



Har Ghar Jal: AMRUT

As per NITI Aayog, India is facing water crisis with around 50 per cent population experiencing high to extreme water shortage. Budget 2019-20 has emphasised that achievement of India's water security and providing access to safe drinking water to all is priority of the Government. Jal Jeevan Mission of newly created Jal Shakti Mantralaya will converge with other schemes for sustainable water supply management across the country.

AMRUT Scheme was launched in 500 cities across the country in June 2015. This envisages achieving universal coverage of water supply and increasing sewerage and septage coverage from 31 per cent to 62 per cent. Under the scheme, State Annual Action Plans (SAAPs) for all States/UTs for Rs. 77,640 crores have been approved and projects worth Rs. 64,761 crore are under construction; out of which projects of Rs. 4,163 crore have been completed. So far Rs. 58.52 lakh water tap and Rs. 36.96 lakh sewer connections have been added.

Promoting Water Conservation: Jan Andolan

Ministry has launched Jal Shakti Abhiyan to make water conservation a "Jan Andolan", four major thrust areas are: a) Rain Water Harvesting, b) Re-use of treated waste water, c) Rejuvenation of water bodies, and d) Plantation. 756 ULBs have been identified as water stressed; they are being encouraged to enforce Building-by-laws to build rain water harvesting



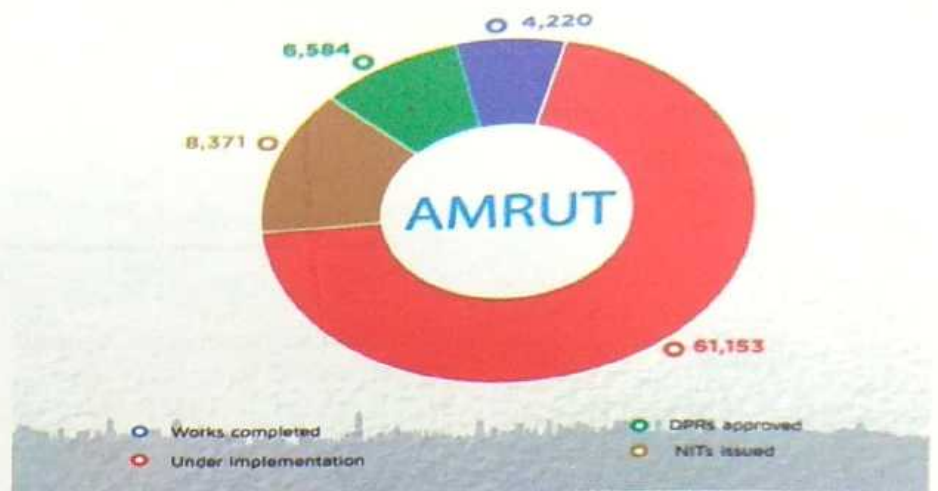
ATAL MISSION FOR REJUVENATION AND URBAN TRANSFORMATION (AMRUT)

AT A GLANCE



ALLOCATION/PROGRESS

Progress in project implementation
(in ₹ crore)



structures, undertake measures for reuse of treated waste water, revive at least one water body and undertake plantations.

Energy Saving

Budget 2019-20 has underlined vital importance of ensuring sustainable energy use and scaling up of the use of LED bulbs. Under AMRUT scheme, 62 lakh street lights have been replaced by LED lights, which has led to reduction of Rs.10.85 lakh ton of carbon emission.

Smart Cities Mission: Towards Smarter India

As the Smart City Mission completes four years of implementation, all the smart cities have picked up momentum in implementing various projects. SCM has not only fostered a healthy competition among cities to

get smarter, but also laid a foundation of aspirational India for better quality of life. It has been proposed to execute 5,151 projects worth Rs. 2,05,018 crore in 5 years. Over 65 per cent of these are at different stages of implementation. Some of the innovative projects include Integrated Command and Control Centres (ICCC), Smart Streets/Roads, Public Bike Sharing, Smart Solar Energy, Smart Poles, Smart Water Meters, Integrated Smart Traffic/Transit Management, etc. These unique initiatives are transforming the urban landscape across the nation.

Housing for All by 2022-PMAY (Urban)

Government is committed to provide "Housing for All" by 2022. Around 84 lakhs houses with an investment of about Rs.5 lakh crores have been sanctioned under PMAY-U; wherein construction has started in over 48 lakhs and 26 lakhs have been completed and handed over to beneficiaries. Over 13 lakh houses are being constructed using new technologies. Through Global Housing Technology Challenge-India (GHTC-I), Government has identified 54 best available construction technologies across the globe. Six Light House Projects using these technologies, as open laboratories, will be launched soon. The Prime Minister has declared the year 2019-20 as "Construction Technology Year".

PMAY(U) PROGRESS



Despite this impressive progress under PMAY-U, there is huge demand for rental housing, which gets discouraged with current rental laws with imbalanced relationship between rentor and rentee. Government is framing Model Tenancy Law, which will be circulated to the States/UTs very soon.

Budget 2019-20 has increased the exemption limit of interest payment on loan for the first purchase of an Affordable House costing up to Rs. 45 lakh from Rs. 2 lakh to Rs. 3.5 lakh; and has allowed capital gains from sale of house to be invested on start up business with no tax liability.

Currently National Housing Bank (NHB) besides being a refinancer and lender, is also a regulator for the housing finance sector. For efficient regulation that is conducive to the growth of the housing sector, and

to remove the conflicting mandate, the Finance Minister in her speech mentioned to return the regulation authority for the housing finance sector from NHB to RBI. All these measures will boost Affordable Housing.

Ease of Living

Budget 2019-20 has focussed on Government's aim to improve ease of living for the citizens. MoHUA released the first ever 'Ease of Living Index' in 2018 covering 111 Cities, and has recently launched assessment frameworks for Ease of Living Index-2019. As per World Bank's, Doing Business Report-2019, India's rank in Ease of Doing Business in Construction Permits has improved from 181 in 2018 to 52, i.e. a record jump of 129 places. Online Building Permission System (OBPS) has been implemented in 1,705 cities including 439 AMRUT cities so far.

REFORMS

India's Global Rank in Construction Permits as per World Bank-Doing Business Report (DBR)



Promotion of Digital Payments: 100 per cent Digitisation of Government Transactions

Union Budget 2019-20 has referred to increasing acceptance and promotion of digital payments by Government. MoHUA has successfully used the web based PFMS to digitise nearly 100 per cent of all its payments (around Rs. 60,000 crore annually) made by more than its 500 offices spread over the country. In addition, collection of all Government receipts has now been fully digitised. By doing this, Ministry has met the objective of Digital India Mission for making all financial transactions cash less.

Way Forward

Government of India is committed to the vision of developing urban areas with ease of living, responsive governance, clean and sustainable environment, rapid economic growth and livelihood opportunities for the citizens. We are building cities of the future. We plan to follow a comprehensive, inclusive, participatory and data driven approach for scaling 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.

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(E-mail: secyurban@nic.in)

Moving Towards Better, Equitable and Affordable Health Services

Indu Bhushan

India has achieved significant public health gains and improvements in health indicators over last three decades. We have been able to wipe out the scourge of diseases such as polio, guinea worm disease, yaws and maternal and neonatal tetanus and control the incidence of HIV/AIDS that crippled people and their ability to build better lives for themselves. Our life expectancy has increased from 57.91 years in 1990 to 68.65 years in 2016¹ and the Total Fertility Rate (TFR) has reduced sharply from 3.4 in 1992-93² to 2.2 in 2015-16.³ The infant mortality rate has declined from 88.5 per 1,000 live births in 1990 to 34 per 1,000 live births in 2016.⁴ We have also achieved the Millennium Development Goal (MDG) in respect of the Maternal Mortality Ratio which declined from 556 per lakh live births in 1990 to 174 per lakh live births in 2015⁵ and reached close to achieving the Under-5 Child Mortality target (U5 MR level of 43 against a target of 42).

However, challenges remain in the health system in India and present a distinctive opportunity to further build and reform our health sector. India is currently facing the unique situation of a 'triple burden of disease'. As the mission of eradicating major communicable diseases remains unfinished, the population is also bearing the high burden of non-communicable diseases and injuries.

Delivery of healthcare services in India remains inadequate and fragmented. Public sector hospitals in

India are overburdened, underfunded and their utilisation varies widely. More than half of health services are provided by the private sector which is not effectively regulated.

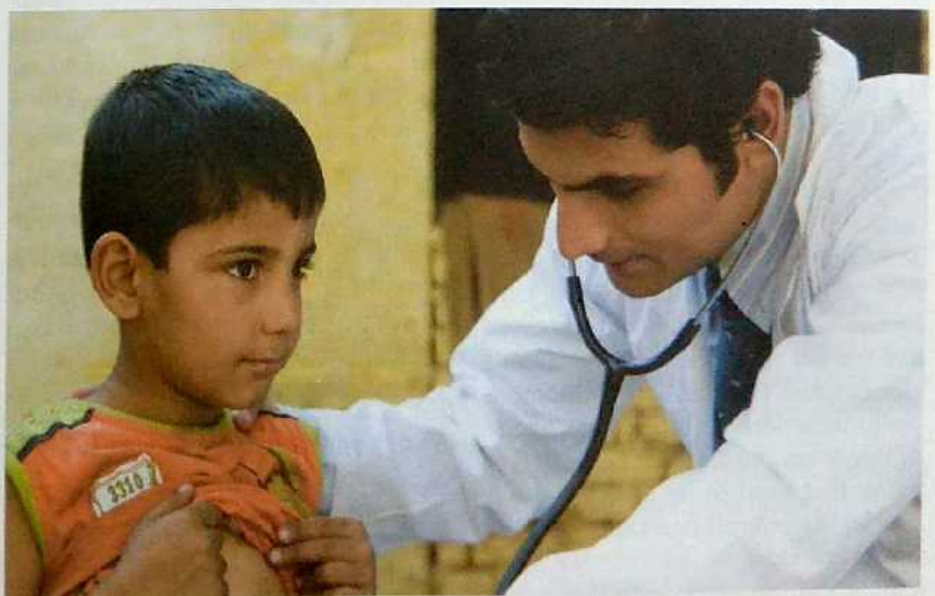
Moreover, health sector continues to be characterised by high out-of-pocket expenditure, low financial protection, low health insurance coverage amongst both rural and urban population. According to one estimate, each year 6 crore people are pushed below the poverty line as they meet their health care needs by spending a large proportion of their income and savings, borrowing money or selling their assets.

One of the major causes of this situation is the persistent underfunding of the country's public health care system. India's general government expenditure on health has remained stagnant over the last two decades at close to 1.2 per cent of its GDP

(Source: National Health Accounts, 2015). India spends only 21 per cent of its total health expenditure from the general government revenue and as high as 62 per cent of total health expenditure is out-of-pocket (Source: National Health Accounts, 2015).

The focus of public policy on health since independence has been on building and strengthening public healthcare delivery with the Government assuming the role of a 'provider' of services. Consecutive Governments have launched health programmes with a supply-side focus with the aim of improving health of the people. However, in the last decade, the Governments introduced new initiatives to strengthen demand-side financing and address gaps in equity and affordability of healthcare.

The Rashtriya Swasthya Bima Yojana was launched in 2008 with



Dr. Indu Bhushan is CEO of Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB - PMJAY) and the National Health Authority (NHA), Government of India.

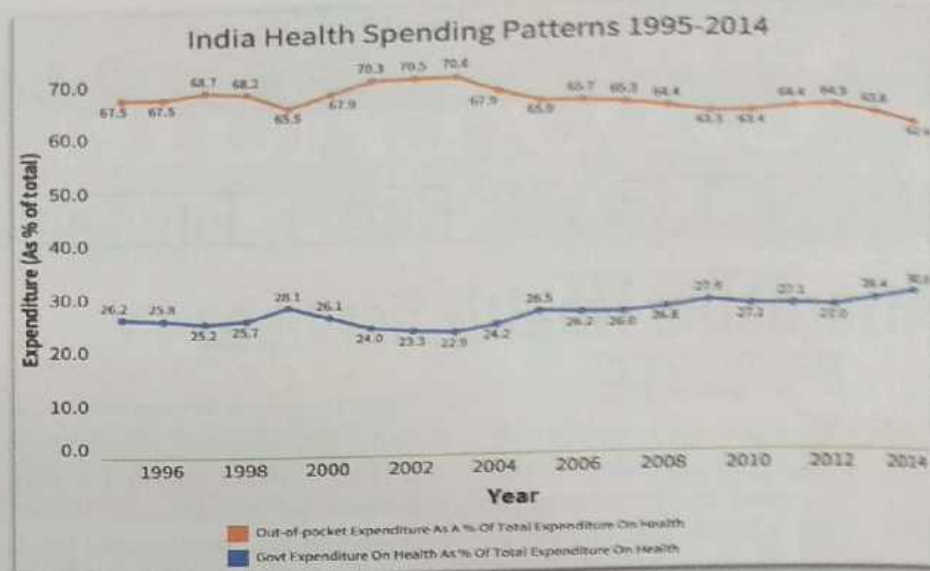
annual cover of INR 30,000 per family at the central level, catering mostly to secondary care hospitalisation conditions while many State schemes catered to tertiary care conditions. However, these schemes worked independently of the larger healthcare system in the country and resulted in further increasing the fragmentation of risk pools. Additionally, these schemes did not have a strong linkage with primary healthcare. As a result, healthcare in India remains fragmented and operates in silos rather than offer a continuum of care covering preventive, promotive, rehabilitative, and curative care to the citizens.

This makes a strong case for improving the health sector performance on all counts – key outcome indicators, public health financing, risk pooling, as well as access to and quality of healthcare – which will save millions of lives, protect households from catastrophic expenditure and poverty, improve patient interface with the health sector, and drive economic growth.

Ayushman Bharat PMJAY: A Bold New Approach to Healthcare Delivery in the Subcontinent

To address these gaps, last year Government of India launched Ayushman Bharat which is a two-pronged approach towards universal healthcare. The first is **Health and Wellness Centres (HWCs)** which will provide Comprehensive Primary Health Care, covering maternal and child health services, screening for non-communicable diseases, free essential drugs and follow-up of hospitalisation cases. 150,000 HWCs will be set up by 2022 and will be able to handle more than 70 per cent of all outpatient care including non-communicable diseases and mental illnesses. The centre will also conduct yoga sessions to promote wellness and have a much wider range of free drugs and diagnostics, including many that need to be prescribed but can be made available locally by the health workers.

The second is **Pradhan Mantri Jan Arogya Yojana (PMJAY)**, the



Source: World Health Organization: <http://apps.who.int/gho/data/view.main.HEALTHEXPRATIOIND?lang=en>

world's largest fully government-funded health insurance scheme, which provides a health protection cover of Rs. 5 lakh per family per year to 10.74 crore poor and vulnerable families (or 50 crore people) for hospitalisation expenses towards the treatment of serious illnesses. Through PMJAY, Government of India aims to offer financial risk protection to the beneficiary families through a system of demand-led healthcare initiative that meets their immediate hospitalisation needs in a cashless manner. The objectives of PMJAY are to reduce catastrophic out-of-pocket health expenditure, improve access to quality healthcare and meet the unmet needs of the population for hospitalisation care. The scheme was launched on 23rd September last year by the Prime Minister in Ranchi, Jharkhand.

Thus, Ayushman Bharat represents a significant transition from a sectoral, segmented approach to comprehensive, holistic approach bringing together preventive, promotive, curative, rehabilitative aspects of care along a

continuum of care. Ayushman Bharat marks a paradigm shift in how health is looked at in India. It is the advent of new thinking about health where health is no longer looked at as a challenge to be solved through a silo-approach but a reality to be reckoned with and approached through a continuum of care offering an entire gamut of healthcare services from primary to secondary to tertiary and follow-up care.

Who is Covered Under PMJAY

PMJAY has been rolled out for the bottom 40 per cent of poor and vulnerable population. In absolute numbers, this is close to 10.74 crore (100.74 million) households. The inclusion of households is based on the deprivation and occupational criteria of the Socio-Economic Caste Census 2011 (SECC) for rural and urban areas, respectively. This number also includes families that were covered in the RSBY but were not present in the SECC database.

The SECC involves ranking of the households based on their socio-

Last year Government of India launched Ayushman Bharat which is a two-pronged approach towards universal healthcare. The first is Health and Wellness Centres (HWCs)... The second is Pradhan Mantri Jan Arogya Yojana (PMJAY), the world's largest fully government-funded health insurance scheme....

economic status. It uses exclusion and inclusion criteria and accordingly decides on the automatically included and automatically excluded households. Rural households which are included (not excluded) are then ranked based on their status of seven deprivation criteria (D1 to D7). Urban households are categorised based on occupation categories.

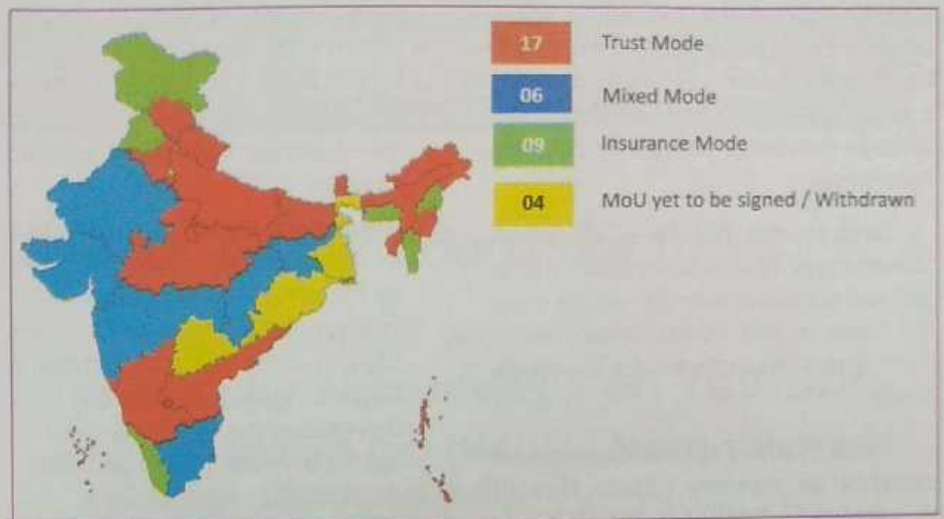
In line with the approach of the Government to use the SECC database for social welfare schemes, PMJAY also identifies targeted beneficiary families through this data.

Rural Beneficiaries – Out of the total seven deprivation criteria for rural areas, PMJAY covered all such families who fall into at least one of the following six deprivation criteria (D1 to D5 and D7) and automatic inclusion⁶ criteria:

- D1- Only one room with *kucha* walls and *kucha* roof
- D2- No adult member between ages 16 to 59
- D3- Households with no adult male member between ages 16 to 59
- D4- Disabled member and no able-bodied adult member
- D5- SC/ST households
- D7- Landless households deriving a major part of their income from manual casual labour

Urban Beneficiaries – For urban areas, the following 11 occupational categories of workers are eligible for the scheme:

- Ragpicker
- Beggar
- Domestic worker
- Street vendor/ Cobbler/hawker / other service provider working on streets
- Construction worker/ Plumber/ Mason/ Labour/ Painter/ Welder/ Security guard/ Coolie and other head-load worker
- Sweeper/ Sanitation worker/ Mali
- Home-based worker/ Artisan/ Handicrafts worker/ Tailor
- Transport worker/ Driver/



Conductor/ Helper to drivers and conductors/ Cart puller/ Rickshaw puller

- Shop worker/ Assistant/ Peon in small establishment/ Helper/ Delivery assistant/ Attendant/ Waiter
- Electrician/ Mechanic/ Assembler/ Repair worker
- Washerman/ Chowkidar

Even though PMJAY uses the SECC as the basis of eligibility of households, many States are already implementing their own health insurance schemes with a set of beneficiaries already identified. Thus, States have been provided the flexibility to use their own database for PMJAY. However, they will need to ensure that all the families eligible based on the SECC database are also covered.

Key Features of PMJAY

1. PMJAY provides cashless cover of up to INR 5,00,000 to each eligible family per annum for listed secondary and tertiary care conditions. The cover under the scheme includes all the expenses incurred from diagnostic and laboratory investigations, full treatment, non-intensive and intensive care services, medicine and medical consumables and post-hospitalization follow-up care up to 15 days.
2. There is no cap on family size and age of members. The benefits

of INR 5,00,000 are on a family floater basis which means that it can be used by one or all members of the family.

