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**August 2019  
Summary**

*Union Budget  
2019-2020*

Chanakya IAS Academy

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## A BUDGET FOR ALL

### Key Highlights:

- 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.
- With its focus 'Gaon, Garib, Aur Kisan', the Union Budget is 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.**
- **Ayushman Bharat** represents a comprehensive, holistic approach to achieve a healthy society by combining **preventive, promotive, curative and rehabilitative aspects of care.**
- It has focused 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.**
- Raising the slogan, Nari tu narayani, the **Budget focuses on enhancing the role and contribution of women** in the workforce as well as economy through multiple initiatives such as Mudra Scheme for women entrepreneurs and verified SHG member having a Jan Dhan Account.
- It is a **green Budget as 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.
- **Initiatives like Gaganyaan, Chandrayan** and the introduction of the New Space India Limited (NSIL), a new commercial arm for research and development carried out by ISRO.
- 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.
- 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.**

## BUDGET OVERVIEW

### Introduction:

- After the constitution of 17th Lok Sabha, 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 2019-20.
- It may be reminded that the Interim Budget 2019-20, was presented on 1st February 2019.

### 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 basis price 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 (excepted financial, real estate and professional services).

**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.**

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

- **India's Merchandise trade:**
  - The merchandise exports and imports grew by 10 per cent and 21.1 per cent respectively 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.
- **Current account deficit:**
  - It 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.
  - 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.

- **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 of GDP) improved to 32.3 per cent in 2017-18 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.
  - 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.
- 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:**
  - 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, 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.
  - The economy is projected to grow at 7 per cent in 2019-20.
  - 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 Budget Estimates (BE) 2019-20, the Gross Tax Revenue as a percentage of GDP is expected to be 11.7 per cent.
- **Overview of Budget:**
  - The Budget reflects the Government's firm commitment to substantially boost investment in Agriculture and Social Sector, particularly in Education and Health.
  - 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, 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.
  - The **Defence Services revenue expenditure constitutes mainly expenditure on salaries, other establishment-related items including Stores**, works-related maintenance expenditures, transport and other miscellaneous expenditure.
  - 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 the rural and urban local bodies.

- **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

- **Revenue and Capital Receipts:**

- Total revenue receipts comprise of tax revenue and non-tax revenue receipts.
- **Direct Taxes, comprising Income tax and Corporation Tax, are levied and collected from individuals, companies.**
- 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.**

- **Borrowings:**

- In BE 2019-20, gross and net market borrowing by the Government of India (GoI) through dated securities, excluding buyback/swiches are budgeted at Rs.7,10,000 crore and Rs. 4,23.122 crore, respectively.

**Three Main issues 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 investments measures are:**

- **Measures for Attracting Foreign Investment Further liberalisation of FDI Policy:**

- Proposed for 100 per cent FDI will be permitted for insurance intermediates.
- Local sourcing norms will be eased for FDI in Single Brand Retail sector.
- The budget proposed to increase the statutory limit for FDI 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 council for reduction of GST rate on electric vehicles from 12 per cent of 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.
- Reductions of customs duty on certain raw materials and capital goods to further promote domestic manufacture.
- Allowing one woman in every SHG for a loan up Rs. 1 lakh under the MUDRA Scheme.
- Proposed to provide Rs. 70,000 crore of capital to boost credit of Public Sector Banks for a strong impetus to the economy.

● **Connectivity**

- 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.
- 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.
- 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 transports charges, including metro services and toll tax, across the country.
- Phase-II of FAME Scheme has commenced with the main objective of encouraging faster adoption of Electric vehicles.
- Comprehensive restructuring of National Highway Programme proposed to ensure that the National Highway Grid of desirable length and capacity is created.
- Use of rivers for cargo transportation envisioned, which will also help to decongest roads and railways.
- It is estimated that Railway Infrastructure would need an investment of Rs. 50 lakh crores between 2018-2030.
- 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 **main challenges to meet the above target include:**
  - 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 o Household financial savings.

**Conclusion:**

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.

## TAX PROPOSALS: BENEFIT TO COMMON MAN

- 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.
- 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.

### Two essential constituents of Tax Policy:

- Capacity to generate higher and more reliable revenue for the Government to provide public services to sustain continuous development and financial robustness.
- 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.