3. All pre-existing diseases are covered from the very first day. This means that any eligible person suffering from any medical condition before being covered by PMJAY will now be able to get treatment for those medical conditions under the scheme. This is a major advantage over regular private insurance schemes that often do not cover illnesses being suffered by the policy holder.
4. Benefits covered under PMJAY are portable across the country and any eligible beneficiary can visit any empanelled hospital across the country and receive cashless treatment.
5. 1,393 secondary and tertiary treatment packages covering 23 specialties are offered. PMJAY has also made provision for unspecified surgical package to cover treatment for ailments that are not in the list of surgical packages. However, mandatory pre-authorisation approval is required to book a patient under this package.

Implementation Model: A Bulwark of Cooperative Federalism

Considering the fact that States are at different levels of preparedness and have varying capacity to manage such schemes, PMJAY provides them

with the flexibility to choose their implementation model, which can be through Insurance, Trust (through a trust/society), or Mixed (partly through insurance and partly through assurance).

Insurance Mode—The State Government appoints an insurer at a defined premium rate for taking over the financial risk of the beneficiaries. Nine States have chosen the Insurance mode.

Trust Mode—The State Government creates an agency (State Health Agency) which will pay the claims of the hospitals as per actual utilisation. The risk of health protection lies with the State. 17 States are implementing the scheme in the trust mode.

Mixed Mode — The State uses a combination of Insurance and Trust modes generally where low cost common procedures (secondary care) is managed by the insurer and high cost specialised procedures managed by the State trust. Six States have chosen the Mixed mode.

Financing of the Scheme

PMJAY, being a centrally sponsored scheme is fully funded from the Consolidated Fund of India and the budget allocated is received from Government of India as recurring grant-in-aid. Under the Union Budget, the allocation for PMJAY for 2019-20 is Rs. 6400 crore.

The expenditure under PMJAY is shared between Central Government and State Governments/Union Territories as per the sharing instructions issued by the Ministry of Finance in vogue. The existing sharing ratio is as under:

- For North Eastern and 3 Himalayan States: 90 (Centre): 10 (States)
- For Union Territories with Legislation and Other States: 60 (Centre): 40 (States)
- For Union Territories without Legislation: 100 (Centre)

Payment of Central Share

1. Insurance model – A flat premium per family, irrespective of the

number of members under PMJAY in that family, is paid to the State Government which in turn pays this to the insurer based on the number of eligible families.

2. Assurance model – Central share of the contribution is paid based on the actual cost of claims or the ceiling whichever is lower. If the State is using an Implementation Support Agency, then cost of ISA, determined through tender, is also shared between Centre and State.

Reflections on the 2019-20 Budget

Ayushman Bharat represents the priority accorded to health by the Government of India flowing from the highest level and the will to mainstream health of the citizens and link it to their economic growth and development of the country. This is reflected in the 2019-20 budget with a Rs. 6,400 crore allocation for PMJAY, up from Rs. 2,400 crore in 2018-2019, the year of its launch. The outlay for overall health sector at Rs. 62,659 crore, the highest in the last two financial years, marked an increase of around 19 per cent over the 2018-19 fiscal when the health allocation was Rs. 52,800 crore.

The healthcare allocation is reflective of the commitment of the Government towards not just improving the health outcomes but also investing in creating a large, equitable, affordable and accessible ecosystem providing high quality services across the continuum of care.

PMJAY embodies a policy shift where the Government now assumes the role of a 'purchaser' of services from that of 'provider'. With this shift, the Government is improving the access of poor people to health services. Thus, PMJAY will expand the role of the private sector delivery of healthcare services without undermining the criticality of the role and responsibility of the Government in creating and facilitating delivery of healthcare services across the continuum of care as is seen in the HWCs. The results show that the policy is working. About

half of the empanelled healthcare providers are private. Nearly 64 per cent of treatment is being given by the private hospitals.

In the long run, the PMJAY, through its system of incentives, aims to expand the availability of services. With greater demand, the private sector is likely to expand in the unserved areas of Tier-2 and Tier-3 cities. For public hospitals, PMJAY will provide an incentive to prioritise poor patients and shall provide means to generate additional revenue for strengthening their infrastructure and fill their service gaps. PMJAY will also establish national standards for a health assurance system.

While it is still premature to comment on the future success of Ayushman Bharat, the initial results are promising. It is surely a giant leap forward towards the achievement of the Sustainable Development Goals especially SDG 3.8, that is, achieving Universal Health Coverage.

In doing so, India will not only be able to save millions of lives and avoid millions of households from slipping into poverty due to catastrophic illness but will also further strengthen the virtuous cycle of better health and faster economic growth.

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- 6 Destitute/ living on alms, manual scavenger households, primitive tribal group, legally released bonded labour

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'Blue Sky Thinking' Blueprint for India@\\$5Trillion

Krishnamurthy V Subramanian,
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We are, today, at a crucial juncture in history as this year marks the 150th birth anniversary of Mahatma Gandhi, the 'Father of the Nation'.

By freeing India from British Rule, he laid the foundation for an independent India. We now have an immense opportunity to give shape to a golden 'New India' (#India75). The Prime Minister has outlined the vision of making India a US\$ 5 trillion economy by 2024-25 (#Economy@5trillion). Economic Survey 2018-19 has consciously adopted the theme of empowering the economy and its citizens to enable realising this vision. The Survey employs unfettered, "blue sky" thinking to evolve the appropriate economic model for India along with the tactical tools to stay on the path of the strategic blueprint. It also lays down a blueprint to enable a "shifting of gears" through the 'virtuous cycle of growth' to sustain a real GDP growth rate of 8 per cent. This endeavour is reflected in the sky blue cover of the Survey and the cover design depicting several inter-linked gears.

The Survey departs from traditional thinking by viewing the economy as being either in a virtuous or a vicious cycle, and thus never in equilibrium. Another significant departure is that it views the national priorities of fostering economic growth, demand, exports and job creation as complementary to each other rather than viewing as operating in 'silos'.

The cover design captures the idea of complementary inter-linkages between these macroeconomic variables using the pictorial description of several inter-linked gears.

International experience, especially from high-growth East Asian economies, suggests that sustained high rate of growth needs a catalytic "virtuous cycle" of savings, investment and exports supported by a favourable demographic phase. Investment, especially private investment, is the "key driver" that drives demand, creates capacity, increases labour productivity, introduces new technology, allows creative destruction, and generates jobs. This is another departure from traditional economic thinking based on consumption-led economic growth.

After laying out this strategic blueprint for fulfilling the vision of #Economy@5trillion, the Survey describes some of the tactical devices required to navigate an uncertain world in constant disequilibrium. The Survey attempts to examine policy nudges at micro-level to integrate into desirable outcomes at the macro level and facilitate creation of a self-sustaining virtuous cycle which spurs investment and thereby growth.

The Survey delineates the impact created by Government's flagship initiatives such as Swachh Bharat Mission (SBM), Jan Dhan Yojana and the Beti Bachao Beti Padhao, which provide testimony to the potential for behavioural change in India. Given our rich cultural and

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spiritual heritage, social norms play a very important role in shaping our behaviour. Behavioural economics provides the necessary tools and principles to not only understand how norms affect behaviour but also to utilize these norms to effect behavioural change. An ambitious agenda can be aspired for behavioural change by applying the principles of behavioural economics to several issues including gender equality, a healthy and beautiful India, savings, tax compliance and credit quality.

The Survey also focuses on nourishing MSMEs to create jobs and become more productive so that they can become internationally competitive. It presents evidence that while firms with less than 100 workers, despite being more than ten years old, account for more than half of all organised firms in manufacturing by number, their contribution to employment is only 14 per cent and to productivity is a mere 8 per cent. In contrast, large firms (more than 100 employees) account for three-quarters of such employment and close

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to 90 per cent of productivity despite accounting for about 15 per cent by number. It is, therefore, imperative that MSMEs are facilitated to grow in size and that all size-based incentives must have a sunset clause of less than ten years with necessary grandfathering. Further, deregulating labour law restrictions can create significantly more jobs, as seen by the recent changes in Rajasthan when compared to the rest of the states.

Heading into a century where data has become the new oil and analytics from data the new tool for decision making, the Survey foresees countless opportunities in creating data as a public good “of the people, for the people and by the people”. Governments already hold a rich repository of administrative, survey, institutional and transactions data about citizens, but these data are scattered across numerous government bodies. Utilizing the information embedded in these distinct datasets would, *inter alia*, enable the Government to enhance ease of living for citizens, enable truly evidence-based policy, improve targeting in welfare schemes, integrate fragmented markets, bring greater accountability in public services and generate greater citizen participation in governance.

The Survey recognizes that the single biggest constraint to ease of doing business in India is the ability to enforce contracts and resolve disputes. This is not surprising given the 3.5 crore cases pending in the judicial system. A case clearance rate of 100 per cent (i.e., zero accumulation) can be achieved with the addition of merely 2,279 judges in the lower courts and 93 in High Courts even without efficiency gains. This is already within sanctioned strength and only needs filling vacancies. Scenario analysis of efficiency gains needed to clear the backlog in five years suggests that the required productivity gains are ambitious, but achievable. Given the potential economic and social multipliers of a well-functioning legal



Figure 1: The 'virtuous cycle' of growth

system, this may well be the best investment India can make.

Economic policy uncertainty correlates strongly with the macroeconomic environment, business conditions and other economic variables that affect investment. Surges in economic policy uncertainty increase the systematic risk, and thereby the cost of capital in the economy which may lower investment. Unlike generic economic uncertainty, which cannot be controlled, policymakers can reduce economic policy uncertainty to foster a salutary investment climate in the country.

India is set to witness a sharp slowdown in population growth in the next two decades. Although the country

The importance of ALP-enabled MGNREGS in alleviating distress is particularly pronounced for the vulnerable sections of society, including women, persons with disability, Scheduled Castes and Scheduled Tribes. As data on demand for work under MGNREGS is available almost real-time, it can be developed into a real-time measure to track distress at the level of a district/panchayat.

as a whole will enjoy the “demographic dividend” phase, some states will start transitioning to an ageing society by the 2030s. The southern states, Himachal Pradesh, Punjab, West Bengal and Maharashtra now have fertility rates well below the replacement rate. The national Total Fertility Rate (TFR) is expected to be below replacement level by 2021. The age distribution, however, implies that India’s working-age population will grow by roughly 97 lakh per year during 2021-31 and 42 lakh per year in 2031-41. Meanwhile, the proportion of elementary school-going children, i.e., 5-14 age group will witness significant declines. Many states, therefore, need to pay greater attention to consolidating/merging schools to make them viable rather than building new ones. At the other end of the age scale, policymakers need to prepare for ageing. This will need investments in healthcare as well as a plan for increasing the retirement age in a phased manner.

SBM has been hugely successful as 99.2 per cent of rural India has been covered in the last four years. It has significantly improved health outcomes by helping reduce diarrhoea and malaria among children below five years, still birth and low birth weight (new born with weight less than 2.5 kg). This effect is particularly pronounced in districts where IHHL coverage was

lower in 2015. Financial savings from a household toilet exceed the financial costs to the household by 1.7 times, on average and 2.4 times for poorest households. As sanitation gained over the last four years contributes to Sustainable Development Goals (SDGs), especially the SDG 6.2, the momentum must be sustained to make cleanliness an integral part of India's consciousness.

Energy is vital for development and prosperity of any economy. India, however, lags behind significantly in energy usage: despite accounting for 18 per cent of world's population, India uses only around 6 per cent of the world's primary energy. Energy poverty has been more pervasive in India than income poverty: 53 per cent of our population could not access clean cooking in 2017 when compared to 30 per cent for China, 4 per cent for Brazil and less than 1 per cent for Malaysia. With an increase of per capita energy consumption by 2.5 times, India will be able to increase its real per capita GDP by US\$ 5000 (in 2010 prices). Additionally, if India has to reach the HDI level of 0.8, it has to increase its per capita energy consumption by 4 times. India's emphasis on energy efficiency over the decades has helped significantly in serving the country's energy needs. While the share of renewables in total generation has increased from 6 per cent in 2014-15 to 10 per cent in 2018-19, India still needs investment in renewable energy of more than US\$ 250 billion over the next decade. As electric vehicles represent the next generation in sustainable mobility, access to fast charging facilities must be fostered to increase the market share of electric vehicles.

While MGNREGS was made effective from 2006, the streamlining of the programme occurred in 2015 when the Government harnessed the benefits of technology. This, *inter alia*, included the implementation of Direct Benefit Transfer (DBT) and linking it with Aadhaar linked Payments (ALP). It leveraged the Jan Dhan,

The Survey recognises that the society is reflected in the individual and the dynamism of the economy is reflected in each economic unit. It, therefore, appreciates the role of policy nudges in influencing the behaviour of an individual to achieve optimal outcomes and ease of doing business at the micro level to lend vibrancy to economic growth at macro level.

Aadhaar and Mobile (JAM) trinity to credit wages directly into MGNREGS workers' bank accounts, thereby reducing scope for delays in payment. Post DBT payment delays in the payment of wages, under MGNREGS, has reduced significantly thereby providing livelihood security to people in distress. Both demand and supply of work under MGNREGS increased, especially in districts suffering from distress. The increase in the number of filled muster rolls also implies that distressed workers indeed turn up more frequently for work. The importance of ALP-enabled MGNREGS in alleviating distress is particularly pronounced for the vulnerable sections of society, including women, persons with disability, Scheduled Castes and Scheduled Tribes. As data on demand for work under MGNREGS is available almost real-time, it can be developed into a real-time measure to track distress at the level of a district/panchayat. The successful redesign of MGNREGS highlights that skilful use of technology, when combined with an unwavering commitment to monitoring effectiveness of government schemes, can make a substantial difference on the ground.

Despite India's outstanding growth in the last two decades, low pay and wage inequality remain serious obstacles towards achieving inclusive growth. An effective minimum wage policy that targets the vulnerable bottom rung of wage earners can help in driving up aggregate demand and building and strengthening the middle class, and thus spur a phase of sustainable and inclusive growth. However, the present minimum wage system in India is extremely complex with 1,915 minimum wages defined for various scheduled job categories for

unskilled workers across various states. Despite its complex structure and proliferation of scheduled employments over time, the Minimum Wages Act, 1948 does not cover all wage workers. One in every three wage workers in India has fallen through the crack and is not protected by the minimum wage law. A chapter in the Economic Survey reviews the situation pertaining to minimum wages in India and suggests the way forward for rationalising and streamlining the policy for minimum wages.

To demystify the Survey and enable common people to access the ideas in it, the presentation of the Survey has important changes. Every chapter has an abstract and a "chapter at a glance" which enable the reader to capture the gist of the chapter. Furthermore, these have been supplemented with short, two-minute videos on each chapter where the main idea of the chapter is explained. The videos have been constructed in English and in Hindi to enable maximum number of readers to understand the Survey.

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FM SPEAKS...

“In India’s growth story, particularly in the rural economy, ‘grameen arth vyavastha’ the role of women is a very sweet story. This Government wishes to encourage and facilitate this role of women.”

“We do not look down upon legitimate profit-earning. Gone are the days of policy paralysis and license-quota-control regimes. India Inc. are India’s job-creators. They are the nation’s wealth-creators. Together, with mutual trust, we can gain, catalyze fast and attain sustained national growth.”

“The Government of India has decided to extend the pension benefit to about three crore retail traders & small shopkeepers whose annual turnover is less than 1.5 crore under a new Scheme namely Pradhan Mantri Karam Yogi Maandhan Scheme. Enrolment into the Scheme will be kept simple requiring only Aadhaar and a bank account and rest will be on self-declaration.”

“The Stand Up India Scheme has made human dignity and self-esteem go up. “Kayakave Kailasa”. The Ministry of Petroleum & Natural Gas has enabled SC/ST entrepreneurs in providing Bulk LPG Transportation. In a matter of two years over 300 entrepreneurs have emerged. Machines and robots have been deployed to do scavenging which also saved the manual scavengers their dignity.”

“To take connectivity infrastructure to the next level, we will build on the successful model in ensuring power connectivity - One Nation, One Grid. I propose to make available a blueprint this year for developing gas grids, water grids, i-ways, and regional airports.”

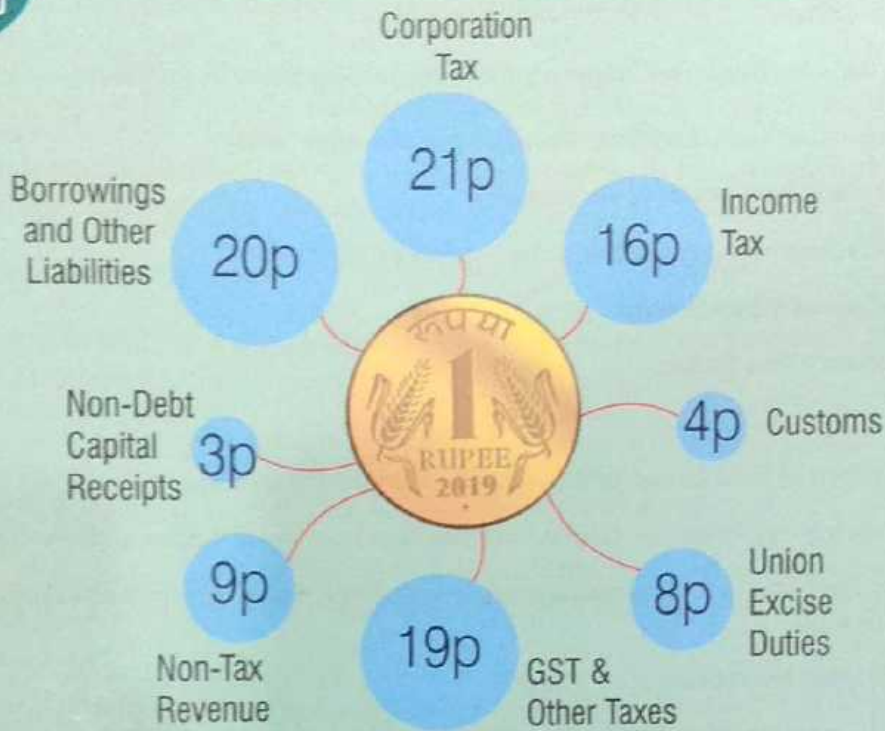
“I propose to initiate steps to create an electronic fund raising platform - a social stock exchange - under the regulatory ambit of SEBI for listing social enterprises and voluntary organizations working for social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.”

“Large public infrastructure can be built on land parcels held by Central Ministries and CPSEs. Through innovative instruments such as joint development and concession, public infrastructure and affordable housing will be taken up.”

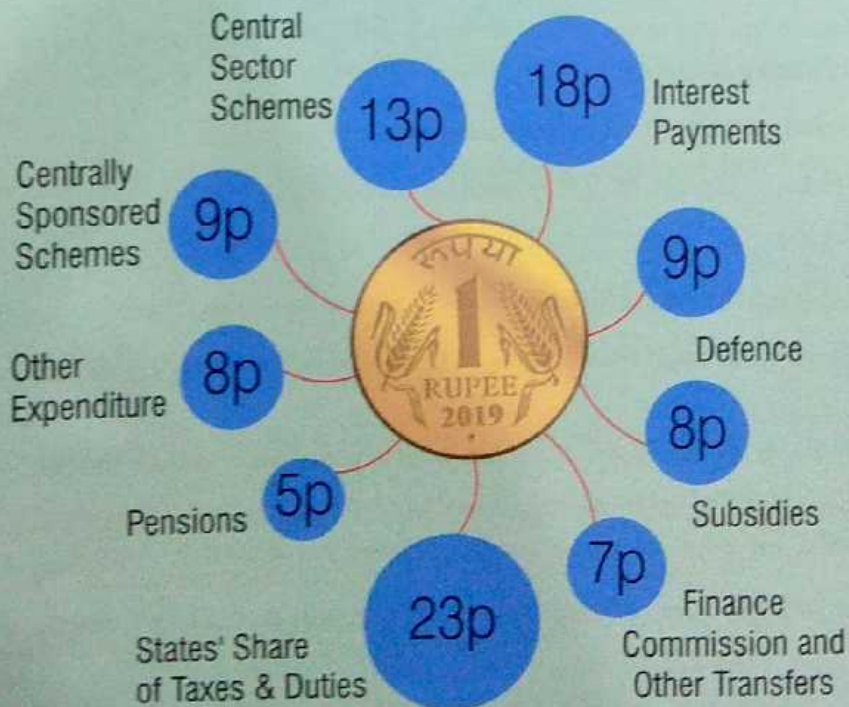


Source: www.pib.nic.in and
www.indiabudget.gov.in

Rupee comes from



Rupee goes to



Some highlights of Union Budget 2019-20

10-point Vision for the decade

- Building Team India with *Jan Bhagidari*: Minimum Government Maximum Governance.
- Achieving *green Mother Earth* and *Blue Skies* through a pollution-free India.
- Making Digital India reach every sector of the economy.
- Launching *Gaganyaan*, *Chandrayan*, other Space and Satellite programmes.
- Building physical and social infrastructure.
- Water, water management, clean rivers.
- Blue Economy.
- Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables.
- Achieving a healthy society via *Ayushman Bharat*, well-nourished women & children, safety of citizens.
- Emphasis on MSMEs, Start-ups, defence manufacturing, automobiles, electronics, fabs and batteries, and medical devices under *Make in India*.

Towards a 5 Trillion Dollar Economy

- Indian economy to become a 3 trillion dollar economy in the current year.
- Government aspires to make India a 5 trillion dollar economy.
- Need for investment in:
 - Infrastructure.
 - Digital economy.
 - Job creation in small and medium firms.
- Initiatives to be proposed for kick-starting the virtuous cycle of investments.
- Common man's life changed through MUDRA loans for ease of doing business.

Measures related to MSMEs

- Pradhan Mantri Karam Yogi Maandhan Scheme
- Pension benefits to about three crore retail traders & small shopkeepers with annual turnover less than Rs. 1.5 crore.
- Enrolment to be kept simple, requiring only Aadhaar, bank account and a self-declaration.
- Rs. 350 crore allocated for FY 2019-20 for 2 per cent interest subvention (on fresh or incremental loans) to all GST-registered MSMEs, under the Interest Subvention Scheme for MSMEs.
- Payment platform for MSMEs to be created to enable filing of bills and payment thereof, to eliminate delays in government payments.

Social stock exchange:

- Electronic fund raising platform under the regulatory ambit of SEBI.

- Listing social enterprises and voluntary organizations.
- To raise capital as equity, debt or as units like a mutual fund.
- SEBI to consider raising the threshold for minimum public shareholding in the listed companies from 25 per cent to 35 per cent.
- Know Your Customer (KYC) norms for Foreign Portfolio Investors to be made more investor friendly.
- Government to supplement efforts by RBI to get retail investors to invest in government treasury bills and securities, with further institutional development using stock exchanges.

Measures to make India a more attractive FDI destination:

- FDI in sectors like aviation, media (animation, AVGC) and insurance sectors can be opened further after multi-stakeholder examination.
- Insurance Intermediaries to get 100 per cent FDI.
- Local sourcing norms to be eased for FDI in Single Brand Retail sector.
- Government to organize an annual Global Investors Meet in India, using National Infrastructure Investment Fund (NIIF) as an anchor to get all three sets of global players (pension, insurance and sovereign wealth funds).
- Statutory limit for FPI investment in a company is proposed to be increased from 24 per cent to sectoral foreign investment limit. Option to be given to the concerned corporate to limit it to a lower threshold.
- FPIs to be permitted to subscribe to listed debt securities issued by REITs and InvITs.
- NRI-Portfolio Investment Scheme Route is proposed to be merged with the Foreign Portfolio Investment Route.
- Cumulative resources garnered through new financial instruments like Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs) as well as models like Toll-Operate-Transfer (ToT) exceed Rs. 24,000 crore.

Tax Simplification and Ease of living - making compliance easier by leveraging technology:

- Interchangeability of PAN and Aadhaar
 - Those who don't have PAN can file tax returns using Aadhaar.
 - Aadhaar can be used wherever PAN is required.
- Pre-filing of Income-tax Returns for faster, more accurate tax returns
 - Pre-filled tax returns with details of several incomes and deductions to be made available.
 - Information to be collected from Banks, Stock exchanges, mutual funds etc.
- Faceless e-assessment
 - Faceless e-assessment with no human interface to be launched.
 - To be carried out initially in cases requiring verification of certain specified transactions or discrepancies.

Ease of Living

- About 30 lakh workers joined the Pradhan Mantri Shram Yogi Maandhan Scheme that provides Rs. 3,000 per month as pension on attaining the age of 60 to workers in unorganized and informal sectors.
- Approximately 35 crore LED bulbs distributed under UJALA Yojana leading to cost saving of Rs. 18,341 crore annually.
- Solar stoves and battery chargers to be promoted using the approach of LED bulbs mission.
- A massive program of railway station modernization to be launched.

Naari Tu Narayani/Women

- Approach shift from women-centric-policy making to women-led initiatives and movements.
- A Committee proposed with Government and private stakeholders for moving forward on Gender budgeting.
- SHG:
 - Women SHG interest subvention program proposed to be expanded to all districts.
 - Overdraft of Rs. 5,000 to be allowed for every verified women SHG member having a Jan Dhan Bank Account.
 - One woman per SHG to be eligible for a loan up to Rs. 1 lakh under MUDRA Scheme.

India's Soft Power

- Proposal to consider issuing Aadhaar Card for NRIs with Indian Passports on their arrival without waiting for 180 days.
- Mission to integrate traditional artisans with global markets proposed, with necessary patents and geographical indicators.
- 18 new Indian diplomatic Missions in Africa approved in March, 2018, out of which 5 already opened. Another 4 new Embassies intended in 2019-20.
- Revamp of Indian Development Assistance Scheme (IDEAS) proposed.
- 17 iconic Tourism Sites being developed into model world class tourist destinations.
- Present digital repository aimed at preserving rich tribal cultural heritage, to be strengthened.

Digital Payments

- TDS of 2 per cent on cash withdrawal exceeding Rs. 1 crore in a year from a bank account.
- Business establishments with annual turnover more than Rs. 50 crore shall offer low cost digital modes of payment to their customers and no charges or Merchant Discount Rate shall be imposed on customers as well as merchants.

Mega Investment in Sunrise and Advanced Technology Areas

- Scheme to invite global companies to set up mega-manufacturing plants in areas such as Semi-conductor Fabrication (FAB), Solar Photo Voltaic cells, Lithium storage batteries, Computer Servers, Laptops, etc.
 - Investment linked income tax exemptions to be provided along with indirect tax benefits.

Source: PIB

Spearheading Women Empowerment

Shahin Razi, Naushin Razi

"There is no chance for the welfare of the world unless the condition of women is improved. It is not possible for a bird to fly with one wing."

- Swami Vivekananda

Nari Tu Narayani" (All women are Goddesses) has been the tradition of this country. With these words, the Union Finance Minister made a push for women empowerment in the Budget 2019-20.

Empowerment is a multi-faceted, multi-dimensional and multi-layered concept. Women 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

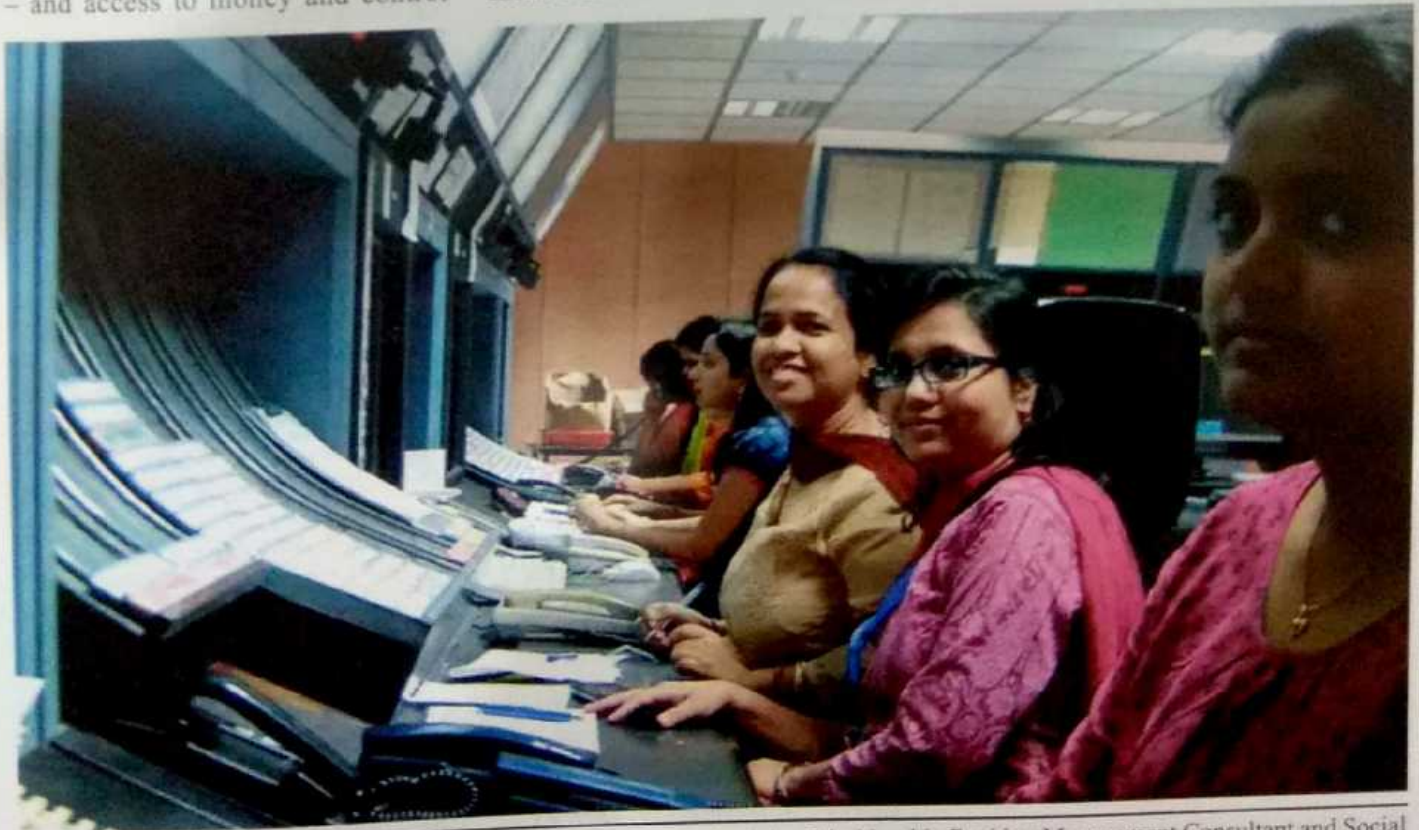
Highlighting gains in women's political participation in terms of voter turnout in the recent general election and number of women in the Parliament, the Finance Minister emphasised the shift in the Government's approach from women-centric to Women-led Initiatives ("Naari tu Narayani").

over decision-making in the home, community, society and nation and to gain "power".

The Union Budget 2019-20 is the 15th Budget to incorporate Gender Responsive Budgeting (GRB) since its adoption by India in 2005-06. GRB assumes particular significance this year as the maiden budget of Modi government 2.0 has been presented by India's first full-time female Finance

Minister, who spearheaded GRB in 2003-04 as a member of the National Commission for Women.

In several countries across the world, GRB is considered a powerful fiscal tool to back efforts towards gender equality with financial commitments. GRB is not just about resource allocation for women's programmes but the application of a gender lens to the entire budgetary exercise, keeping



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in view the different needs of women and men.

Overall, the **Gender Budget Allocation** for 2019-20 is Rs. 131,699.58 crores – an increase from Rs. 121,961.32 crore in 2018-19, remaining close to 5 per cent as a proportion of total expenditure. To say anything meaningful regarding the adequacy of the allocation would require an in-depth analysis of the utilisation of the current allocation. A positive development in the Interim Union Budget 2019-20 was that information on actual spend was introduced in the Gender Budget Statement. This is in line with the practice already followed for the rest of the Budget – a good beginning for monitoring of the gender component. The Finance Minister has proposed to form a broad-based Committee with Government and private stakeholders to evaluate GRB and suggest actions for moving forward.

Highlighting gains in women's political participation in terms of voter turnout in the recent general election and number of women in the Parliament, the Finance Minister emphasised the shift in the Government's approach from women-centric to **Women-led Initiatives ("Naari tu Narayani")**. Quoting Swami Vivekananda on the importance of women's welfare for the world, Finance Minister Ms. Nirmala Sitharaman put forth the government's belief that we can progress with greater women's participation. She further said that the role of women in India's growth story, particularly in the rural economy, is a very sweet story and that the government wishes to facilitate and encourage this role. The Economic Survey 2018-19, too, presents an interesting approach to women's economic empowerment: drawing inspiration from Nobel Laureate Richard Thaler's nudge theory and the successful behavioural change effected by the Swachh Bharat Mission and Beti Bachao, Beti Padhao campaigns, the Survey coins the slogan of BALDAV (Beti Aapki Dhan Lakshmi Aur Vijayalakshmi) to inter alia enhance the contribution of women in the workforce and economy.



NAARI TU NARAYANI



From women-centric-policy to women-led initiative



Women SHG interest subvention programme in all districts



Overdraft of ₹ 5,000 for every verified women SHG member having a Jan Dhan Bank Account



One woman in every SHG to be eligible for a loan up to ₹ 1 lakh under the MUDRA Scheme



The Union Budget set aside more than Rs. 29,000 crore for the Women and Child Development (WCD) Ministry for the next fiscal, a 17 per cent increase over the 2018-19 financial year, as part of a boost for the social services.

The total amount allocated for the sector, which includes nutrition and social security and welfare was increased from Rs. 2,551 crore in 2018-19 to Rs. 4,178 crore in the fiscal 2019-20.

The Centre's programmes of **Maternity Benefit and Child Protection Services** also got a major boost in the Budget.

The allocation for the **Pradhan Mantri Matru Vandana Yojana**

If India is to decidedly transform the gender equation, women's issues will need to form a core part of the national policy agenda and a bold campaign should be formulated and launched at the scale of recent successful initiatives, such as Swachh Bharat.

(PMMVY), a maternity benefit programme, was more than doubled to Rs. 2,500 crore from Rs. 1,200 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 was increased to Rs. 1,500 crore from Rs. 925 crore.

A sum of Rs. 29,164.90 crore has been earmarked for the WCD ministry for the next financial year, a 17 per cent increase over Rs. 24,758.62 crore allocated to it last year. A major chunk – Rs. 19,834.37 crore, is earmarked for **Anganwadi Services**. This will give further impetus to women-led development.

The project 'Beti Bachao, Beti Padhao' will get Rs. 280 crore in the current financial year.

The **National Nutrition Mission**, which strives to reduce the level of stunting, under-nutrition, anaemia and low-birth weight babies and aims to benefit 10 crore people across the country, was allocated Rs. 3,400 crore.



The allocation for the **Mahila Shakti Kendras** has been increased from Rs. 115 crore to Rs. 150 crore.

The total allocation for the centrally sponsored schemes was Rs. 28,914 crore, upto Rs. 4,400 crore from the last fiscal.

The allocation for the **National Creche Scheme** was also enhanced from Rs. 30 crore to Rs. 50 crore, to enable working women leaving their children in crèches while they are away at work.

Similarly, the allocation for **Working Women's Hostel** scheme saw an increase of over three times from Rs. 52 crore to Rs. 165 crore.

On the issue of providing **safety** for all women, the budget for **Ujjawala**, a scheme for prevention of **trafficking, rescue and rehabilitation** of the

Making a push for women empowerment, the Finance Minister proposed to strengthen Self-Help Groups (SHG), by allowing every member an overdraft of Rs. 5,000 on her Jan Dhan account, and a loan of upto Rs. 1 lakh for one woman per SHG under the MUDRA scheme.

victims, has been increased from Rs. 20 crore to Rs. 30 crore.

Similarly, the budget for **widow's homes** was increased from Rs. 8 crore to Rs. 15 crore.

Making a push for women empowerment, the Finance Minister, proposed to **strengthen Self-Help Groups (SHG)**, by allowing every member an overdraft of Rs. 5,000 on her Jan Dhan account, and a loan of upto Rs. 1 lakh for one woman per SHG under the **MUDRA** scheme. About 70 per cent of MUDRA beneficiaries are women.

The government proposes to expand the **Interest Subvention Scheme** – allowed to women SHGs to avail credit to all districts.

Mentioning how **Ujjwala** and **Saubhagya Yojanas** have made women's life easier, she mentioned that 7 crore LPG connections have been made and by 2022, "every rural family, except those unwilling to take the connection, will have electricity and clean cooking facility."

Effectively, the total budget under the Mission for Protection and Empowerment of Women was increased from Rs. 1,148 crore to Rs. 1,315 crore.

However, the budget speech did not go much beyond Mudra loans and

Stand-Up India for female entrepreneurship, **Ujjwala** for smokeless kitchens, and the **Swachh Bharat Mission** for protecting the dignity of women. A few new measures to support women **Self-Help Groups (SHGs)** were presented, such as expanding the interest subvention programme to all districts. These are important ongoing initiatives that have benefitted women in recent years.

If India is to decidedly transform the gender equation, women's issues will need to form a core part of the national policy agenda and a bold campaign should be formulated and launched at the scale of recent successful initiatives, such as **Swachh Bharat**.

Road to development cannot be travelled without the health, education and empowerment of women who form almost 50 per cent of the Indian population. A multi-directional organised approach to women 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.

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Transport Infrastructure and Connectivity

G Raghuram

While presenting the Union Budget 2019-20, the Union Finance Minister said that connectivity is the lifeblood of an economy. She stated that the Government has given a massive push to all forms of physical connectivity through Pradhan Mantri Gram Sadak Yojana, industrial corridors, dedicated freight corridors, Bharatmala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes. In many ways, these statements of the Finance Minister reflected the priorities. There was also emphasis on related domains, like digital connectivity and use of Electric Vehicles (EVs).

The positive point of this annual budget exercise over the years has been the fact that annual allocations are part of a longer term project/scheme to drive reforms and quantum development in different sectors. The above remarks of the Union Finance Minister highlighted many of such projects/schemes. For example, the rural road development allocations are part of long-term phases of the Pradhan Mantri Gram Sadak Yojana (PMGSY). This project has been one of the most successful 'yojanas' of the country. Having begun in the year 2000, the Phase 1 completion reached 93 per cent of the target 178,184 eligible habitations in March 2019, peaking at 140 kms of roads being built each day. The remaining 7 per cent are either not yet feasible or States have taken them up under other schemes. A total of nearly 6 lakh kms of all-weather roads have been constructed. The Phase 2 project started in 2013, with a focus on upgradation of Phase 1 roads

having higher volumes of traffic. It also brought in State involvement in the maintenance of roads. The Phase 3 of PMGSY has now been announced to upgrade 1.25 lakh kms of roads at an estimated cost of Rs. 80,250 crore. Digital technology is being leveraged to monitor progress of construction and maintenance requirements of roads. While the PMGSY has increasingly focused on need based road upgradation and maintenance, connectivity through services is still a challenge. Many of the habitations which have single-sided connectivity to a main road do not attract services into the habitation since service providers are not sure of the possibility of to-and-fro demand and hence the viability. Two-sided connectivity for habitations will enable service providers to go from habitation to habitation and develop viable 'through' routes.

Moving on to industrial corridors-as of now, there are five industrial

Like Bharatmala, Sagarmala is an integrated garland of projects along India's coastline. Apart from facilitating exports and imports, it is also expected to improve coastal transportation, a sector that is under leveraged. Of course, the biggest challenge of coastal transportation is the intermodal hinterland and the last mile connectivity. At an aggregate level, port capacity in India, developed significantly through private participation, has been keeping up with export-import demand.

corridors, with the Delhi-Mumbai industrial corridor having advanced the most in terms of perspective planning. The other corridors are Chennai-Bengaluru, Bengaluru-Mumbai,

Development of Infrastructure Connectivity

- Launch of India's first indigenously developed **payment ecosystem** for transport
- Enabling ecosystem for growth of **Maintenance, Repair and Overhaul (MRO) industry** for self-reliance in aviation
- Commencement of **Phase-II of FAME** Scheme to encourage faster adoption of Electric vehicles
- Jal Marg Vikas** - multi-modal terminals at Sahibganj and Haldia and navigational lock at Farakka to be completed in 2019-20
- Expansion of **Metro Rail Projects**
- Second phase of Bharatmala** to help States develop state road networks
- Public-Private Partnership (PPP) for **development of railway infrastructure**

The author is Director, Indian Institute of Management, Bangalore.



Amritsar-Kolkata and Visakhapatnam-Chennai. More than a 'corridor' focus, there seems to be a focus on nodes along or near the corridor. This reflects that perceived synergies are still among industries in a node rather than along the corridor.