### Benefits provided to the taxpayers for FY-2019-20

- **In the Finance Act, 2019 (Interim Budget):**
  - **Rebate of income-tax for taxable income up to Rs. 5 lakh:**
    - 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 affordable house:**
    - 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.
  - **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.
  - **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:**
    - It is proposed that an individual who does not have PAN to file return can use Aadhar in place of PAN.
  - **TDS on Income Elements 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.
  - **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.
  - **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.
    - 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.

#### **Some other Important Steps:**

- The implementation of GST brings in complete transparency 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 a robust anti-profiteering mechanism to ensure passing of rate rationalisation benefits to consumers.
- Government is in the process of modernising our direct taxation system with Direct Tax Code being framed.
- To modernise and prevent tax abuse, strong laws have been enacted to combat the menace of black money benami transactions, economic offenders, etc.
- The tax administration is all set to use technology to speed up regular business process and eliminate opportunity for rent seeking.
- Online filling and tax refund mechanisms are already in place.
- 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 net is spread wide.
- 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.

## FOSTERING YOUTH TO TAKE ON OPPORTUNITIES OF THE FUTURE

- 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:

- The draft report of **National Education Policy 2019** lays greater focus on research and innovation to transform India's higher education system.
- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)** and various other schemes under 'Skill India' are providing industry relevant skill training.
- 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**.
- **Research & 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 to ensure that the overall research ecosystem is strengthened with a focus.
- Massive online open courses through the **SWAYAM initiative** have helped bridge the digital divide.
- To upgrade the quality of teaching, the **Global Initiative of Academic Networks (GIAN)** programme in higher education was started.
- **The IMPRINT or Impacting Research Innovation and Technology scheme** began to develop a roadmap for research to solve major engineering and technology challenges in selected domains needed by the country.

### Start Ups & Employment Opportunities:

- 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.
- The manufacturing and supply of solar storage batteries and charging infrastructure will see a boost as government has provided incentives for purchase of electric vehicles.
- Government will launch a scheme to invite global companies to set up mega-manufacturing plants in sunrise and advanced technology areas.

### Sports:

- **'Khelo India' Scheme** launched in October, 2017 has had a significant impact on creating awareness on sports as a career option.
- To popularize sports at all levels, a **National Sports Education Board** for training of sportspersons would be set up under Khelo India Scheme.

### For villagers and Agriculture:

- The budget proposes to expand the **Swachh Bharat Mission** to undertake sustainable solid waste management in every village.

- 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**.
- 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 which will help agri-entrepreneurs.

#### **Circular Economy and Job opportunities for Youths:**

- **Circular economy has the potential to create millions of jobs** and to foster several new entrepreneurs.
- Committed to the **agenda of sustainable development**.
- PMGSY roads have been built using **Green Technology**, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprint.

#### **Opportunities of Working Women:**

- Working women hostels have received a two-fold hike 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.
- This budget extends the Women SHG interest subvention programme to all districts.

#### **Other Steps:**

- 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 Stand up India Scheme would be continued for the entire period coinciding with the 15th Finance Commission period of 2020-25.
- The revival of and boost given to the real estate has direct implications for employment generation.
- The Government had already laid the ground for affordable houses through **Pradhan Mantri Awas Yojana-Gramin**.
- It also provided various tax exemptions for House buyers which in turn will push the real estate sector.
- Finalization of a model tenancy law will further boost the housing and real estate 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.
- **Pradhan Mantri Shram Yogi Maandhan** launched on 5th March, 2019 has about 30 lakh subscribers.
- The Scheme aims at providing Rs.3000 per month as pension on attaining the age of 60 to crores of workers in the unorganized and informal sectors.
- With 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.

## WATER WITH A CAPITAL 'W': THE WAY FORWARD

- Water is at the top of the development agenda of the new Government.
- Calling for a Jan andolan 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)**.
- The Central Government has constituted the new Jal Shakti Mantralaya.
- It has integrated the erstwhile Ministry of Water Resources, River Development and Ganga Rejuvenation, with the Ministry of Drinking Water and Sanitation.
- This is a major step towards the consolidation of 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

- 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.
- This led to these Ministries and Departments working in silos.
- Later, the NITI Aayog tried to integrate 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.

### Water Crisis

- **India is entering water crisis territory**, with certain estimates indicating that water demand will exceed supply by a factor of two by 2030.
- This has the potential of driving economic losses of an estimated 6 per cent of GDP by 2050.
- 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

- 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 grey water is almost non-existent.
- As a benchmark, Israel, 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 liters of water per day through some sources, only about 18 to 20 per cent of rural households in India have connections for piped water supply.
- One of the priorities of the government is to provide piped water supply to all rural households by 2024 in a sustainable manner.