Rail-based dedicated freight corridors (DFCs) are to provide the backbone transportation for the Delhi-Mumbai corridor and the Amritsar-Kolkata corridor. It should be noted that the 2016 budget had announced the Kolkata-Mumbai, Delhi-Chennai and Kharagpur-Vijayawada DFCs. The Visakhapatnam-Chennai industrial corridor would be supported in part by the Delhi-Chennai and Kharagpur-Vijayawada DFCs. This budget has addressed the Western DFC and Eastern DFC, currently under construction. This, presumably, is to focus on the completion of the two corridors.

The budget had a clear statement of policy that public-private partnerships (PPPs) would be the way to go in enabling modernisation. A total investment of Rs. 50 lakh crore until 2030 has been envisaged. It is hoped that the rail share of freight traffic in tonne kms will go up from the current 35 per cent to 50 per cent by 2032. While this is a good target to strive for an environmental perspective, it cannot happen unless there are appropriate investments and customer-oriented services.

It should be kept in mind that in almost all infrastructure sectors, it is

the service part that first gets privatised, followed by the hard infrastructure, if at all. Examples are the aviation and shipping sectors where services are primarily in private hands following which the hard infrastructure like airports and ports are moving into PPPs mode. Amongst various infrastructure sectors, railways have been falling behind in leveraging PPPs.

The road sector has seen significant experimentation and progress through the PPP route. This sector has had the benefit of incessant thrust on PPPs, exploring concepts such as tolling, non-toll income, viability gap funding, operate-maintain-transfer (OMT), toll-operate-transfer, hybrid annuity model, etc. Right from the early days in late 90s/turn of the century, the idea of a large project with long-term vision has driven the investments. It

started with the Golden Quadrilateral, followed by the National Highways Development Project (NHDP) and the more recent Bharatmala. The outlay for the Bharatmala Phase 1 is estimated at over Rs. 5 lakh crore to construct 34,800 kms of highways. The Bharatmala Phase 2 is to focus on 3,000 kms of expressways, 4,000 kms of greenfield roads and support to State Governments for their road development. While the road sector has moved along, it has also been a fertile ground for legal disputes, especially on matters related to land acquisition and environmental clearances, and subsequent time and cost overruns.

The Central Government initiatives of PMGSY and NHDP/Bharatmala have also shown the way for State Governments to add to the road network. Many States have set up State Road





Development Corporations to improve high density corridors, including through PPPs. Similarly, many States have schemes such as the Mukhya Mantri Gram Sadak Yojana (MMGSY) to add all weather connectivity to habitations with population below the PMGSY levels.

Improved road connectivity alone has been a significant driver of the GDP growth in India, given that road share of freight traffic is over 60 per cent. It has provided major benefits to the trucking industry in improving reliability of deliveries, utilisation per vehicle, confidence to leverage digital opportunities (thanks to improving digital connectivity) for supply chain visibility and enabling new age trucking companies to positively disrupt the logistics business. The focus on Electric Vehicles, with all the attendant incentives announced in this budget, is expected to bring down

pollution levels and carbon impact significantly, if adopted.

Like Bharatmala, Sagarmala is an integrated garland of projects along India's coastline. Apart from facilitating exports and imports, it is also expected to improve coastal transportation, a sector that is under leveraged. Of course, the biggest challenge of coastal transportation is the intermodal hinterland and the last mile connectivity. At an aggregate level, port capacity in India, developed significantly through private participation, has been keeping up with export-import demand.

Inland water transportation is also viewed as a big opportunity, through the Jal Marg Vikas Project. This includes development of national waterways and terminals at important locations. The challenge would be intermodal and last mile connectivity. In addition, technological challenges, such as ensuring draft on rivers and



night navigation need to be overcome to make inland waterways competitive.

In the aviation sector, after a long hiatus, PPPs in airports are back. The initial five airports (Cochin, Hyderabad, Bengaluru, Mumbai and Delhi) were done in the 2004-07 period. After many concerns related to tendering and bidding, contracts and the environment, the privatisation of airports was put on hold. We have seen activity on this front over the past couple of years, with Navi Mumbai and Mopa (Goa) being awarded. Bhogapuram (Visakhapatnam) is being reviewed by the new State Government, after the earlier Government had awarded it. Six modernised Airports Authority of India (AAI) airports have been awarded on the OMT framework to the one bidder who won all of them. PPPs are expected to improve customer service and increase the viability of airports especially through non-aeronautical income.

In terms of service connectivity, the Government has done well with the UDAN scheme which is now running into its third round where letters of intent have been issued to selected operators. Under-served airports and routes have been mainstreamed, with a combination of regulated (subsidised) and unregulated fares. The budget has also brought focus on the privatisation of Air India, the Government owned carrier which has been consistently incurring losses.

Overall, the budget has recognised the ongoing efforts and the required increase in momentum for infrastructure development. The Union Finance Minister stated that over the next five years, the successful achievement of an investment target of Rs. 100 lakh crore in the infrastructure sector would need extensive planning, monitoring, and implementation.

The critical challenges would be land acquisition, environmental clearances, leveraging PPPs and providing for intermodal and last mile connectivity. □

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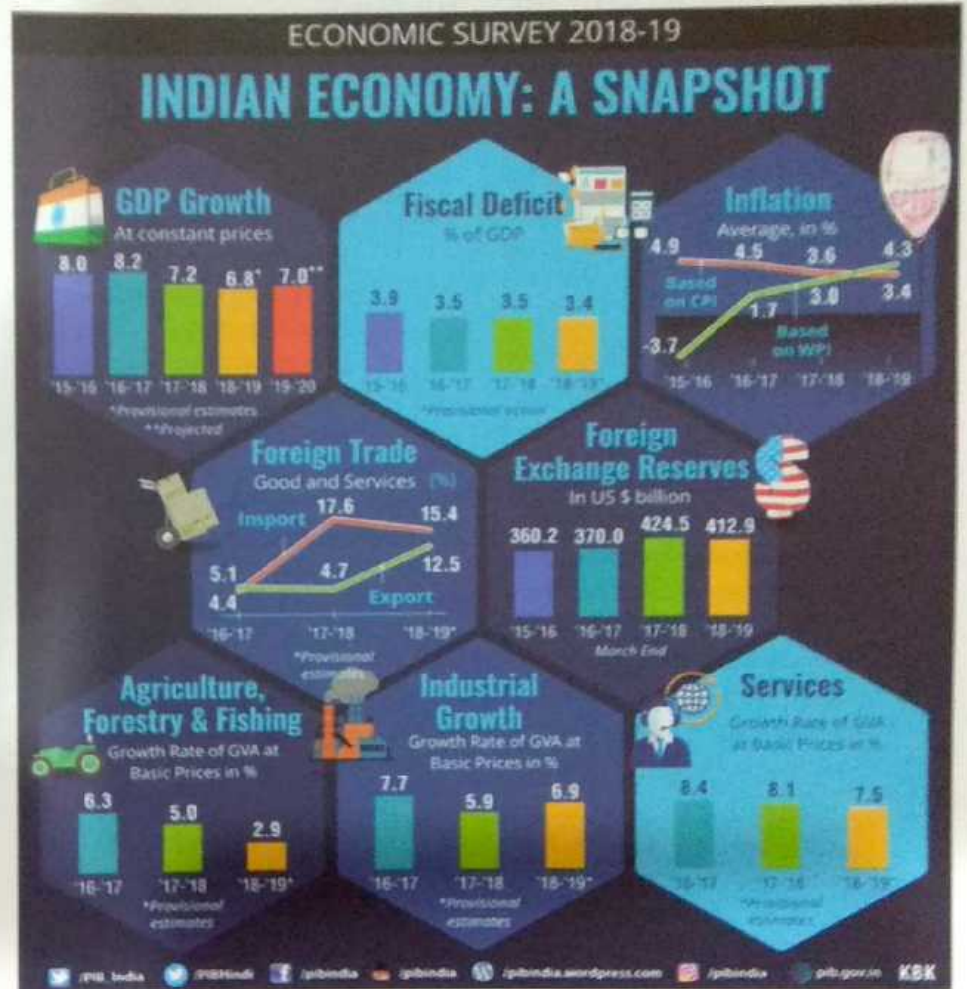
Budget 2019-20: Some Reflections

A K Dubey

Budget of the new Government was presented in the Parliament on 5th of July this year. Budget is largely a policy declaration of the Government showing its priorities, programmes and targets and the provisions to implement those programmes and steps to achieve the targets. Through various measures, Budget seeks to regulate the economy.

Before the presentation of Budget for the year 2019-20, the Economic Survey for the year was presented in the Parliament. The Economic Survey throws up certain significant figures which one has to keep in mind while attempting to understand and analyse the Budget. A few of these basic facts are summarised below:

- (a) The rate of growth of Gross Domestic Product (GDP) in the year 2018-19 has been 6.8 per cent against 7.5 per cent in 2017-18. The Budget aims at 7 per cent GDP growth rate. The average growth rate during the last five years has been 7.5 per cent.
- (b) There is a declaration of an intent to become a 5 trillion economy by 2024. This will necessitate 8 per cent rate of growth of GDP in next 5 years.
- (c) The Survey also informs that the macro economic conditions are expected to be stable during 2019-20, thanks to the structural reforms effected during the last five years.
- (d) The fiscal deficit has been at the rate of 3.4 per cent of GDP. However, if the Central



- (e) Current Account deficit has increased from 1.9 per cent in 2017-18 to 2.6 per cent in the period April to December, 2018. This has been because of higher trade deficit which rose from 162.1 billion dollars in 2017-18 to 184 billion dollars in 2018-19.

Budget: Main Points

The current year's Budget has some popular announcements and some initial measures for systemic

Budget announces an intent to invest Rs. 100 lakh crores in infrastructure in next five years. It proposes an expert committee to study, analyse and determine where the funds will come from. Therefore, the path and sources of financing infrastructure remains to be chalked out.

The author is a former civil servant. He retired as Secretary (Youth Affairs), Government of India.

improvements. A few of them are summarised below:

1. Excise and road cess on petroleum and diesel has been hiked by Rs. 1 per litre. This has caused an increase in the price of petrol and diesel.
2. Customs duties on gold and precious metals has been increased from 10 per cent to 12.5 per cent. This would make gold costlier. Despite being costlier, gold has been a significant expenditure item because of traditional preference for it. To an extent, it is price inelastic. Therefore, one can argue that the gold would, in any case, get purchased in certain quantity even if it is costlier.
3. An additional Rs. 1.5 lakh would be deductible from income tax for the spend on affordable housing (up to Rs. 45 lakhs). This is expected to give a flip to the sluggish housing sector. Budget also seeks to bring housing finance companies under the regulation of Reserve Bank of India (from National Housing Board at present).
4. Income tax too is going to see significant changes:
 - (a) Income tax liability on annual income between Rs. 2 to 5 crore has been hiked by 3 per cent and income above Rs. 5 crores has been taxed by additional 7 per cent.

There are some popular announcements also, some of which are indeed interesting, such as making Aadhaar a substitute of PAN. One would really not argue against having one unique number assigned to a person (citizen) which should have multiple applicability.

- (b) Companies with turnover up to Rs. 400 crore shall pay lower tax at the rate of 25 per cent.
 - (c) In order to increase the ease of interaction with Income Tax Department, an element of automated tax assessment has been introduced to make it a faceless interaction. Besides, there would be pre-filled tax return forms also.
 - (d) There is a new element of tax deduction at source by 2 per cent for the cash withdrawals of over a crore in a year. This is aimed at discouraging the cash transactions and at promoting cashless transactions. In an ideal situation, lesser currency in circulation and more cashless transactions would increase the velocity of money, and in turn the GDP.
5. Government is willing to consider less than 51 per cent stakes in certain PSUs. It will be decided

on case to case basis. This would mean that while taking a decision to this effect, the peculiar facts and circumstances of the company and its business would be kept in consideration. The budget envisages 1.06 lakh crores as contribution from dividends and surplus from RBI and financial institutions including disinvestment.

6. Public sector banks will get a capital infusion of Rs. 70,000 crores. Banks have been under stress because of non-performing assets and stranded assets. This capital infusion is expected to ease the stress.
7. Budget seeks to encourage the corporates of up to 400 crore by lowering the corporate tax rate to 25 per cent. For investors too, there are some incentives. The entire lump sum withdrawal from New Pension Scheme (NPS) which is otherwise limited to 60 per cent of the accumulated amount, shall be exempted from tax.
8. Long term capital gains from sale of housing property has been exempted from tax if capital gains are invested in a start-up. To facilitate this, the Sunset Clause has been extended till 31st March, 2021.
9. There is an interesting incentive for electrical vehicles which will entitle to a concession of up to Rs. 1.5 lakh on its purchase.
10. NBFCs have now been brought under RBI's pooled assets of NBFCs regulation. Further, a relief on defaults on loans in form of partial government guarantee has also been provided.
11. There are some interesting steps on the consumption side. For example, those with foreign trips and massive power bills will also get into the tax net. This means that this aims at expanding the tax base.

Keynesian wisdom suggests that at the time of stagnation and inflation, increase in Government spending will

		Key Numbers			
		(in ₹ crore)			
	2017-18 (Actuals)	2018-19 (Budget Estimates)	2018-19 (Revised Estimates)	2019-20 (Budget Estimates)	
Revenue Receipts	14,35,233	17,25,738	17,29,682	19,62,761	
Capital Receipts	7,06,740	7,16,475	7,27,553	8,23,588	
Total Receipts	21,41,973	24,42,213	24,57,235	27,86,349	
Total Expenditure	21,41,973	24,42,213	24,57,235	27,86,349	
Revenue Deficit	4,43,600	4,16,034	4,10,930	4,85,019	
Effective Revenue Deficit	2,52,566	2,20,689	2,10,630	2,77,686	
Fiscal Deficit	5,91,062	6,24,276	6,34,398	7,03,760	
Primary Deficit	62,110	48,481	46,828	43,289	

result in multiplier effect. As far as returns and investments are concerned, we do see some indications of abiding by Keynesian postulates, like intention to go for global borrowings so that the funds for investments are available in the country and Government would not be competing with the private sector.

Some General Points

There are some popular announcements also, some of which are indeed interesting, such as making Aadhaar a substitute of PAN. One would really not argue against having one unique number assigned to a person (citizen) which should have multiple applicability. Every PAN cannot become a substitute of Aadhaar but every Aadhaar can always be a substitute for PAN. That is because every Aadhaar number may not be an income tax assessee but essentially every income tax assessee will have an Aadhaar number. Then through this measure, are we heading towards Single National Identity Number for every citizen which will have multiple applicability and universal acceptability? On similar lines, Aadhaar number could substitute the Companies Directors Index Number (DIN), NPS number, EPF number etc. This may perhaps make digital linking easier.

Budget announces an intent to invest Rs. 100 lakh crores in infrastructure in next five years. It proposes an expert committee to study, analyse and determine where the funds will come from. Therefore, the path and sources of financing infrastructure remains to be chalked out.

The Budget indicates to going for borrowing from global markets. This would mean that the Government does not want to compete with private sector for funds in the domestic market. This also is an indication of the fact that Government has full confidence in the Rupee exchange rate as well as foreign exchange reserves. This, in one way is very significant because the source of finance available for investment to the entrepreneurs across the country is not unlimited. This intent of Government will add to the availability of funds

for investment. Needless to reiterate that while going for external global borrowings, the prudent commercial and financial practices will have to be adhered to.

A Budget is indicative of both the quantity of investments and the priorities of investments. Budget also indicates how should the revenue be assessed, understood, collected and allocated. A good portion of receipts has to be allocated to the various initiatives in social sector in a developing economy like ours. Besides, certain expenditure on public good including defence have to be provided for, without much option to tweak with the figures.

There is a provision for 20 per cent tax on buy back. The corporates feel that 20 per cent tax of buy back schemes of listed companies is a dampener. This will make the buyback costlier. In any case, the buyback option, being a form of disinvestment, is usually exercised by the cash rich companies. However, the size of 'buy back' in a year would determine its actual impact.

It is seen that average productivity from farm sector has been falling. The reasons are not difficult to understand. The work force that is added largely constitutes additional hands without additional skills and additional capital. So the unskilled work force gets disguised employment in the agricultural sector which subsequently reduces the marginal productivity in farm sector. Ideally, if the farm sector is employing lesser number of people, per capita productivity will go up. Further, the input cost too is a matter of concern. It is this situation which is

The Budget indicates to going for borrowing from global markets. This would mean that the Government does not want to compete with private sector for funds in the domestic market. This also is an indication of the fact that Government has full confidence in the Rupee exchange rate as well as foreign exchange reserves.

sought to be tackled by Government's initiatives of minimum support price for certain produce even though it is confined to a few States. There is no universal applicability of this because of the agro-geographic diversity. So, we can't have one size fits all approach in agricultural sector. There is a need to concentrate on higher farm productivity in its entirety which would require significant investment. For example Punjab farm productivity, can be quoted where higher productivity has had its associated problems such as salination of soil, loss of underground water etc. which have since aggravated. In order to conserve and restore soil, massive investment are required. Therefore, increased farm productivity cannot be an approach in isolation; it has to keep in consideration the consequential corrective measures and its cost. Perhaps a revisit to the farm economic imperatives has become due.

Budget usually generates arguments on the perceived priorities of the scholars and experts to put up a case that one particular sector should get more and the other should have got less. But certain objectives viz., revival of agriculture, encouragement of medium and heavy industries and expansion of services remain a common concern. But guiding the investments and returns do necessitate changes in the system such as simplification of tax procedures, simplification of GST procedures, relief and support for expansion of supply of goods and services and also for the companies which provide goods and services. Taxing consumption has been the easier way of tax collection. Direct tax forms such as Tax deduction at source is fine, but limited in its applicability and ease of business. Things like making tax assessment faceless, expanding the tax base etc. would be a positive step in this direction. Tax reforms are of course absolutely necessary without which the fiscal management will remain a difficult task. But at the same time, there is a need to address the issues emanating from Non-performing assets' financial stress, diversion of funds and consequent starvation of the sector. □

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A Railway Budget Focussed on Reforms

Shine Jacob

On July 5, when India's first full-time woman Finance Minister Smt. Nirmala Sitharaman presented her maiden Budget, the expectations from the Railways sector was on a high.

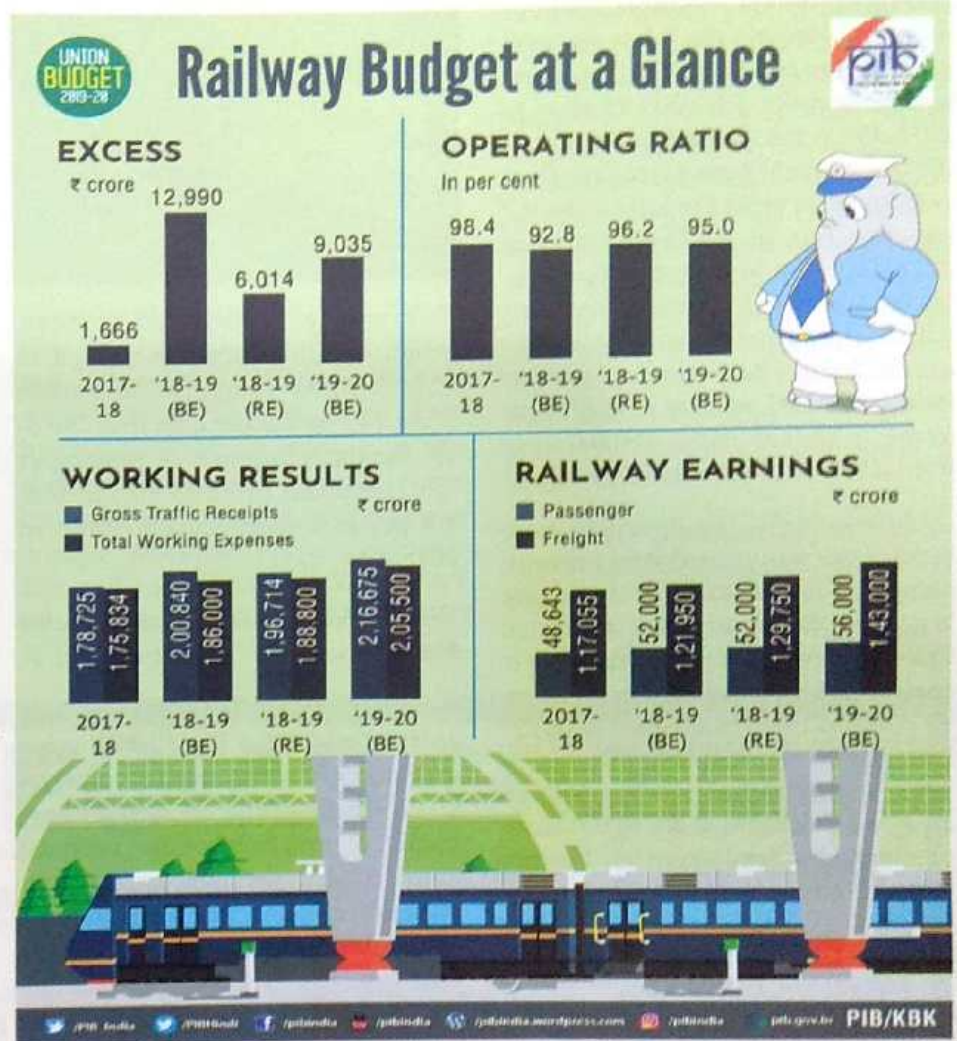
The Budget highlighted that the Indian Railways need another Rs. 50 lakh crore worth of investments in the next 11 years or by 2030. Though it may sound unrealistic for many, as this much investment may take at least three decades' time, considering the current pace of capital expenditure, the Finance Minister herself has given the answer, "raise private sector participation."