### Best Practices:

- There are important lessons to be learned from the **best practices of decentralized planning for water conservation** such as in Hiware Bazar, Maharashtra and the Swajal model of community-based drinking water in Uttarakhand – which need to be scaled up.

### JAL Shakti Abhiyan:

- 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 water stressed 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:

- There is need for developing infrastructure for collection and basic treatment of domestic non-faecal waste water -also called grey water – 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.
- Some States, like Gujarat, are leading the efficient use of agricultural water by bringing in micro irrigation.
- The Andhra Pradesh Government has also prioritised **water efficiency in agriculture**.
- If these measures are combined with reuse of grey water for agriculture, it will result in a significant reduction of demand from our water resources.

### A Required Jan Andolan: Water as “Everyone’s Business”

- 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.

### Conclusion:

This approach of holistic and integrated water management is unique for any large federal county. 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.

## TRANSFORMING URBAN INDIA

- India has been urbanizing 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 60 crores by 2031 and 80 crores by 2051.
- Huge Investment Required 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 to tune of US\$1.2 Trillion would be required till 2030.

### Mission for Urban Rejuvenation:

- Flagship schemes like Swachh Bharat Mission (SBM-U), Pradhan Mantri Awas Yojana (PMAY-U) and Deendayal Antyodaya Yojana -National-Urban Livelihood Mission (DAY-NULM) were launched to address the issues of cleanliness, afford able housing and urban poverty alleviation.

- Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and 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.
- 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 Found Availability**

- The critical issue of higher funding required for urban infrastructure was addressed by substantial increase in budgetary allocations.
- 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 allocation under Extra Budgetary Resources (ERB), i.e. approximately 3 times increase.

#### **India’s March to US\$ 5 Trillion Economy: Cities as Engines of Growth<sup>®</sup>**

- Budget 2019-20 aim 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 make the economy to US\$ 5 Trillion level in next five years.
- It has underlined that Government sees urbanization as an opportunity, not a challenge.

#### **Promoting Investment for urban Rejuvenation:**

- Since the launch of various urban flagship schemes of central assistance has been released mainly for Metro projects, PMAY-U, AMRUT, SCM and SBM.

#### **Metro Projects: Connecting City:**

- Budget 2019-20 has referred to approval of 300 km of new Metro Rail projects and operationalisation of 210 km Metro lines during 2018-19.
- MoHUA has stipulated that minimum 75 per cent coaches procured under any tender will have to be manufactured in India.

#### **One Nation One Card:**

- India’s first indigenously developed payment Eco system for transport based on national common mobility card has been launched which laid the foundation of One Nation One Card.
- It is usable in all kinds of transit as well as retail systems.

#### **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.

#### **Har Ghar Jal: AMRUT**

- JAL Jeevan Mission of newly created Jal Shakti Mantralaya will converge with other schemes like AMRUT for sustainable water supply management across the country.
- AMRUT scheme was launched in 500 cities across the country in June 2015 envisages achieving universal coverage of water supply and increasing sewerage and septage coverage.

### **Promoting Water Conservation: Jan Andolan**

- Ministry has launched Jal Shakti Abhiyan to make water conservation a “Jan Andolan”, four major thrust areas are:
  - Rain Water Harvesting,
  - Re-use of treated waste water,
  - Rejuvenation of water bodies, and
  - Plantation.

### **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. 10.8 lakh ton of carbon emission.

### **Smart Cities Mission: Towards smarter India**

- Smart City Mission 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.

### **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 Metres,
- 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 commitment to provide “Housing for All” by 2022.
- Through Global Housing Technology Challenge-India (GHTC-I), Government has identified 54 best available construction technologies across the globe.
- The Prime Minister has declared the year 2019-20 as “Construction Technology Year”.
- Currently National Housing Bank (NHB) besides being a refinancer and lender is also a regulator for the housing finance sector.

### **Ease of Living:**

- Budget 2019-20 has focused on improving 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 1705 cities including 439 AMRUT cities so far.

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

- MoHUA has successfully used the web Public Financial Management System (PFMS) to digitise nearly 100 per cent of all its payments.
- 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.

### **MOVING TOWARDS BETTER, EQUITABLE AND AFFORDABLE HEALTH SERVICE**

- India has achieved significant public health gains and improvement in health indicators.
- We have been able to wipe out the scourge of disease such as polio, guinea worm disease, yaws and maternal and neonatal tetanus and control the incidence of HIV/AIDS.

#### **Achievements:**

- Our life expectancy has increased to 68.65 years in 2016 and the Total Fertility Rate (TFR) has reduced sharply to 2.2 in 2015-16.
- The infant mortality rate has declined to 34 per 1,000 live births in 2016.
- We have also achieved the Millennium Development Goal (MDG) in respect of the Maternal Mortality Ratio which declined to 174 per lakh live births in 2015 and reached close to achieving the Under-5 Child Mortality target (U5 MR Level of 43 against a target of 42).

#### **Challenges:**

- India is currently facing the unique situation of a 'triple burden of disease'.
- As the mission of eradicating major communicable disease remains unfinished, the population is also bearing the high burden of non-communicable diseases and injuries.
- 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.
- 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.

#### **Initiatives:**

- The Rashtriya Swasthya Bima Yojana was launched in 2008.
- 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.

**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.
- 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 illness.
- The centre will also conduct yoga sessions and have a much wider range of free drugs and diagnostics.
- The Second is Pradhan Mantri Jan Arogya Yojana (PMJAY), the world's largest fully government funded health insurance scheme.
- It 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.
- It 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.
- It marks a paradigm shift in how health is looked at in India.

**Who is covered under PMJAY?**

- PMJAY has been rolled out for the bottom 40 per cent of poor and vulnerable populations.
- The inclusion of households is based on the deprivation and occupational criteria of the Socio-Economic Caste Census 2011 for rural and urban areas, respectively.
- States have been provided the flexibility to use their own database for PMJAY.

**Rural Beneficiaries:**

- PMJAY covered all such families who fall into at least one of the following six deprivation criteria (D1 to D5 and D7) and automatic inclusion 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:
  - Rag picker
  - 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 assist ant/Attendant- Waiter
- Electrician/ Mechanic/Assembler Repair worker
- Washerman/Chowkidar.

### Key Features of PMJAY:

- PMJAY provides cashless cover of up to INR 5,00,000 to each eligible family per annum for listed secondary and tertiary care conditions.
- 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.
- All pre-existing diseases are covered from the very first day. This is a major advantage over regular private insurance schemes that often do not cover illnesses being suffered by the policy holder.
- 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.
- PMJAY has also made provision for unspecified surgical package to cover treatment for ailments that are not in the list of surgical packages.

### Implementation Model: A Bulwark of Cooperative Federalism

- **Insurance Mode-**
  - The State Government appoints an insurer at a defined premium rate for taking over the financial risk of the beneficiaries.
- **Trust Mode-**
  - The State Government creates an agency (State Health Agency) which will pay the claims of the hospitals as per actual utilisation.
- **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.

### Conclusion:

- 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.
- 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.
- Thus, PMJAY will expand the role of the private sector delivery of health care services without undermining the criticality of the role and responsibility of the Government in creating and facilitating delivery of healthcare services.

## 'BLUE SKY THINKING' BLUEPRINT FOR INDIA @ \$5 TRILLION

- The Prime Minister has outlined the **vision of making India a US\$ 5 trillion economy by 2024-25.**
- **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 endeavor is reflected in the sky blue cover of the Survey and the cover design depicting several inter-linked gears.

### Highlights of the Survey:

- 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.
- 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.
- 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.
- The Survey also focuses on nourishing MSMEs to create jobs and become more productive so that they can become internationally competitive.
- The Survey recognizes that the single biggest constraint to ease of doing business in India is the ability to enforce contracts and resolve disputes.
- India is set to witness a sharp slowdown in population growth in the next two decades.
- Although the country as a whole will enjoy the "demographic dividend" phase.
- Some states will start transitioning to an ageing society by the 2030s.

### Conclusion:

- To demystify the survey and enable common people to access the ideas in it, the presentation of the survey has important changes.
- 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.

## 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 years.
- 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 tiling 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.

**Ease of Living:**

- About 30 lakh workers joined the Pradhan Mantri Shram Yogi Maandhan Scheme that provides Rs 3,000 pa month as pension on attaining the age of 60 to workers in unorganized and informal sectors.
- Approximately 35 crore LED bulbs distributed under UJAIA 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.