Raising The Bar

For the financial year 2019-20, the total outlay for capital expenditure is kept at Rs. 1,60,175.64 crore, up 15 per cent from Rs. 1,38,857.52 crore during the previous financial year. The Budget also estimates an all-time high government investment of Rs. 65,837 crore, posting an increase of 24 per cent over Rs. 53,060 crore that came as Budgetary Support in 2018-19. On the other hand, borrowings through Indian Railway Finance Corporation (IRFC) was kept at Rs. 55,471 crore, up from Rs. 52,297 crore in the revised estimate for 2018-19.

The key components of the CAPEX plan for the year comprised of Rs.10,500 crore that came in the form of internal resources; Rs. 83,571 crore from Extra Budgetary Resources and Rs. 267.64 crore from Nirbhaya Fund. This was compared to a lower Rs. 6,500 crore lined up as internal

The author is a journalist with Business Standard, India.



resources and Rs. 79,297.52 crore from Extra Budgetary Resources.

However, a concern for the Indian Railways is its rising staff cost that increased to Rs. 86,554.31 crore during the financial year, up by Rs. 8,758 crore, compared to Rs. 77,796.24 crore in the revised estimates

for 2018-19. This may further increase as the National Transporter is going for a massive recruitment drive. Already, the process of recruiting over 1.5 lakh candidates in various safety categories like assistant loco pilot and technicians, safety category posts of operating departments and technical departments such as civil

The major projects that are under the Railways platter include completion of 100 per cent electrification, advanced signalling, improving passenger amenities and station redevelopment.

engineering, electrical, mechanical, signal and telecommunication, in both the Level-1 and Supervisory Categories have started. In the month of February, notification for hiring another 100,000 staff in Level-1 was also issued.

During the financial year, the gross traffic receipts – including passenger, freight and other earnings – is expected to see 14.1 per cent increase and reach Rs. 2,16,675 crore, compared to Rs. 1,89,903.95 crore in 2018-19. As per the Budget document, the Government expects receipts from passenger services to increase by 9.7 per cent from Rs. 51,066.64 crore in 2018-19 to Rs. 56,000 crore this year. On the other hand, the freight services, which is the main revenue earner for the Indian Railways, may see an increase of 12.2 per cent in its receipts to Rs. 1,43,000 crore, compared to Rs. 1,27,430.08 crore in 2018-19.

Interestingly, the operating ratio for the year was pegged at 95 per cent, compared to the actual 97.3 per cent last year. Operating ratio is calculated based on how much money railways is spending to earn each rupee (spending 95 paise to earn each rupee in 2019-20). The merger with main Budget in 2017 has helped the Railways in doing away with the around Rs. 9,700 crore of annual dividend that it used to pay to the Government for gross budgetary support.

Still, private sector participation should increase multi-fold to make the Rs. 50 lakh crore target a reality. During the current year, the investments through public-private partnerships were pegged at only Rs. 28,100 crore in 2019-20. After the Budget, the Railways Minister Shri Piyush Goyal said that the Government may be open to ideas like setting-up of separate lines by private parties, if it benefits the passengers as well. "We already have partnerships with companies like Coal India and NTPC. We have to expand and fast track this," he said. The idea is to invite private participation in passenger and freight services, tracks and rolling stock manufacturing too.



In terms of physical performances, freight loading target increased to 1274 Million Tonne (MT). This is 52.61 MT or 4.3 per cent over 2018-19. Similarly, originating passengers too increased to 8593.79 million, 1.8 per cent over actuals (Prov) of 2018-19.

Where Will the Investments Come From?

Shri Goyal lined up the key areas in which the Rs. 50 lakh crore investments are going to come by 2030. His roadmap included a whole gamut of investments for regional connectivity, through government expenditure and private funding. The major projects that are under the Railways platter include completion of 100 per cent electrification,

The Railway Board has lined up at least 600 stations across the country for redevelopment, for which an overall investment of Rs. 1 trillion is expected. The authorities have already kicked off the process in many stations like Anand Vihar, Habibganj in Madhya Pradesh and Gandhinagar in Gujarat. The idea is to have airport-like facilities at railway stations too.

advanced signalling, improving passenger amenities and station redevelopment.

In addition, the focus will be on increasing the Railway's share in India's freight traffic from a mere 30 per cent to around 60 per cent by 2030. This is mainly because passengers are being heavily subsidised taking revenue from freight, making it the breadwinner of the Railways. Based on an estimate, the Railways bear ₹70 paise in cost for every 10 kilometre travel, while it charges only 36 paise to passengers.

Stressing on the importance of more private sector participation in the sector, NITI Aayog cited in a recent report that the Railway's share in the transportation of surface freight has declined from 86.2 per cent in 1950-51 to 33 per cent in 2015, due to a shortfall in carrying capacity and a lack of price competitiveness. The planned Dedicated Freight Corridors (DFCs) are likely to be game changers in increasing the freight share. Two DFCs – Eastern and Western – are expected to be commissioned by 2022 at an estimated investment of Rs. 81,459 crore. Similarly, two other DFCs – East West and East Coast – with investment of Rs. 1.23 lakh crore are also in the pipeline and may be on track by 2027. Smt. Sitharaman said that the proposed DFCs will also

mitigate the congestion in the existing rail network.

The Government is planning to go for electrification of its entire broad gauge network by 2021-22. Based on July data available with the Ministry of Railways at least 28,810 km is taken up for electrification at a cost of around Rs. 27,000 crore, out of which around 7,000 km is lined up for 2019-20. The target of new lines, gauge conversion and doubling was also increased to 3,750 km this year, up from 3,596 km in 2018-19.

On the other hand, station redevelopment is one key area where private investments are expected to come. The Railway Board has lined up at least 600 stations across the country for redevelopment, for which an overall investment of Rs. 1 trillion is expected. The authorities have already kicked off the process in many stations like Anand Vihar, Habibganj in Madhya Pradesh and Gandhinagar in Gujarat. The idea is to have airport-like facilities at railway stations too.

To improve passenger amenities, all the Railway stations (excluding halt stations) may soon be provided with Wi-Fi facilities. So far, the facility is available in 1,603 stations and balance 4,882 stations are targeted for provision by August 31, 2019 under the ambitious 100 days programme of the Government. Similarly, bringing all stations under CCTV based Surveillance System at all stations by 2021-22 is also being taken up at a rapid pace. Already 455 stations are having this facility.

One of the projects of the Prime Minister that is going to revolutionise the travel experience in India is the Mumbai-Ahmedabad High Speed Rail (MAHSR) or bullet train, which may come up at a cost of Rs. 88,000 crore. This is likely to be in place by 2023. A major portion of the proposed investment may also come for procuring and making ultra-modern trains like train 18s and train 20s and for coming up with 7500 km of very high speed rail systems. A massive plan to overhaul the

existing signalling system is also in place. This may bring in Automatic Train Protection (ATP) system using a mix of proven European Train Control System (ETCS) and an indigenous developed system to enhance safety, create additional capacity and increase efficiency in train operations.

The Budget also proposed an increased focus in suburban networks through increasing investments in the suburban networks through special purpose vehicles like rapid regional transit systems. One existing model on this is the upcoming Delhi-Meerut Regional Rapid Transit System (Delhi-Meerut RRTS) that is expected to be ready by 2025. Based on the roadmap, with a maximum speed of 160 km per hour, the distance between Delhi and Meerut may be covered in around 62 minutes once the project is commissioned.

If these plans turn a reality, the end beneficiary will be the Indian passenger. □

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YE-1201/2019

Building a New India Through Education Reforms

Alok Kumar, Sarah Iype and Urvashi Prasad

Over the last few years, major reforms have been initiated by Government of India to improve access, equity and quality in the education sector.

In the area of school education, the Government has taken significant steps to address the challenges of suboptimal learning outcomes. In higher education, the emphasis has been on setting up new premier institutions across the country, marking the highest ever such expansion in history after Independence. Moreover, there is a conscious effort at rearchitecting the higher education regulatory landscape to ensure quality without compromising the autonomy of institutions.

The Government has also recently put out a draft of the National Education Policy which aims to systematically transform school and higher education in the public domain for comments.

Further, financial allocations for education have evolved over the years. Since the Millennium Budget in the year 2000, spending on education has increased around 17-fold from Rs. 5,635 crore to Rs. 94,853.64 crore in Union Budget 2019-20¹ (Figure 1). Of the total education budget, Rs.56,536.63 crore has been allocated for school education while Rs. 38,317.01 crore has been dedicated for higher education. This represents a 12.8 per cent Year-on-Year (Y-o-Y) increase in FY20 for school education and a 14.3 per cent Y-o-Y rise in budgetary allocation for higher education.

School Education

Flashback to 20 years ago, Governmental policy focused on ensuring that every child has access

Alok Kumar is Adviser (HRD), Sarah Iype is Young Professional and Urvashi Prasad is Public Policy Specialist, NITI Aayog, Government of India.

#BudgetForNewIndia

YOUNG INDIA



New Education Policy to transform India's Higher Education System to one of the best global education systems



Creation of **National Research Foundation** to fund, co-ordinate and promote research



'**Study in India**' Program to help India attract foreign students to make India a global Higher Education Hub



Setting up '**Higher Education Commission of India**' to promote greater autonomy and focus on academic outcomes



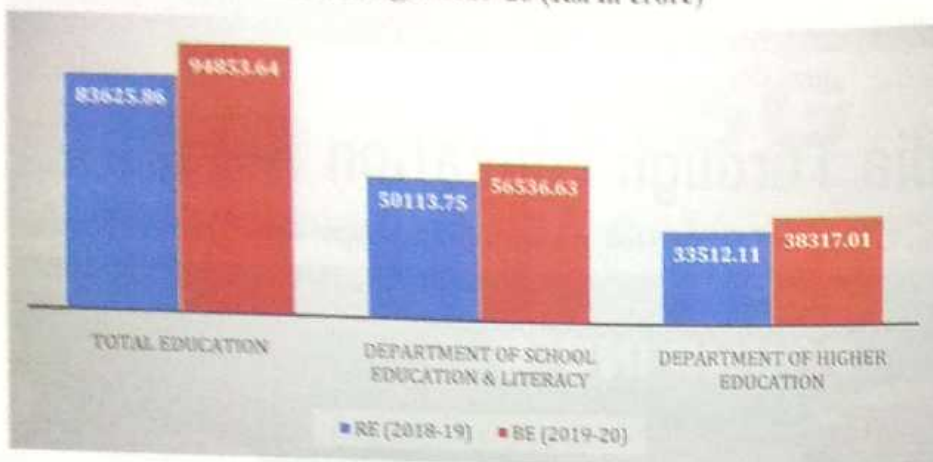
Setting up of **National Sports Education Board** for development of sportspersons under Khelo India Scheme

to a school. Initiatives to promote Education for All included the launch of the *Sarva Shiksha Abhiyan*, the passage of the Right to Education Act and the scaling up of Mid-Day Meal Schemes. These efforts have yielded success. Gross Enrolment

Ratio pan-India touched an impressive 99.89 per cent at the primary level in 2014-15. Currently, the Indian school education landscape includes around 15 lakh schools with 89 lakh teachers, catering to a population of over 25 crore students.

As highlighted by the Union Finance Minister in her Budget Speech 2019-20, the Higher Education Commission of India (HECI) legislation has been drafted for repealing the UGC Act, 1956. The legislation proposes to completely overhaul the regulatory framework governing higher education; moving from an intrusive, fragmented, input-based regulatory system to a more open, outcome and accreditation-based regulatory system.

Figure 1: Allocation for the Education Sector in Union Budget 2019-20 (Rs. in crore)



In the education budget for 2019-20, around 60 per cent has been earmarked for school education including the National Education Mission and the Mid-Day Meal programme (Figure 2). While the allocation for the National Education Mission has seen an increase of 18.2 per cent compared to RE 2018-19, the allocation for the mid-day meal programme has risen by 10.5 per cent from the previous financial year's revised estimates. Despite the increase in absolute spending on the sector, challenges are visible in terms of disparities across geography and demography.

While public expenditure and policy efforts have translated to an improvement in input metrics, they have not resulted in a commensurate increase in learning outcomes. Annual Status of Education Report (ASER) data has consistently showed enrolment over 95 per cent over the last 10 years in primary education. The number of schools with toilets has doubled reaching 66.4 per cent in 2018. However, the percentage of children in Std. III who can read a Std. II level text has increased only by around 6 per cent; from 21.6 per cent in 2013 to 27.2 per cent in 2018. In short, while India has witnessed a schooling revolution, a learning revolution is the need of the hour.

Consequently, the focus of the Union Government has shifted to improving the delivery of quality education, which also constitutes

Research output and citations are pivotal for building world-class institutions. The Government has therefore taken various measures for the promotion and growth of research in the country including establishing Institutions of Eminence, creating centres of excellence and encouraging public-private R&D partnerships, among others.

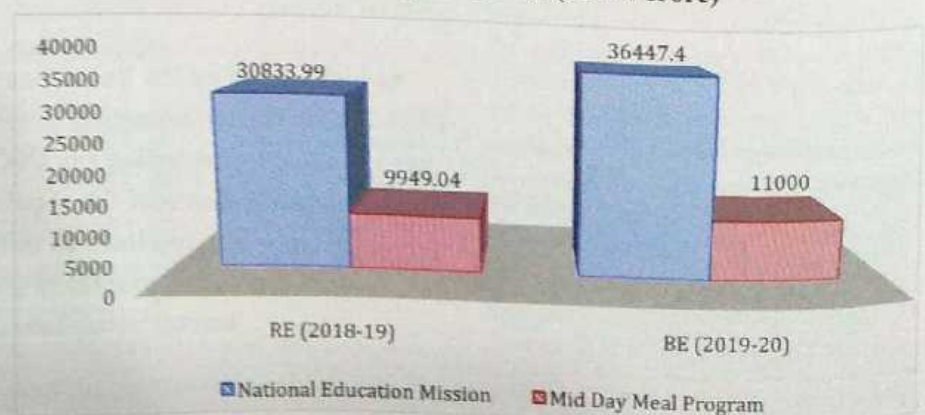
the fourth goal of Sustainable Development. The draft National Education Policy envisions an *'India centered education system that contributes directly to transforming our nation sustainably into an equitable and vibrant knowledge society, by providing high quality education to all'*. A distilled focus

on strengthening early childhood education, foundational literacy and numeracy, curricular reform as well as governance and teachers is critical to building a New India.

Various initiatives towards realising this vision are being undertaken. First, the Union Budget 2018-19's proposal to integrate education facilitated the launch of the *Samagra Shiksha* to holistically harmonize the sector from pre-school to Std. 12. This initiative, which amalgamates various schemes such as the *Sarva Shiksha Abhiyan* and the *Rashtriya Madhyamik Shiksha Abhiyan*, among others, is likely to facilitate greater convergence among education departments and implementation mechanisms across all layers of the Government.

NITI Aayog and the Ministry of Human Resource Development (MHRD) have identified a key set of indicators to evaluate and consistently monitor the performance of States/UTs in school education. These indicators cover critical domains such as learning outcomes, access, equity, infrastructure and governance. A regular analysis of such performance will be presented via MHRD's Performance Grading Index (PGI) and rankings in NITI Aayog's School Education Quality Index. This monitoring mechanism will help State/UT Education Departments to identify areas of strength and weakness as well as undertake requisite policy reforms or course corrections. Performance-linked funding as envisioned in the

Figure 2: Allocations for Key Initiatives in School Education in the Union Budget 2019-20 (Rs. in crore)





Ministry's maiden PGI report will be critical to incentivizing States/UTs in bringing tangible changes focused on improving outcomes.

NITI Aayog is driving systemic transformation through academic and administrative reforms in its Sustainable Action for Transforming Human Capital in Education (Project SATH-E). This project, implemented in partnership with the State Governments of Jharkhand, Odisha and Madhya Pradesh, is transforming the school education ecosystem by ensuring effective school units through State-wide learning enhancement programmes, school consolidation and mergers, teacher rationalisation, organisational restructuring, as well as enhancing transparency and accountability in the system through digital innovation. A diagnostic done in each State has helped formulate a customised roadmap with targeted interventions. SATH-E's 'Theory of Change' along with its challenges and successes will be documented and disseminated as scalable models that can be taken up across the country.

The decision by India to participate in the Programme for International Students Assessment (PISA) in 2021; the move to revamp one of the world's largest Management Information Systems (Unified District Information System on School Education) towards collecting data in real-time as well as

multiple innovative interventions being undertaken at the grassroots levels are strong signs that the country is taking the right steps towards ensuring the success of our school system. These reforms will help build a New India, where every teacher delivers effective and engaging lessons; every child is in a school which fosters joyful learning and critical thinking and every school is equipping our citizenry with future-ready skills to navigate and succeed in a continuously evolving world.

Higher Education

India's higher education sector is grappling with a twin burden of expanding access to cater to the ever-growing aspirations of youth while maintaining quality to ensure graduates become a part of the productive workforce.

India now has 864 university-level institutions, 40,026 colleges and 11,669 stand-alone institutions.² The number of university-level institutions has grown by about 25 per cent and the number of colleges by about 13 per cent in the last five years. India's higher education GER (calculated for the age group, 18-23 years) increased from 11.5 per cent in 2005-06 to 25.2 per cent in 2016-17. However, we lag behind the world average of 33 per cent and that of comparable economies, such as Brazil (46 per cent) and China (30 per cent). Further,

quality remains a challenge as does employability of graduates.

In order to increase the enrolment in higher educational institutions, various steps have been taken including issuing of new University Grants Commission regulations for Open and Distance Learning that allow the entry of reputed institutions for offering education in the distance learning mode and the expansion of centrally funded institutions.

Additionally, State Governments are being encouraged to set up institutions through the *Rashtriya Uchchatar Shiksha Abhiyan* (RUSA). The key components of the scheme include upgradation of autonomous colleges to universities, clustering of colleges for setting up a University, establishing new professional colleges in underserved areas and providing infrastructure grants to Universities and colleges for ramping up capacity. Quality enhancement has been prioritized during the second phase of RUSA (2017-20) along with addressing concerns of access and equity in the aspirational districts identified by NITI Aayog.

The Government has also undertaken reforms in the **National Assessment and Accreditation Council (NAAC)** as part of which accreditation of higher education institutions has been made mandatory. Crucially, the reforms signal a departure from an intrusive system to a more enabling, mixed method of assessment and accreditation. Additionally, greater emphasis has been placed on self-assessment, data gathering and validation by third-party evaluation as well as objective peer review.

Further, an autonomous and self-sustaining National Testing Agency has been established to conduct entrance examinations for higher education institutions thereby relieving agencies like the Central Board of Secondary Education from their responsibility of conducting entrance examinations as well as ensuring greater standardisation and

reliability in the methodology for assessing students.

In another major reform, a three-tiered graded autonomy regulatory system has been initiated, with the categorisation of institutions as per their accreditation score by the NAAC or other empaneled accreditation agencies or by their presence in reputed world rankings. Category I and Category II Universities will have significant autonomy. Similarly, the University Grants Commission has also issued new regulations for granting autonomy based on accreditation scores for colleges. These colleges will have the freedom to conduct examinations, prescribe evaluation systems and even announce results but are not allowed to grant degrees.

On a similar theme, the IIM Bill was passed by both the houses of Parliament on 19 December, 2017, to provide greater autonomy to the Indian Institutes of Management (IIMs) and strengthen their position as institutions of excellence. As per the provisions of the Bill, IIMs will be instituted as body corporates and governed by a Board also comprising alumni. The Board will have the authority to take decisions with respect to administration, curriculum design and granting of degrees. With the passage of the Bill, IIMs will also be able to award MBA degrees instead of diplomas.