**SPEARHEADING WOMEN EMPOWERMENT**

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

**Budget 2019-20:**

- The Union Budget 2019-20 is the **15th Budget to incorporate Gender Responsive Budgeting** since its adoption by India in 2005-06.
- Overall, the **Gender Budget Allocation** for 2019-20 is Rs. 131,699.58 crores, remaining close to 5 per cent as a proportion of total expenditure.
- A positive development in the Interim Union Budget 2019-20 was that information on actual spend was The Finance Minister emphasised the shift in the introduced in the **Gender Budget Statement**.

- Government's approach from **women-centric more funds has been allocated to WCD ministry** 17% to Women-led Initiatives.
- 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 (PMMVY)**, a maternity benefit programme, was more than doubled.
- Under the programme, Rs. 6,000 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. 1500 crore from Rs. 925 crore.
- 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.
- Similarly, the allocation for **Working Women's Hostel Scheme** saw an increase of over three times from Rs. 52 crore to Rs. 165 crore.
- The allocation for the **Mahila Shakti Kendras** has been increased from 115 crore to Rs. 150 crore.
- The allocation of **National Creche Scheme** was also enhanced from Rs. 30 crore to Rs. 50 crore, to enable working women leaving their children in creches while they are away at work.
- On the issue of providing Safety for all women, the **budget for Ujjawala**, a scheme for prevention of trafficking, rescue and rehabilitation of the victims, has been increased from Rs. 20 crore to Rs. 30 crore.
- 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**.
- The government proposed to expand the **Interest Subvention Scheme**- allowed to women SHGs to avail credit to all districts.

**The Economic Survey 2018-19, presents 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 BALDEV (Beti Aapki Dhan Lakshmi Aur Vijayalakshmi)** to inter alia enhance the contribution of women in the workforce and economy.

**Conclusion:**

- 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.

## TRANSPORT INFRASTRUCTURE AND CONNECTIVITY

- Connectivity is the lifeblood of an economy and the government is giving a massive push to all forms of physical connectivity through various initiatives such as **Pradhan Mantri Gram Sadak Yojana, industrial corridors, dedicated freight corridors, Bharatmala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes.**

**Industrial And Freight Corridors:**

- There are five industrial corridors, with the Delhi-Mumbai industrial corridor having advanced the most in terms of perspective planning.

- The other corridors are Chennai-Bengaluru, Bengaluru-Mumbai, Amritsar-Kolkata and Vishakhapatnam-Chennai.
- More than a 'corridor' focus, there seems to be a focus on nodes along or near 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.

#### **Rail Sector:**

- The Budget had a clear statement of policy that public-private partnerships would be the way to go in enabling modernisation.
- 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.
- Amongst various infrastructure sectors, railways have been falling behind in leveraging PPPs.

#### **Road sector:**

- The road sector has seen significant experimentation and progress through the PPP route.
- It started with the Golden Quadrilateral, followed by the National Highways Development Project (NHDP) and the more recent Bharatmala.
- 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 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 for supply chain visibility and enabling new age trucking companies to positively disrupt the logistics business.
- 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.
- The biggest challenge of coastal transportation is the intermodal hinterland and the last mile connectivity.

#### **Inland Water Transportation:**

- 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.

#### **Aviation Sector:**

- In the aviation sector, after a long hiatus, PPPs in airports are back. The initial five airports (Cochin, Hyderabad, Bengaluru, Mumbai and Chennai) were done in the 2004-07 period.
- In terms of service connectivity, the Government has done well with the UDAN scheme which is now running into its third round. 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.

**Conclusion:**

- 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.

## BUDGET 2019-20: SOME REFLECTIONS

- 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:**
  - The rate of growth of Gross Domestic product (GDP) in the seat 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.
  - There is a declaration of intent to become a 5 trillion economy by 2024. This will necessitate 8 per cent of growth of GDP in next 5 years.
  - 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.
  - The fiscal deficit has been at the rate of 3.4 per cent of GDP. This is actually a decline from the previous year.
  - 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.

**Budget: Main Points**

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

**A few of them are summarised below:**

- Excise and road cess on petroleum and diesel has been hiked by Rs. 1 per litre.
- Customs duties on gold and precious metals have been increased from 10 per cent to 12.5 per cent.
- An additional Rs. 1.5 lakh would be deductible from income tax for the spend on affordable housing.
- **Income tax too is going to see significant changes:**
  - Income tax liability on annual income between Rs. 2 to 5 crore has been hiked by 3 per cent and income above Rs. 5 crore has been taxed by additional 7 per cent.
  - Companies with turnover up to Rs. 400 crore shall pay lower tax at the rate of 25 per cent.
  - 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.
  - This is aimed at discouraging the cash transactions and at promoting cashless transactions.
- Government is willing to consider less than 51 per cent stakes in certain PSUs. It will be decided on case to case basis. The budget envisages 1.06 lakh crores as contribution from dividends and surplus from RBI and financial institutions including disinvestment.
- Public sector banks will get a capital infusion of Rs. 70,000 crores. Banks have been under stress because of non-performing assets and standard assets.
- Budget seeks to encourage the corporates of up to 400 crore by lowering the corporate tax rate to 25 per cent.