As highlighted by the Union Finance Minister in her Budget Speech 2019-20, the Higher Education Commission

of India (HECI) legislation has been drafted for repealing the UGC Act, 1956. The legislation proposes to completely overhaul the regulatory framework governing higher education; moving from an intrusive, fragmented, input-based regulatory system to a more open, outcome and accreditation-based regulatory system.

In the recent past we have seen the inclusion of three institutions from India in the QS World University Rankings (IIT Bombay, IIT Delhi and IISc), an achievement which has eluded us thus far. A sum of Rs. 400 crore has been allocated for the development of "World Class Institutions" in the 2019-20 financial year, a substantial increase from the Rs. 128.90 crore allocated in the 2018-19 RE (Figure 3).

Furthermore, a programme called 'Study in India' has been implemented to attract foreign students to higher educational institutions and make India a "hub of higher education." The Global Initiative of Academic Networks has also been developed for encouraging international scholars to pursue visiting professorships in Indian universities.

Finally, research and innovation has been given due priority in the Union Budget 2019-20, with an allocation of Rs. 608.87 crore compared to Rs. 243.6 crore in RE 2018-19. Research output and citations are pivotal for building world-class institutions. The Government has therefore taken various measures for the promotion and growth of research in the country including establishing Institutions of Eminence,

creating centres of excellence and encouraging public-private R&D partnerships, among others. In this year's budget speech, the Union Finance Minister has announced a National Research Foundation (NRF) for funding, coordinating and promoting research in India. NRF will assimilate the research grants being given by various Ministries, independent of each other, thereby reducing the duplication of effort and expenditure as well as allowing us to focus on the thrust areas relevant to our national priorities.

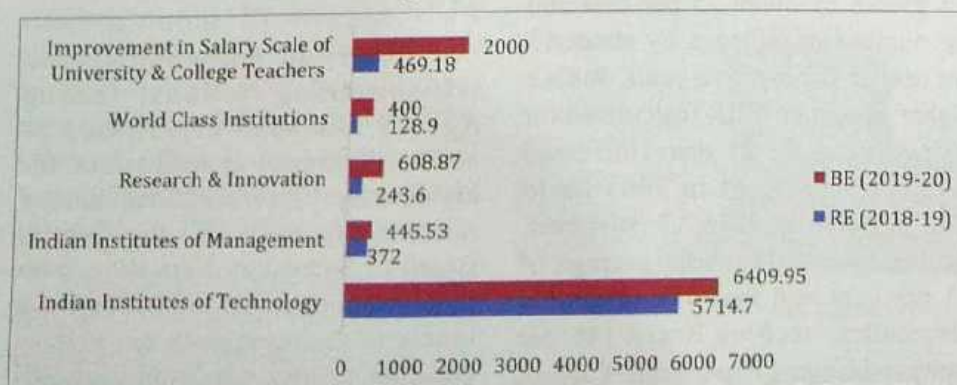
Successive national policies have accorded due importance to the education sector in charting India's development trajectory. Education is well placed to build sound foundations for sustainable development, evidenced by its evolution through constitutional and legislative reform, Union and State schemes, key budgetary announcements, and carrying a third of the weightage, along with health, under the Transformation of Aspirational Districts Programme, towards its implementation. Its presence in the concurrent list highlights the symbiotic role that the Centre and States must play in deciding learning priorities, while allowing federal units the freedom to further their fortunes. The latest Draft National Education Policy actualises a synthesis of historic developmental discourse which the education sector inherits, necessitating a collaborative approach across all levels of the federal structure, focused on improving the utilisation and effectiveness of expenditure on education. Translating policy to observable outcomes would require holistic alignment, catalysing the New India vision into will and action.

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Figure 3: Allocations for Key Initiatives in Higher Education in the Union Budget 2019-20 (Rs. in crore)



Towards Farmers' Welfare

Jagdeep Saxena

In the Union Budget (FY 2019-20) farmers' welfare and agriculture got a record boost both in terms of financial allocations and vision for transformation. The Government reiterated its commitment to double farmers' income by 2022 by enhancing support to ongoing schemes, initiating new schemes and introducing a series of measures that help to raise socio-economic status of the farming community. While presenting the Budget, Finance Minister Smt. Nirmala Sitharaman, expressed the intent of the Union Government by saying, that at the centre of everything that we do, we keep *gaon, garib or kisan* (village, poor and farmer). In tune with this statement, the Budget proposals responded well to the aspirations of farmers and also initiated processes to transform the agriculture sector.

Positive Allocation for Prosperity

Total allocation for agriculture and allied sector have been enhanced to Rs. 1,51,500 crore over the earlier allocation of Rs. 86,600 crore (revised Budget estimate in FY 19). This leap is mainly due to huge allocation of Rs. 75,000 crore to the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN). This unique scheme provides direct cash assistance to farmers to the tune of Rs. 6,000 to each farmer in three equal installments during a year. Cash assistance is likely to boost local income and consumption in rural areas, giving way to economic growth. But the allocation to agriculture does not include fertiliser subsidy, which now stands at Rs. 80,000 crore with an increase of nearly 14 per cent.

#BudgetForNewIndia

"GAON, GAREEB AUR KISAN"





-  **Pradhan Mantri Matsya Sampada Yojana** to establish robust fisheries management framework to address critical gaps in value chain
-  **Dairying through Co-operatives** to be encouraged by creating infrastructure for, milk procurement, processing and marketing
-  **Creation of 10000 new Farmer Producer Organizations** to ensure economies of scale for farmers over next 5 years
-  **Innovative pilots of "Zero Budget Farming"** to be replicated across the country for doubling farmers income

Allocation to various core and central schemes involving crops, livestock and fishery and also price interventions including Minimum Support Price (MSP) for crops (other than wheat and paddy) have been given a boost by 6 to 50 per cent increase in budgetary provisions. To enhance the positive impact of interest subsidy, it has been raised to Rs. 18,000 crore, a net increase of 20 per cent over last year. This assistance is applicable to all the short-term credits to farmers.

In a bid to strengthen rural infrastructure, the Budget has allocated Rs. 19,000 crore for rural roads, a jump of 22.5 per cent over the expenditure in the previous year. Better road connectivity facilitates easy access to markets and helps diversification of agriculture. The Finance Minister emphasised that to accelerate the speed of achieving universal connectivity of eligible habitations, the target was advanced from 2022 to 2019. Besides construction of new roads,

Besides construction of new roads, Pradhan Mantri Gram Sadak Yojana-III (PMGSY-III) envisages to upgrade 1.25 lakh km of road length over the next five years with an estimated cost of Rs. 80,250 crore.

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Pradhan Mantri Gram Sadak Yojana-III (PMGSY-III) envisages to upgrade 1.25 lakh km of road length over the next five years with an estimated cost of Rs. 80,250 crore. Committed to the agenda of sustainable development, 30,000 km of PMGSY road have been built using Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprints. Along with rural roads, Government has also increased allocation under Pradhan Mantri Krishi Sinchai Yojana (PMKSY) to the tune of 17 per cent. This scheme, launched in 2016, has made significant progress in expansion of irrigated areas by supporting and accelerating major and medium irrigation projects and promoting other measures, such as micro-irrigation, watershed development and harnessing of traditional water bodies.

Boost to Business

Electronic National Agriculture Market (e-NAM) was launched in 2016 with a view to ensure best market price to farmers for their produce. This year, Government proposes to work with State Governments to implement e-NAM mechanism in such a way that farmers can take full benefit of it. The Finance Minister said that the Agriculture Produce Marketing

Cooperatives Act (APMC) should not hamper farmers from getting a fair price for their produce. Ease of doing business and ease of living, both should apply to farmers too, she said. To ensure economies of scale for farmers, it is proposed to form 10,000 new Farmer Producer Organizations (FPOs) over the next five years. FPOs are basically farmer-oriented companies that follow a B2B model for marketing of their produce according to policy and process guidelines of Ministry of Agriculture. FPOs enable farmers to enhance productivity through efficient, cost-effective and sustainable resource use and realise higher returns for their produce. In many states, FPOs have recorded grand success, as such, enhancement in its numbers is a right step for augmenting sustainable livelihood for farmers.

Further, the Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI) aims to set up more common facility centres to facilitate traditional industries sector. Government has identified Bamboo, Honey and Khadi industries for cluster development to make such traditional ventures more productive, profitable and for generating sustained employment opportunities. SFURTI scheme aims to set up 100 new clusters

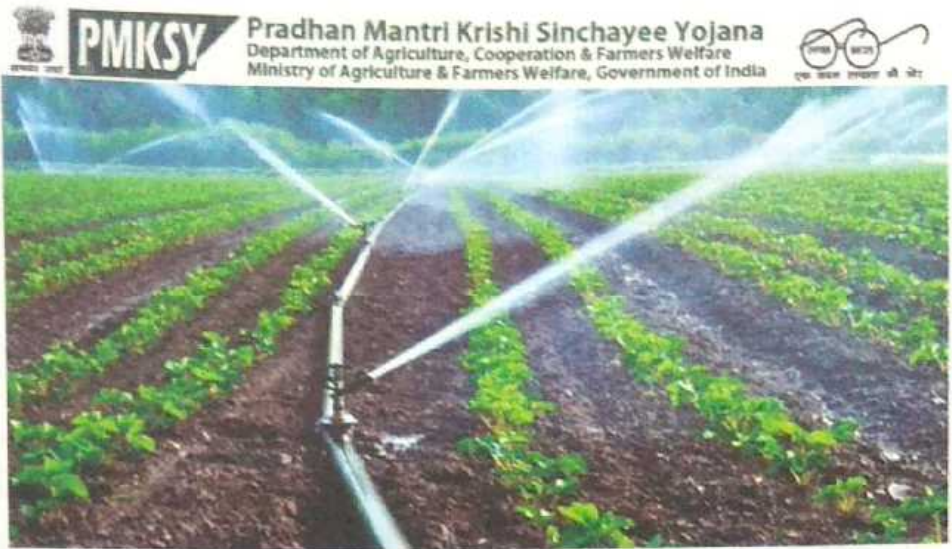
during 2019-20 in which 50,000 rural artisans will receive a hand-holding from Government in the form of capacity development and market support. Very soon, rural artisans will be a part of economic value chain. Additionally, to infuse elements of science and technology in these industries, Government proposes to strengthen scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) to set up 80 livelihood Business Incubators and 20 Technology Business Incubators during 2019-20. The initiative is likely to develop 75,000 skilled entrepreneurs in agro-rural industry sectors. These measures will promote growth and development of Medium, Small and Micro Enterprises (MSME) in rural areas, especially in agro-processing sector. At present, the growth rate of food processing sector is stagnating at about 1 per cent, but according to experts, a growth rate of more than 3 per cent will help in agricultural transformation. Recent initiatives proposed in the Budget will have a favourable impact on the agri-food sector.

Attracting Investments

Government has realised that like other sectors, agriculture also requires

substantial investment from the corporate world. At present, only 14 per cent of gross value added in agriculture is invested in the sector. This includes 78.01 per cent investments by farmers, 19.4 per cent by public sector and a dismal 2.5 per cent by private sector. Hence, Finance Minister in her Budget speech stated that the Government will support private entrepreneurship in driving value-addition to farmers' produce from the field and for those from allied activities, like bamboo and timber from the hedges and for generating renewable energy. "Annadata (Farmers) can also be Urjadata (energy provider)", she said. In this regard, Government has already taken initiatives by launching a specific scheme Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM) in March, 2019. The scheme envisages solarisation of agriculture pumps and installation of solar power plants (500 KW to 2 MW) on the barren or agriculture lands of individual farmers/cooperatives/panchayats/FPOs. The scheme would provide extra income to farmers by giving them an option to sell surplus power to the grid. Besides, it will help abatement of air pollution and would generate employment at local level.

Dairy is another sector in which private sector and cooperatives can play a central role in enhancing income of farmers. A large number of entrepreneurs, especially youth, are taking up dairy as a full-time profession for livelihood, and also creating employment opportunities in sub-urban or rural areas. Hence, Government has proposed to encourage dairy through cooperatives by creating infrastructure for cattle food manufacturing, milk procurement, processing and marketing. Similarly, fisheries have been identified as a critical sector to push up rural prosperity, especially in coastal areas. "Fishing and fishermen communities are closely aligned with farming and are crucial to rural India", observed Finance Minister in her Budget speech. It is proposed to launch a focused scheme, the Pradhan Mantri Matsya Sampada



Yojana (PMMSY), to establish a robust fisheries management framework. The comprehensive scheme will address critical gaps in the value chain, including infrastructure, modernisation, traceability, production, productivity, post-harvest management and quality control. Union Government has already created an exclusive Ministry of Animal Husbandry, Dairying and Fisheries to promote these sectors with more resources and attention. Livestock act as "livelihood insurance" in case of weather anomalies and adversities when crops fail to generate income.

Back to Basics

As a first, Government has shown intent and desire to promote Zero Budget Farming, which has become popular now in some States. "We shall go back to basics on one count: Zero Budget Farming", said Finance Minister in her Budget speech and also underlined the need to replicate this innovative model through which, in a few states, farmers are also already being trained in this practice. Karnataka, Himachal Pradesh, Kerala, Uttarakhand, Chhattisgarh and Andhra Pradesh have already adopted the method which needs less water, lower input costs, yet gives higher yields. Shri Subhesh Palekar, a Padma Shri awardee and 70 year old farmer from Vidarbha, is a pioneer of this unique technique which he calls Zero Budget Natural Farming (ZBNF). ZBNF promises to drastically cut production costs as most of the inputs are drawn

from natural resources. 'Zero Budget' does not mean that farmer is going to have no costs at all, but rather that any costs will be compensated for by income from intercrops or other resources of additional income. With due recognition and promotion from Union Government, ZBNF is likely to create a wave across the country.

After pulses, now Government is focusing its attention to increase production and productivity of oilseeds. With concerted efforts, the country has already become self-sufficient in pulses, saving valuable foreign exchange that was earlier incurred on import of pulses. In oilseeds, the country witnessed 'Yellow Revolution' during 1990s but soon it faded away due to various agrarian factors and policy issues. With the budgetary proposal to enhance productivity of oilseeds, we are again on the path of self-sufficiency in oilseeds. "Our import bill shall be reduced by their (Farmers) Seva", hoped the Finance Minister.

Union Budget with its proposal to invest widely in agricultural infrastructure and support to private entrepreneurship has fast forwarded farmers' welfare to chase the goal of doubling farmers' income by 2022. Along with, a fresh impetus has been given to revive the rural economy. All these measures are expected to bring cheer on the faces of farmers and help reduce the agrarian distress. □

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Welfare and Empowerment of Marginalised Through Budgetary Interventions

The Prime Minister, has visualised that “In the last five years our government has taken several steps to empower the poor, farmers, Scheduled Castes, oppressed and the down-trodden. In the next five years this empowerment will make them the powerhouse of development. . . . This is a Budget that will enrich the country and make its people more empowered. The poor will get strength and the youth a better tomorrow from this Budget.”

The theme of Ek Bharat Shresht Bharat is prime focus of the Government to achieve inclusive growth with agenda of ‘no one left behind’ in the area of development. The current Government has clearly visualised the development with following visions to make it real:

- Building physical and social infrastructure;
- Digital India reaching every sector of the economy;
- Pollution free India with green Mother Earth and Blue Skies;
- Make in India with particular emphasis on MSMEs, Startups, defence manufacturing, automobiles, electronics, Fabs and batteries, and medical devices;
- Water, water management, clean rivers;
- Blue Economy;
- Space programmes, Gaganyaan, Chandrayan and Satellite programmes;

- Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables;
- Healthy society – Ayushman Bharat, well-nourished women and children. Safety of citizens;
- Team India with Jan Bhagidari. Minimum Government Maximum Governance.

Article 46 of the Constitution states that, “The State shall promote, with special care, the education and economic interests of the weaker sections of the people, and, in particular of the Scheduled Castes and Scheduled Tribes, and shall protect them from social injustice and all forms of social exploitation.”

As mandated in the Constitution, every successive Government strives to ensure inclusive development of weaker sections. Weaker sections are the sections which are included in the Schedules of the Constitution under Article 341 and 342. Castes/communities included in the list of Other Backward Classes, and the six Religious Minorities viz. Muslims, Christians, Sikhs, Buddhists, Jains and Parsis (Zoroastrians).

The Union Government and States have obligation to earmark funds and ensure welfare and development opportunities for SCs, STs, Women and Children through Gender Budgeting, Budgeting for Children and budgetary allocations for SCs and STs. The Union Government in its Full Budget 2019-20 has allocated Rs. 81340.74 crore for Scheduled Castes Sub-Plan, Rs. 52884.82 crore for Tribal Sub-Plan, Rs. 136934.10 crore for Women empowerment and Rs. 91644.29 crore for welfare of Children.

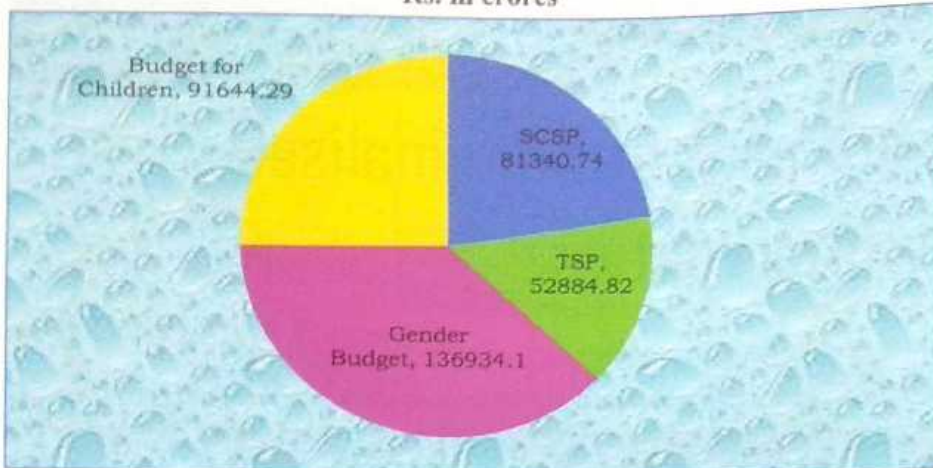
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In addition there are certain social groups which need Government interventions such as Persons with Disabilities, Senior Citizens, Transgender Communities and De-Notified, Nomadic and Semi Nomadic Communities.

There has been visible impact on the socio-economic indicators with respect to SCs, STs and others. For instance, rural poverty ratio amongst the SCs, which was 53.5 in 2004-05, has decreased to 31.5 in 2011-12. In case of STs rural poverty ratio has decreased from 61.18 in 2004-05 to 45.3 in 2011-12. Literacy rate amongst SCs was 21.38 per cent in 1981, but has increased significantly to 66.07 per cent in 2011. Similarly for STs in the corresponding period, has increased from 16.35 per cent to 58.96 per cent.

The Union Government and States have obligation to earmark funds and ensure welfare and development opportunities for SCs, STs, Women and Children through Gender Budgeting, Budgeting for Children and budgetary allocations for SCs and STs. The Union Government in its Full Budget 2019-20 has allocated Rs. 81340.74 crore for Scheduled Castes Sub-Plan,

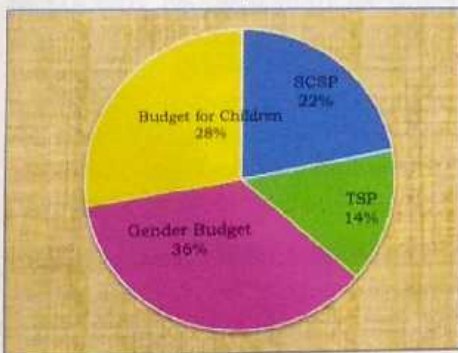
Chart: 1 Budget Allocation for Marginal Section in 2019-20
Rs. in crores



Source: Union Budget; Expenditure profile 2019-20

Rs. 52884.82 crore for Tribal Sub-Plan, Rs. 136934.10 crore for Women empowerment and Rs. 91644.29 crore for welfare of Children. The total amount allocated in the Financial Year 2019-20 for marginal sections is Rs. 229289.94 crores.

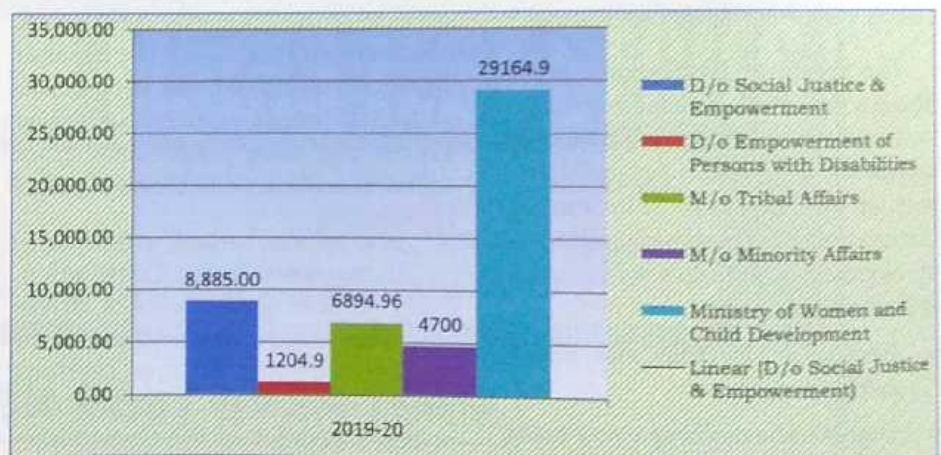
Chart: 2 Percentage of amount spent/allocated for social groups in last 6 years



Source: Union Budget; Expenditure profile 2014-15 to 2019-20

The present Government over the last six years of its tenure has incurred expenditure/allocated Rs. 288279.4 crore for Scheduled Castes Sub-Plan, Rs. 188839.7 crore for Tribal Sub-Plan,

Chart: 3 Indicates the amount allocated for the nodal ministries in the Union Budget 2019-20



Source: Union Budget; Expenditure profile 2019-20

Table-1 Actuals RE and BE for marginal groups in the last six years of present Government

Ministry/Deptt.	Actual Expenditure incurred				RE	BE	Grand total in six years
	2014-15	2015-16	2016-17	2017-18			
Scheduled Castes Sub-Plan	30035.07	30603.70	34333.67	49492.31	62473.86	81340.74	288279.4
Tribal Sub-Plan	19920.72	21216.54	21810.56	31913.72	41093.33	52884.82	188839.7
Gender Budget	79257.87	96331.83*	71817.96*	92883.74	125531.58	136934.10	434607.3
Budget for Children	64635.09*	66248.62*	117221.47	70705.81	81235.63	91644.29	360807.2
Year wise total funds for Social Inclusion	129213.7	51820.24	173365.7	244995.6	310334.4	362804	1272534

* RE of the concerned Financial Year

Source: Union Budget; Expenditure profile 2014-15 to 2019-20

Rs. 434607.3 women empowerment and Rs. 360807.2 crore for welfare and development of Children in total Rs. 1272534 crore has been spent or allocated for various schemes being implemented for marginal sections of India.

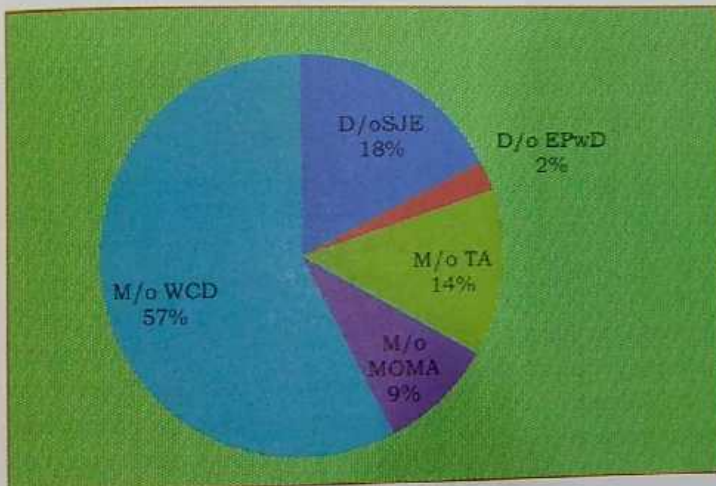
The Nodal Ministries dealing with marginal groups viz. Ministry of Social Justice and Empowerment has allocated Rs. 8.885 crore, while the Department of Empowerment of Persons with Disabilities has allocated Rs. 1204.90 crores; Ministry of Tribal Affairs has allocated Rs. 6894.96 crore; Ministry of Minority Affairs has allocated Rs. 4700 crore and Ministry of Women and Child Development has allocated Rs. 29164.90 crore; in the Financial year 2019-20 for inclusive development of their target groups.

Table: 2 Funds spent for weaker sections between 2014-15 to 2017-18 and RE&BE for 2018-19 and 2019-20

Ministry/Deptt.	Actual Expenditure incurred				RE	BE	Grand total in six years
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
D/o Social Justice & Empowerment	5330.95	5752.74	6516.09	6747.02	9963.25	8,885.00	43195.05
D/o Empowerment of Persons with Disabilities	337.84	554.97	772.56	922.47	1070.00	1204.90	4862.74
M/o Tribal Affairs	3831.95	3654.86	4816.92	5316.63	6000.00	6894.96	30515.32
M/o Minority Affairs	3069.01	4479.88	2832.46	4057.18	4700.00	4700.00	23838.53
Ministry of Women and Child Development	18436.18	17248.72	16873.52	20396.36	24758.62	29164.90	126878.3
Year wise total funds for Social Inclusion	31005.93	31691.17	31811.55	37439.66	46491.87	50,849.76	229289.9

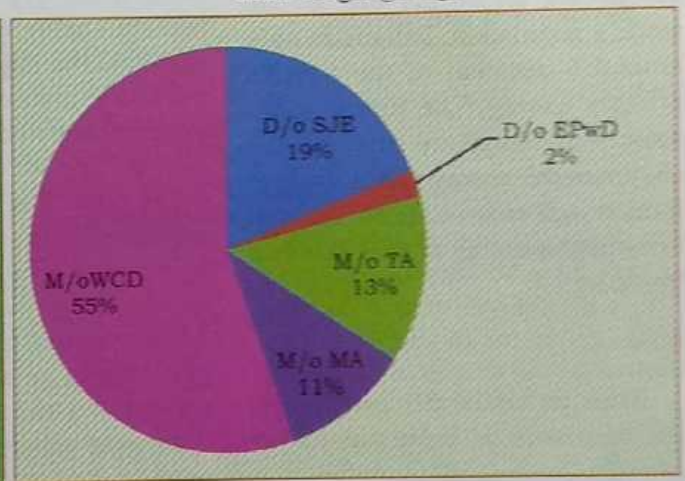
Source: Union Budget; Expenditure profile 2014-15 to 2019-20

Chart: 4 The percentage of funds allocated for nodal Ministries dealing with marginal sections in the Union Budget 2019-20



Source: Union Budget; Expenditure profile 2019-20

Chart: 5 Indicates the percentage of funds spent/ spending in the last 5 years and the current year for their target groups



Source: Union Budget; Expenditure profile 2014-15 to 2019-20

The total amount allocated for the marginal sections in the Union Budget 2019-20 is Rs. 50,849.76 crore, while the Ministry of Women and Children has got an allocation of 57 per cent of funds followed by Ministry of Social Justice and Empowerment and Ministry of Tribal Affairs.

Over the last six years, funds allocated for nodal Ministries/ Departments engaged in achieving social inclusion is as follows:

In total all these Central Ministries have spent/spending Rs. 2,29,289.94 crore for welfare, empowerment and development of marginalised communities percentage wise

distribution of funds can be seen below.

The implementing Ministries/ Departments are mainly focusing on the inclusive development of their target groups in convergence with other line Ministries to ensure "No one left behind" and achieve the Sustainable Development Goals (SDGs) by providing adequate resources through budgetary interventions. The implementing Ministries/Departments continue to strive to ensure direct and quantifiable benefits are delivered to the target groups, so that the objective of Social Inclusion is achieved as visualised by the Prime Minister of India. This would definitely lead India

to become US\$5 trillion economy in the world by active contribution of marginal communities in economic growth.

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Power for All and Energy Security

Manoj Kumar Upadhyay

Energy is a key indicator of the living standards of citizens of any country and instrumental in raising it. The correlation between per capita consumption of electricity (a proxy for all energy forms) and Human Development Index (HDI), makes it the fundamental input to any economic activity. Despite accounting for 18 per cent of the world's population, India uses only around 6 per cent of the world's primary energy. The four primary sources of energy are coal, oil, gas and renewable energy. Out of the four, India is well endowed in coal as well as renewable energy sources including bio-energy.

Coal

From an availability perspective, coal reserves in India have been

estimated to be roughly about 300 billion tonnes. It has been the mainstay of the Indian electricity system so far and is likely to remain so in the immediate future as well. Due to the vast availability of this fuel source, it could remain the cheapest source of energy for India for a long time, if explored and used efficiently. It is the only energy source for which India is not dependent on imports (except coking coal used for steel making). The import of thermal coal can also be reduced to zero if a proper policy framework for exploration-cum-mining for commercial use is put in place. Coal is however not an environment friendly fuel compared to renewable energy and is likely to lose out in the long run. Though when compared to renewable energy, particularly solar energy, thermal power plants take up only about 1/50th of the land required for generation of

the same amount of power at current level of efficiencies.

Oil and Gas

As far as oil and gas is concerned, these resources in India are not adequate to meet its growing requirement. Of the two, the price of oil has been much more volatile, where the slightest increase puts tremendous pressure on the economy. Compared to oil, gas is cheaper and more environment friendly. Though oil comprises 29 per cent of total primary commercial energy mix and gas only 7 per cent, it is imperative that India's dependence on oil and gas as a source of energy is reduced to the extent possible by encouraging a switch to other forms of energy, such as electricity which can be derived from renewable sources. Even then, India would have to remain dependent on import for oil, as it cannot meet its requirement from local sources. Our endeavour in this regard necessitates putting in place a policy framework that limits the consumption of oil and gas, especially oil, while encouraging exploration and production of liquid and gaseous hydro-carbon to meet requirements indigenously as far as possible. The prices of domestically produced oil and gas would have to necessarily remain linked with

The prices of renewable sources, particularly solar and wind, have been reducing drastically and are now almost at par with electricity generated using coal.



The author is Deputy Advisor, NITI Aayog, Government of India.

the international prices due to large import dependency which is likely to continue for a long time.

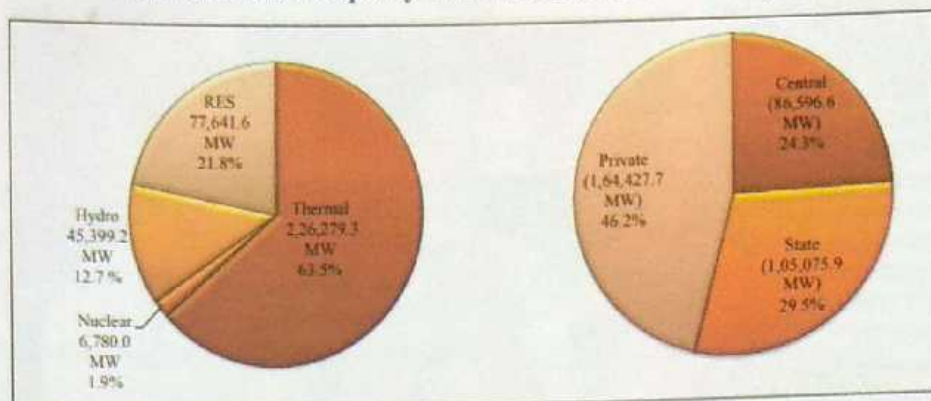
Renewable Energy

The third source is renewable energy from solar, wind, biomass, hydro and more such sources. It is also the most environment friendly. Fortunately, being located in the tropics endows us with virtually unlimited potential of solar and wind energy. The huge availability of biomass sources in the form of crop residue, cattle dung, human waste and food waste, also present large scale opportunities for biomass based energy production. The prices of renewable sources, particularly solar and wind, have been reducing drastically and are now almost at par with electricity generated using coal. However, the issue with renewable energy is its volatility, uncertainty and seasonality. Further, solar energy, though at par with thermal electricity in terms of cost, requires more than 50 times the land to generate the same quantum of electricity as from thermal power plants. This can become a limiting factor, even though rooftops and farm land offer a solution. Yet, while the issue of volatility and uncertainty is being addressed by a number of economical storage solutions, the problem of seasonality may still limit the full exploitation of this source. For this, the conversion of solar energy into hydrogen and methanol would have to be seriously researched and made viable.

Bio-Energy

Bio-energy can play a major role in strengthening the energy basket of India. Biogas derived from cattle dung, human waste and vegetative waste, can, to a very large extent, provide cooking solutions which are cheap and environment friendly. Being cheaper, locally available and much more environment friendly, it has the potential to replace LPG in rural areas. Biomass can also become the source of bio-fuel which would help in reducing the requirement of petroleum oil.

Total Generation Capacity- Fuel Wise and Sector Wise- April, 2019



Source: Ministry of Power

Nuclear Energy

Nuclear energy also constitutes a significant part of the energy and electricity mix. However, unless the cost of nuclear reactors is controlled significantly, electricity generated from nuclear reactors may not be as cost-effective as energy from renewable sources. Government may consider budgetary support for non-electricity components. Methanol, a liquid fuel produced from natural gas or coal, has the potential to significantly alter the way gas or coal is used. Methanol extracted from natural gas is likely to bring down transportation costs compared to gas, which needs to be liquefied, transported in liquid form at very low temperature (and

The share of renewables in total generation has increased from 6 per cent in 2014-15 to 10 per cent in 2018-19. India has been undertaking one of the world's largest renewable energy expansion programmes in the world.

at a significant cost) and undergo regasification.

Energy Security

Improved energy security, normally associated with reduced dependence on imports, is also an important goal of the policy. Today, India is heavily dependent on oil

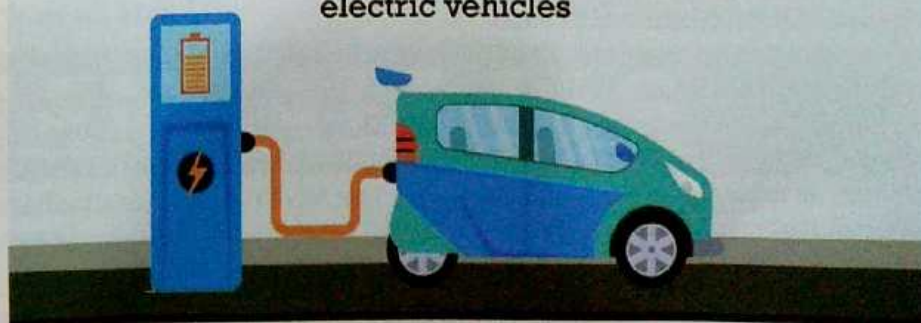


ELECTRIC VEHICLES INDIA - A GLOBAL MANUFACTURING HUB



GST rate on electric vehicles
lowered from
12% to 5%

**Additional income tax deduction of 1.5 lakh
on the interest paid on loans taken to purchase
electric vehicles**





and gas imports and also imports coal. Energy security of the country could be undermined if imports are disrupted. It can be enhanced through both, diversification of import sources and increased domestic production, and reduced requirement of energy. Given the availability of domestic reserves of oil, coal and gas and the prospects of their exploitation at competitive prices, there is a strong case for reduced dependence on imports. In due course, we may also consider building strategic reserves as insurance against imported supplies.

In India, access to energy for all at rational prices is of utmost importance. As of June 2, 2019, the access to electricity has been substantially improved with a household electrification percentage of 99.99 per cent. Providing clean, non-polluting cooking fuel in the form of LPG, to nearly 139 million people who are still dependent on biomass for cooking is also expected within a reasonable time frame. While it is envisaged that financial support to the vulnerable sections will be extended to ensure that they make the switch, it is hoped that competitive prices will also drive affordability to meet the above aims.

India improved its ranking in the Energy Transition Index published by World Economic Forum (76th position). Its installed capacity has increased from 3,44,002 MW in 2018 to 3,56,100.19 MW in 2019. Total generation of energy during 2018-19 was 1376 BU (including imports and renewable sources of energy). Along with generation capacities, transmission and distribution capacities have made a huge progress. The capacity of thermal power is 64 per cent followed by renewable energy. 46 per cent of power generation comes from private sector.

The share of renewables in total generation has increased from 6 per cent in 2014-15 to 10 per cent in 2018-19. India has been undertaking one of the world's largest renewable energy expansion programmes in the world.

Union Budget 2019: Power Sector

Union Budget allocates Rs.16400.57 crore for power sector for this financial year which is higher than Rs.1988.02 crore in comparison to last financial year. The MNRE sector get allocated Rs. 4653.45 crore and petroleum sector Rs. 38982.05 crore for this financial year. The Union Budget 2019 for power

sector focus on electricity access. Followings are major announcement in the budget:

Energy Access

The Government has continued its focus on energy access by setting a target of providing an electricity connection and access to clean cooking fuel to all rural households in the country (except those who are unwilling). It claimed to already have connected 99 per cent of the households under Saubhagya and given out 7 crores LPG cylinders under Ujjwala scheme.

However, the challenge in energy access is not just of connection but of accessibility and affordability.

Focus on Rural Energy Access and Farmers: New Ujjwala-type scheme that will promote solar stoves and battery chargers. Private initiatives will be supported to develop renewable energy as an alternate source of income for farmers.

Focus on Distribution Reforms: Performance of Ujwal DISCOM Assurance Yojana (UDAY) is being examined.

Renewable Energy: The renewable energy industry expected the Budget to provide some impetus to revive growth. However, there is nothing specific in the Budget in this regard.

When it comes to power sector, the Budget focused on structural and tariff policy reforms to improve distribution sector efficiency. The priority is well placed, as distribution sector efficiency is at the core of all power sector challenges including 24x7 power supply, generation sector stress, including inadequate demand for renewable energy. This is a massive challenge for the Government. Going by past experience, improving distribution sector's efficiency requires broader structural reforms, such as carriage and content separation proposed in the Electricity Act amendment. Meanwhile, a key area that also needs dedicated attention is solar rooftop. □

(E-mail: mk.upadhyay@nic.in)

Comprehensive Reform for Banking Sector

Shishir Sinha

The need of the hour is to boost both consumption and investment demand and this necessitates strengthening the entire banking sector which comprises mainly scheduled commercial banks and Non-Banking Financial Companies (including housing finance companies). The Union Budget 2019-20 has tried to provide impetus for all three. Most important aspect is that the provisions contained in the Budget address liquidity and regulation issues together, thus ushering comprehensive reform in the entire banking sector.

Scheduled Commercial Banks

Scheduled Commercial Banks (SCBs) and especially Public Sector Banks are passing through transformation. Credit growth is in double digit for last two successive years (13.34 per cent in 2018-19 and 10.42 per cent in 2017-18). At the same time as a result of Government's 4R's strategy of recognition, resolution, recapitalisation and reforms, Non-Performing Assets (NPA) of all SCBs (public and private) has declined by Rs. 1,02,562 crore to Rs. 9,33,625 crore as on 31st March, 2019.

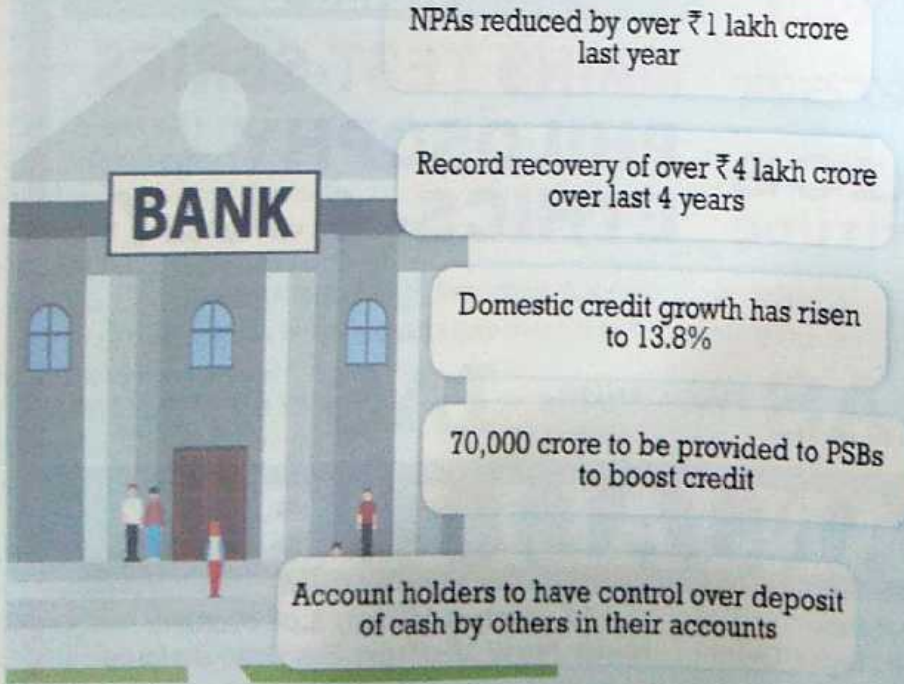
According to RBI's Financial Stability Report (FSR), published in

The Budget speech emphasised that financial gains from cleaning of the banking system are now amply visible. NPAs of commercial banks have reduced by over Rs. 1 lakh crore over the last year, record recovery of over Rs. 4 lakh crore due to Insolvency and Bankruptcy Code (IBC) and other measures have been effected over the last four years, provision coverage ratio is now at its highest in seven years, and domestic credit growth has risen to 13.8 per cent. Government has smoothly carried out consolidation, reducing the number of Public Sector Banks by eight. At the same time, as many as six Public Sector Banks have been enabled to come out of Prompt Corrective Action framework.