- Long term capital gains from sale of housing property have been exempted from tax if capital gains are invested in a start-up.
- There is an interesting incentive for electrical vehicles which will entitle to a concession of up to Rs. 1.5 lakh on its purchase.
- 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 been provided.
- 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.

#### Conclusion:

- 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 for the fact that government has full confidence in the Rupee exchange rate as well as foreign exchange reserves. 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.

## A RAILWAY BUDGET FOCUSED ON REFORMS

The Budget highlighted that the Indian Railways need another Rs. 50 lakh crore worth of investments in the next 11 years or by 2030.

#### 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.
- However, a concern for the Indian Railways is its rising staff cost that increased to Rs. 86,554.31 crores during the financial year.
- This may further increase as the National Transporter is going for a massive recruitment drive. The freight services, is the main revenue earner for the Indian Railways.
- 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.
- 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 is used to pay to the Government for gross budgetary support.
- The Railways Minister 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.
- The idea is to invite private participation in passenger and freight services, tracks and rolling stock manufacturing too.

#### Railway Projects:

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

- In addition, the focus is 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.
- Based on an estimate, the Railways bear 73 paise in cost for every 10 kilometer travel, while it charges only 36 paise to passengers.
- 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 10-51 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.
- The proposed DFCs will also mitigate the congestion in the existing rail network. Station redevelopment is one key area where private investments are expected to come.
- The authorities have already kicked off the process in many stations like Anand Vihar, Habibganj in Madhya Pradesh and Gandhi nagar 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.
- Similarly, bringing all stations under CCTV based Surveillance; System at all stations by 2021-22 is also being taken up at a rapid pace. Mumbai-Ahmadabad High Speed Rail (MAHSR) or bullet train is likely to be in place by 2023.
- A massive plan to overhaul the existing signaling system is also in place. This may bring in Automatic Train Protection 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 network through special purpose vehicles like rapid regional transit system.
- 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 converted in around 62 minutes once the project is commissioned.

## **BUILDING A NEW INDIA THROUGH EDUCATION REFORMS**

- Over the last few years, major reforms have been initiated by Government of India to improve access, equity and quality in the education sector.
- Since the Millennium Budget in the year 2000, spending on education has increased **around 17 fold in Union Budget 2019-20.**
- 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.

### **School Education:**

- **Gross Enrolment Ratio** pan-India touched an impressive 99.89 per cent at the primary level in 2014-15.
- In the Education Budget for 2019-20, around 60 per cent has earmarked for school education including the **National Education Mission and the Mid-Day Meal programme.**
- Despite the increase in absolute spending on the sector, challenges are visible in terms of disparities across geography and demography.

- **Annual Status of Education Report (ASER)** data has consistently showed enrolment over 95 per cent over the last 10 years in primary education.
- In short, while India has witnessed a schooling revolution, a learning revolution is the need of the hour.
- The focus of the Union Government has shifted to **improving the delivery of quality education, which also constitutes 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'.

#### Various Initiatives:

- The Union Budget 2018-19's proposal to integrate education facilitated the launched 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**, is likely to facilitate greater convergence.
- NITI Aayog and the MHRD have identified a key set of indicators to evaluate and consistently monitor the performance of States/UTs in school education.
- 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.**
- Performance-linked funding as envisioned in the Ministry's maiden PGI report will be critical 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).**
- It is transforming the school education ecosystem by ensuring effective school units through **statewide learning enhancement programmes, school consolidation and mergers, teacher rationalisation, organisational restructuring, as well as enhancing transparency and accountability** in the system through **digital innovation.**
- **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 is strong sign that the country is taking the right steps towards ensuring the success of our school system.