June, 2019, growth of gross NPA has decelerated across all bank groups, including Public Sector Banks (PSBs). Now, due to regulatory mechanism for recognition of stressed assets, NPAs declined to 9.3 per cent in March 2019. The report has projected further decrease in the gross NPA ratio of all Scheduled Commercial Banks to 9 per cent by next March, driven by a decline in the gross NPA ratios of PSBs to 12 per cent from 12.6 per cent during this period.



BANKING AND FINANCIAL SECTOR



The author is a Senior Journalist with Hindu Business Line.

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As per RBI guidelines, banks are required to maintain a minimum Capital to Risk-weighted Assets Ratio (CRAR) of 9 per cent on an ongoing basis. As on March 31, 2019, all Public Sector Banks (PSBs) and Private Sector Banks meet this minimum CRAR requirement. As per FSR, as on March 31, 2019, the CRAR, for Scheduled Commercial Banks (which include both PSBs and Private Sector Banks) and PSBs was 14.3 per cent and 12.2 per cent respectively.

Apart from capital infusion by the Government, PSBs source capital through internal capital generation and mobilisation of capital from markets. In fact, capital infusion by the Government complements PSB's internal capital generation and mobilisation of capital from markets. During 2008-09 to 2018-19, Government infused Rs. 3,15,721 crore in PSBs while during the same period they mobilised Rs. 2,81,616 crores of capital through other sources and posted net profit of Rs. 98,373 crores, of which a sizeable proportion has contributed to internal capital generation. Now, PSBs can leverage capital infusion by the Government for more capital generation and in turn push credit growth.



Public Sector Banks	NBFCs (Registered under various Regional Offices of RBI)	Housing Finance Companies (State wise, registered under National Housing Bank)	
1. Allahabad Bank	Ahmedabad (Gujarat, and UTs of Daman and Diu, Dadra and Nagar Haveli)	Andhra Pradesh	1
2. Andhra Bank		Delhi	19
3. Bank of Baroda	253	Gujarat	5
4. Bank of India	Bangalore (Karnataka) 133	Haryana	3
5. Bank of Maharashtra	Bhopal (Madhya Pradesh and Chhattisgarh) 103	Karnataka	5
6. Canara Bank	Bhubaneswar (Odisha) 20	Kerala	2
7. Central Bank of India	Kolkata (Sikkim, West Bengal and UT of Andaman and Nicobar Islands) 4,541	Madhya Pradesh	1
8. Corporation Bank	Chandigarh (Himachal Pradesh, Punjab and UT of Chandigarh) 215	Maharashtra	40
9. Indian Bank	Chennai (Tamil Nadu and UT of Puducherry) 331	Manipur	1
10. Indian Overseas Bank	New Delhi (Haryana and NCT Delhi) 2,013	Mizoram	1
11. Oriental Bank of Commerce	Guwahati (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura) 118	Rajasthan	6
12. Punjab & Sind Bank	Hyderabad (Andhra Pradesh and Telangana) 155	Tamil Nadu	15
13. Punjab National Bank	Jaipur (Rajasthan) 198	West Bengal	2
14. State Bank of India	Jammu (Jammu and Kashmir) 32		
15. Syndicate Bank	Kanpur (Uttar Pradesh and Uttarakhand) 143		
16. UCO Bank	Mumbai (Maharashtra and Goa) 1,214		
17. Union Bank of India	Patna (Bihar and Jharkhand) 35		
18. United Bank of India	Thiruvananthapuram (Kerala and UT of Lakshadweep) 139		
	Total 9,643	Total	101

RBI Governor, Mr. Shaktikanta Das, feels that the provision of Rs. 70,000 crore of additional recapitalisation is a very positive development because it not only enables banks to maintain the capital they need to comply with the regulatory requirements, but it will also give enough capital to the banks to step up their lending and credit disbursement. It will auger well for the banking system. Experts hope that PSBs are likely to see a turnaround in profitability given that most of the pain has been recognised and NPAs and credit costs are peaking out. This will lead to an improvement in return ratios.

According to a research report by State Bank of India, additional capital is likely to lay the basis for growth capital during current fiscal i.e. 2019-20 or FY20. "Assuming a 12-13 per cent credit growth in FY20 with credit risk weighted assets of 70 per cent, PSBs may be requiring around Rs. 50,000 crore growth capital in FY20," it said. However, as stated in the report, this requirement also depends upon some major variables i.e. alternate long-term investor, recoveries from NCLT (National Company Law Tribunal), investment environment, out of NCLT settlements/auctions, treasury gains/loss, MTM (Mark-to-Market) provisioning of investments and additional or provision write-back.

The budget also talks about a new way to do banking for common citizens. This is called interoperability of services for account holders across PSU banks. "To further improve ease of living, they will leverage technology, offering online personal loans and doorstep banking, and enabling customers of one Public Sector Bank to access services across all Public Sector Banks," The Finance Minister said that the Government will initiate steps to empower accountholders to remedy the current situation in which they do not have control over deposit of cash by others in their accounts.

This means one can walk into a branch of a PSB and avail the services,



even if his/her account is with another PSB. This is similar to what is presently available among branches of one bank and through ATMs of various banks. One can check his/her balance from ATM of different bank where he/she does not have an account. Now, the same thing will be made available at branch level.

New provision will also give persons control over who deposits money in their accounts or even also may allow them to authenticate before receiving payments. All these will become clear once RBI releases the road map to implement the budget announcement.

Non-Banking Financial Companies (NBFCs)

Nearly 1000 NBFCs, registered with RBI, are key for consumption growth. According to the latest Economic Survey, these institutions bring in diversity and efficiency to the financial sector and make it more responsive to the needs of the customers. In the recent past, the NBFCs have played an increasingly important role in resource mobilisation and credit intermediation, thereby helping commercial sector to make up for low bank credit growth. These institutions depend largely on public funds which account for 70 per cent of total liabilities of the sector. Bank borrowings, debentures and commercial paper are the major sources of funding for NBFCs.

SBI's research report highlighted the need for more intervention by the

Government by highlighting the fact that till March 2020, Rs. 4.75 trillion of bonds and papers of NBFC sector are set to mature. Default means more NPA for banks and bad name for the financial sector.

Recognising need for urgent attention, the Budget proposed mechanism for liquidity and also change in regulations. The Union Finance Minister said that for purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs. 1 lakh crore during the current financial year, Government will provide one time six months partial credit guarantee to Public Sector Banks for first loss of up to 10 per cent. Later in the evening, RBI announced window to facilitate banks in providing liquidity worth Rs. 1.34 lakh crore for the NBFCs.

Technically speaking, RBI is the regulator for NBFCs but it has limited regulatory authority. Keeping this in mind, the budget also proposed more powers to RBI for regulating NBFCs. The Finance Bill prescribed additional powers for RBI (which is referred as Bank in the bill), important of them are as follows:

- Where the Bank is satisfied that in the public interest or to prevent the affairs of a Non-Banking Financial Company being conducted in a manner detrimental to the interest of the depositors or creditors, or financial stability or for securing the proper management of such company, it is necessary so to do, the Bank may, by order and for

reasons to be recorded in writing, remove from office, a Director (by whatever name called) of such company, other than Government owned Non-Banking Financial Company with effect from such date as may be specified in the said order.

Where the Bank is satisfied that in the public interest or to prevent the affairs of a Non-Banking Financial Company being conducted in a manner detrimental to the interest of the depositors or creditors, or of the Non-Banking Financial Company (other than Government Company), or for securing the proper management of such company or for financial stability, it is necessary so to do, the Bank may, for reasons to be recorded in writing, by order, supersede the Board of Directors of such company for a period not exceeding five years as may be specified in the order, which may be extended from time to time, so that the total period shall not exceed five years.

The Bank may, if it is satisfied, upon an inspection of the Books of a Non-Banking Financial Company that it is in the public interest or in the interest of financial stability so to do for enabling the continuance of the activities critical to the functioning of the financial system, frame schemes which may provide for any one or more of the following, namely:- (a) amalgamation with any other non-banking institution; (b) reconstruction of the Non-Banking Financial Company; (c) splitting the Non-Banking Financial Company into different units or institutions and vesting viable and non-viable businesses in separate units or institutions to preserve the continuity of the activities of that Non-Banking Financial Company that are critical to the functioning of the financial system and for such purpose establish institutions called "Bridge Institutions (temporary institutional arrangement to preserve the continuity of the activities of a

Non-Banking Financial Company that are critical to the functioning of the financial system)".

The Bank may, at any time, direct a Non-Banking Financial Company to annex to its financial statements or furnish separately.

Housing Finance Companies

These finance companies are dedicated NBFCs for specific sector. As of now, over 100 HFCs are regulated and refinanced by National Housing Bank. Growth and performance of these companies are critical for housing industry. According to the budget speech, it is somewhat conflicting that a regulator is also refinancer and lender. Accordingly, the Union Finance Minister in her budget speech, proposed to return the regulation authority over to the housing finance sector from NHB to RBI. However, NHB will continue to be supervising authority for the housing finance companies. □

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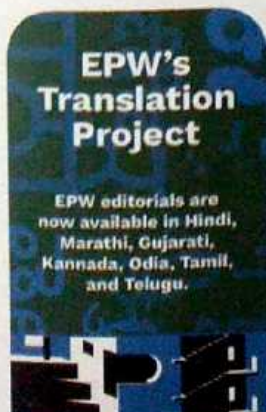
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Rural India

The Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2019-20 before the Parliament. The key highlights related to Rural India from the Union Budget 2019-20 are as follows:

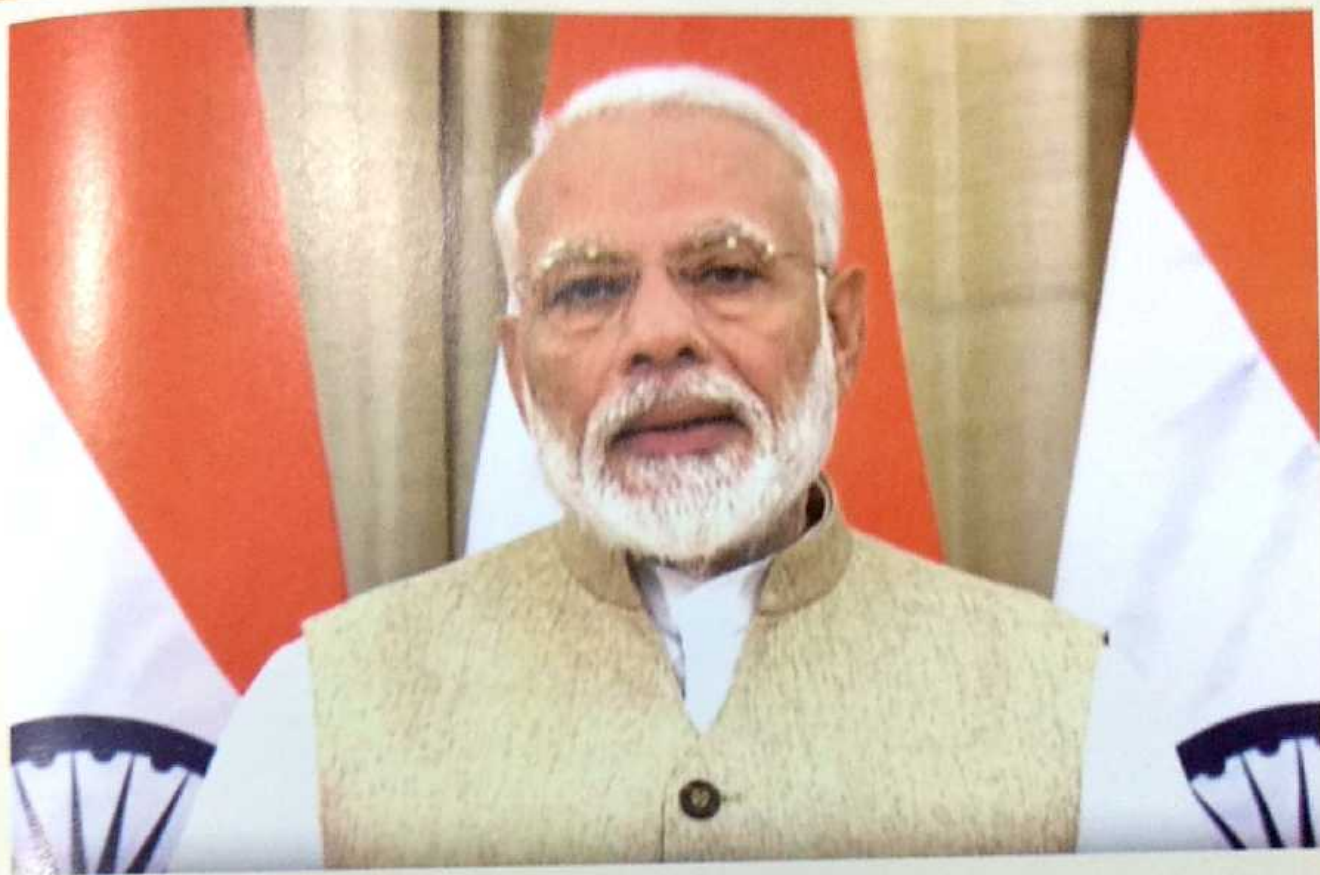
Grameen Bharat / Rural India

- ◆ Ujjwala Yojana and Saubhagya Yojana have transformed the lives of every rural family, dramatically improving ease of their living.
- ◆ Electricity and clean cooking facility to all willing rural families by 2022.
- ◆ Pradhan Mantri Awas Yojana – Gramin (PMAY-G) aims to achieve “Housing for All” by 2022:
 - Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).
- ◆ Pradhan Mantri Matsya Sampada Yojana (PMMSY)
 - A robust fisheries management framework through PMMSY to be established by the Department of Fisheries.
 - To address critical gaps in the value chain including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.
- ◆ Pradhan Mantri Gram Sadak Yojana (PMGSY)
 - Target of connecting the eligible and feasible habitations advanced from 2022 to 2019 with 97% of such habitations already being provided with all weather connectivity.
 - 30,000 kilometers of PMGSY roads have been built using Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprint.
 - 1,25,000 kilometers of road length to be upgraded over the next five years under PMGSY III with an estimated cost of Rs. 80,250 crore.
- ◆ Scheme of Fund for Upgradation and Regeneration of Traditional Industries’ (SFURTI)
 - Common Facility Centres (CFCs) to be setup to facilitate cluster based development for making traditional industries more productive, profitable and capable for generating sustained employment opportunities.
 - 100 new clusters to be setup during 2019-20 with special focus on Bamboo, Honey and Khadi, enabling 50,000 artisans to join the economic value chain.
- ◆ Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship’ (ASPIRE) consolidated.
 - 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) to be setup in 2019-20.
 - 75,000 entrepreneurs to be skilled in agro-rural industry sectors.
- ◆ Private entrepreneurship to be supported in driving value-addition to farmers’ produce from the field and for those from allied activities.
- ◆ Dairying through cooperatives to be encouraged by creating infrastructure for cattle feed manufacturing, milk procurement, processing & marketing.
- ◆ 10,000 new Farmer Producer Organizations to be formed, to ensure economies of scale for farmers.
- ◆ Government to work with State Governments to allow farmers to benefit from e-NAM.
- ◆ Zero Budget Farming in which few states’ farmers are already being trained to be replicated in other states.
- ◆ India’s Water Security
 - New Jal Shakti Mantralaya to look at the management of our water resources and water supply in an integrated and holistic manner
 - Jal Jeevan Mission to achieve Har Ghar Jal (piped water supply) to all rural households by 2024
 - To focus on integrated demand and supply side management of water at the local level.
 - Convergence with other Central and State Government Schemes to achieve its objectives.
 - 1592 critical and over exploited Blocks spread across 256 District being identified for the Jal Shakti Abhiyan.
 - Compensatory Afforestation Fund Management and Planning Authority (CAMPA) fund can be used for this purpose.
- ◆ Swachh Bharat Abhiyan
 - 9.6 crore toilets constructed since October 2, 2014.
 - More than 5.6 lakh villages have become Open Defecation Free (ODF).
 - Swachh Bharat Mission to be expanded to undertake sustainable solid waste management in every village.
- ◆ Pradhan Mantri Gramin Digital Saksharta Abhiyan
 - Over two crore rural Indians made digitally literate.
 - Internet connectivity in local bodies in every Panchayat under Bharat-Net to bridge rural-urban divide.
 - Universal Obligation Fund under a PPP arrangement to be utilized for speeding up Bharat-Net.

Source: PIB

A CITIZEN FRIENDLY, DEVELOPMENT FRIENDLY AND FUTURE ORIENTED BUDGET, SAYS PM

- ❖ "I congratulate the first woman Finance Minister of the country Nirmala Sitharaman and her team for this citizen friendly, development friendly and future oriented Budget.
- ❖ This is a Budget that will enrich the country and make its people more empowered. The poor will get strength and the youth a better tomorrow from this Budget.
- ❖ The middle class will progress and the development pace will leapfrog because of this Budget.
- ❖ This Budget will simplify the tax system and modernize infrastructure.
- ❖ This Budget will strengthen industry and entrepreneurs. It will increase women's participation in the development process of the country.
- ❖ This Budget will make the education sector better. It will help to reach the benefits of Artificial Intelligence and Space Research to the people.
- ❖ This Budget has reform for the financial world, ease of living for the ordinary citizens as also welfare for the villages and the poor.
- ❖ This is a green Budget wherein special emphasis has been given on environment, electric mobility and solar sector.
- ❖ In the last five years, the country has come out of an atmosphere of despair and is now brimming with expectation and self-confidence.
- ❖ The ordinary people used to struggle for their own rights like electricity, gas and roads and had to face many challenges like garbage, corruption and VIP culture. We have relentlessly strived to mitigate those and have succeeded too.
- ❖ Today people have a lot of aspirations and expectations. This Budget promises to fulfil them. This Budget is assuring that the direction is right, the process is right, the speed is right; so to achieve the objectives is certain.
- ❖ This is a Budget of expectations, faith and aspirations. This Budget will prove to be an important link in fulfilling the expectations of 21st century India and building a New India.
- ❖ This Budget will set the road map for implementing the decisions pertaining to the year 2022, i.e. 75 years of Independence.
- ❖ In the last five years our government has taken several steps to empower the poor, farmers, Scheduled Castes, oppressed and the down-trodden. In the next five years this empowerment will make them the powerhouse of development.



- ❖ This powerhouse will provide energy to the country to fulfil the dream of 5 trillion dollar economy.
- ❖ New schemes for structural reform in agricultural sector have been announced in this Budget. Transferring about 87 thousand crore rupees to the farmers through PMKISAN, the decision of opening more than 10 thousand Farmer Producer Organizations, Pradhan Mantri Matsya Sampada Yojana for the fishermen or establishing National Warehousing Grid – all these will play an important role in doubling the income of the farmers by 2022.
- ❖ Water conservation is not possible without manpower. Water conservation is possible through people's movement. This Budget has taken care of not only the present generation, but also the future generations. Like Swachh Bharat Mission, Har Ghar Jal Abhiyan will enable the country in addressing the water crisis.
- ❖ The decisions taken in this Budget will strengthen the foundation of the coming decade as also open the door of new possibilities for the youth.
- ❖ This Budget is a historic step towards making an India of your expectations, your dreams and your commitments.
- ❖ I once again congratulate the Finance Minister and her team. My good wishes to all the citizens of India for the bright future.

Source: PIB