#### 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.
- India's higher education GER (calculated for the age group, 18-23) increased from 11.5 per cent in 2005-06 to 25.2 per cent in 2016-17.
- 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.
- State Governments are being encouraged to set up institutions through the **Rashtriya Uchchar Shiksha Abhiyan (RUSA).**
- 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.
- 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.**
- It will also ensure greater standardisation and reliability in the methodology for assessing students. 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.
- These colleges will have the freedom to conduct examinations, prescribe evaluation systems and even announced results but are not allowed to grant degrees.
- On a similar theme, **the IIM Bill was passed to provide greater autonomy to the Indian Institute 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.
- 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, outcome and accreditation-based regulatory system.
- A sum of Rs. 400 crore has been allocated for the development of **“World Class Institutions”** in the FY 2019-20.
- 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.
- The Government has taken various measures for the promotion of research in India including establishing Institutions of Eminence, creating centers of excellence and encouraging public, private R & D partnerships.
- Union Finance Minister has announced a **National Research Foundation (NRF)** for funding, coordination and promoting research in India.

#### Conclusion:

- 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.
- The presence of education 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.
- Translating policy to observable outcomes would require holistic alignment, catalysing the New India vision into will and action.

## TOWARDS FARMERS' WELFARE

- In the Union Budget (FY 2019-20) farmers welfare and agriculture got a record boost both in terms of **financial allocation and vision for transformation**.
- While presenting the Budget, Finance Minister 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).
- Budget 2019-20 is a **step towards transforming the agriculture sector as seen from the following points:**

### 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.
- 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.
- Government has also increased allocation under **Pradhan Mantri Krishi Sinchai Yojana (PMKSY) to the tune of 17 per cent**.

### Boost of Business:

- Government proposes to work with **State Governments to implement e-NAM mechanism** in such a way that farmers can take full benefit to it.
- 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.
- 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, Honey and Khadi industries for cluster development.
- SFURTI scheme aims to set up 100 new clusters during 2019-20.
- 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.
- These measures will promote growth and development of MSME in rural areas, especially in agro-processing sector.
- At present the growth rate of food processing sector is stagnating at about 1%, but according to experts, a growth rate of more than 3 per cent will help in agricultural transformation.

### Attracting Investments:

- At present, only 14 per cent 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, the Government is planning to support private entrepreneurship in driving value-addition to famers' produce from the field.

- By using allied activities, like bamboo and timber from the hedges for generating renewable energy. **“Annadata (Farmers) can also be Urjadata (energy provider)”**.
- In this regard, Government has launched a specific **scheme Kisan Urja Suraksha evam Utthaan Mahabiyon (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.
- 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 critical sector to push up rural prosperity, especially in coastal areas.
- It is proposed to launch a focused scheme, the **Pradhan Mantri Matsya Sampada Yojana (PMMSY), to establish a robust fisheries management framework**.
- Union Government has already created an exclusive Ministry of Animal Husbandry, Dairying and Fisheries to promote these sectors with more resources and attention.

#### Back to Basics:

- As a first, Government has shown intent and desire to promote **Zero Budget Farming**.
- 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, 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.
- 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.

#### Conclusion:

- Union Budget with its proposal to invest widely in agricultural infrastructure and support to private entrepreneurship has last 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.

## WELFARE AND EMPOWERMENT OF MARGINALISED THROUGH BUDGETARY INTERVENTIONS

- The theme of **Ek Bharat Shreshtha Bharat** is prime focus of the Government to achieve inclusive growth with **agenda of ‘no one left behind’ in the area of development**.
- The 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, in particular of the scheduled castes and scheduled Tribes, and shall protect them from social injustice and all forms of social exploitation."
  - Weaker sections are the sections, which are included in the **Schedules of the Constitutions 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, Jain and Parsis (Zoroastrians).
  - In addition, there are certain social groups which need Government interventions such as Persons with Disabilities, Senior Citizens, and Transgender Communities and De-Notified, Monadic and Semi Nomadic Communities.
  - 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 the same has decreased from 61.18 in 2004-05 to 45.3 in 2011-12.
  - Literacy rate amongst SCs has increased significantly to 66.07 per cent in 2011.
  - Similarly for STs in the corresponding period, it has increased to 58.96 per cent.

#### From the Budget:

- The Union Government in its Full Budget 2019-20 has allocated Rs. 81 340.74 crore for Scheduled Caste 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.**
- The **Nodal Ministries dealing with marginal groups viz.**
  - Ministry of Social Justice and Empowerment has allocated Rs. 8.885 crores,
  - while the Department of Empowerment of Persons with Disability 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.

**Conclusion:**

- The implementing Ministries/Departments are mainly focusing on the inclusive development of their target groups.
- 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.
- This would definitely lead India to become US\$5 trillion economy in the world by active contribution of marginal communities in economic growth.

## POWER FOR ALL AND ENERGY SECURITY

- 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.

**Coal:**

- Coal reserves in India have been estimated to be roughly about 300 billion tonnes.
- Due to the vast availability of this fuel sources it could remain the cheapest source of energy for India for a long time.
- It is the only energy source for which India is not dependent on imports (except coking coal used for steel making).

**Oil and Gas:**

- These resources in India are not adequate to meet its growing requirement.
- Compared to oil, gas is cheaper any more environment friendly.
- Oil comprises 29 per cent of total primary commercial energy mix and gas only 7 per cent.
- However, 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.

**Renewable Energy:**

- It is also the most environments friendly.
- 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.

**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.
- Biomass can also become the source of bio-fuel which would help in reducing the requirement of petroleum oil.

**Nuclear Energy:**

- 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.
- 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 at a significant cost) and undergo regasification.

**Energy Security:**

- It can be enhanced through both, diversification of import sources and increased domestic production, and reduced requirement of energy.
- 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.
- 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 MV in 2019.
- Total generation of energy during 2018-19 was 1376 BU (including imports and renewable sources of energy).
- 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.

**Union Budget 2019: Power Sector**

- Union Budget allocates Rs. 16400.57 crore for power sector for this financial year.
- For power sector this budget mainly focuses on electricity access.

Following are the **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.
- 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.
- **Focus on Distribution Reforms:** Performance of Ujjwala DISCOM Assurance Yojana (UDAY) is being examined.
- **Renewable Energy:** The Renewable energy industry expected the Budget to provide some impetus to revive growth.

**Conclusion:**

- 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.
- 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.

## COMPREHENSIVE REFORM FOR BANKING SECTOR

- The entire banking sector 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:**

- Credit growth is in double digit for last two successive years (13.34 per cent in 2018-19).
- At the same time as a result of Government's 4R's strategy of recognition, resolution, recapitalization 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), growth of gross NPA has decelerated across all bank groups, including Public Sector Banks.
- Now, due to regulatory mechanism for recognition of stressed assets, NPAs declined to 9.3 per cent in March 2019.
- NPAs of commercial banks have reduced due to Insolvency and Bankruptcy Code (IBC) and other measures.
- 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.
- 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.
- Apart from capital infusion by the Government, PSBs source capital through internal capital generation and mobilisation of capital from markets.
- Now, PSBs can leverage capital infusion by the Government for more capital generation and in turn push credit growth.
- As a result, 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.
- 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.
- The Finance Minister said that the Government will initiate steps of empower accountholders to remedy the current situation in which they do not have control over deposit of cash by other in their accounts.

- New provisions 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 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.
- Bank borrowings, debentures and commercial paper are the major sources of funding for NBFCs.
- SBI's research report highlighted the need for the 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.
- The Budget proposed mechanisms 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 Rs. 1 lakh crore during the current financial year, Government will provide one time six months partial credit guarantee of Public Sector Banks for first loss of up to 10 per cent.
- 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, important of them are as follows:**

- Where 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:-
  - Amalgamation with any other non-banking institution;
  - Reconstruction of the Non- Banking Financial Company;
  - 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.

#### **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.
- 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, NBH will continue to be supervising authority for the housing finance companies.

## RURAL INDIA

- The Union Minister for Finance and Corporate Affairs 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:**
  - **Ujjawala Yojana and Saubhagya Yojana** have transformed the lives of every rural family, dramatically improving ease of their living.
  - **Pradhan Mantri Awas Yojana-Gramin** aims to achieve “Housing for All” by 2022.
  - **Pradhan Mantri Matsya Sampada Yojana (PMMSY)** 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)** to 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.
  - **Scheme of Fund for Upgradation and Regeneration of Traditional Industries’ (SFURTI):** Common Facility Centres (CFCs) to be set up to facilitate cluster based development for making traditional industries more productive, profitable and capable for generating sustained employment opportunities.
  - **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.
  - **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 to all rural households by 2024.
  - **Swachh Bharat Abhiyan** to be expanded to undertake sustainable solid waste management in every village.
  - **Pradhan Mantri Gramin Digital Saksharta Abhiyan:** Universal obligation Fund under a PPP arrangement to be utilized for speeding up Bharat-Net.

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