BUDGET OVERVIEW

After the constitution of 17th Lok Sabha, the Regular Budget for 2019-20 was presented to Parliament on 5th July 2019.It may be noted that the Interim Budge 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).
- 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:

Fact 1: Inflation remains under control

- 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.
- WPI inflation stood at 4.3 per cent in 2018-19, as compared to 3.0 per cent in 2017-18.

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 this widening could be attributed to higher oil import bill.
- 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. Moody's rating agencyupgraded 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 for the remaining part of FY 2019-20

- With the moderation in oil, the prospects of the Indian economy are looking bright.

- 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 BE 2019-20, the Gross Tax Revenue as a percentage of GDP is expected to be 11.7 per cent.

Three Main issues highlighted:

1. 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:

A. 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.

B. 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.
- PPP 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.

2. 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.
- Need 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.

3. <u>US$ 5 Trillion</u>

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

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 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. Overall, India is the sixth largest economy in the world.
- With the growth mantra of "Reform, Perform, Transform", it is an era of transformative revolutions for India.

Aim of a Tax Policy:

- Capacity to generate higher and more reliable revenue for the Government to provide public services.
- 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

I. In the Finance Act, 2019 (Interim Budget)

A. 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.

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

C. Deduction of up to Rs. 1.5 lakh on loan interest on an electric vehicle

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

E. Exemption for the Second Self-Occupied House: Exemption from levy of tax on notional rent of the second self-occupied house was provided.

F. 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)

G. 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.

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

A. Incentives for Purchase of Affordable House: Same as interim budget
B. Incentives for Purchase of Electric Vehicle - Same as interim budget
C. Interchangeability of PAN and Aadhaar
D. 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.
E. Pre-filling of Income Tax Return: It is proposed to widen the scope of third-party reporting for enabling pre-filling of income-tax returns for ease of compliance to the taxpayer.

Type of Tax Policy that is need:

- Policy promoting 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.

Recent 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-filling 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.

Various Steps:

A. 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 Vikash 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.
- R & D is of strategic importance to foster a skilled, knowledge-led economy. For this, there is a proposal to establish a National Research Foundation.
- Massive online open courses through the SWAYAM initiative have helped bridge the digital divide. To upgrade the quality of teaching, the Global Inititiave 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.

B. 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, to the launching of an exclusive television channel within the DD bouquet of chennels 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.

C. 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.

D. 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.

E. 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.

F. 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 15^{th} 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 exemption 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 Mandhan 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.

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 completly dry in the medium term, with cities like New Delhi, Benguluru, Chennai and Hyderabad completely running out of groundwater.

Challenge Ahead: Statistical Look

- Presently, India captures only eight per cent of its annual rainfall, among the lowest in the world.
- Lack of proper maintenance of existing infrastructure causes further losses of almost 40 per cent of piped water in urban areas.
- Treatment and reuse of greywater is almost non-existent. As a benchmark, Israel, 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 waterstressed blocks in 256 districts.
- Under this campaign, over 1000 senior Central Government officers will join the States to promote focused interventions for Jal sanchay and jal sanrakshan (water collection and conservation).

The Way to Har Ghar Jal

- There is need for developing infrastructure for collection and basic treatment of domestic non-faecal waste water -also called greywater – which typically accounts for nearly 80 per cent of the by-product of all domestic water.
- This may be done through simple waste stabilization ponds, constructed wetlands and similar local infrastructure projects in order to recycle this water for agriculture the sector.
- 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 greywater for agriculture, it will result in a significant reduction of demand from our water resources.

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

Behaviour change communication initiatives for both internal and external stakeholders will be critical in changing attitudes towards water.

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 chores by 2031 and 80 chores 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.

Various Steps taken:

A. Mission for Urban Rejuvenation
- Flagship schemes like Swachh Bharat Mission (SBM-U), Pradhan Mantri Awas Yojana (PMAY-U) and Deendayal Antyodaya Yojna -National-Urban Livelihood Mission (DAY-NULM) were launched to address the issues of cleanliness, afford able housing and urban poverty alleviation.
- Then there are Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart City Mission (SCM) to cover various aspects of urban development.

B. Enhanced Budgetary Support and Found Availability
- The critical issue of higher funding required for urban infrastructure was addressed by substantial increase in budgetary allocations.

C. India's March to US$ 5 Trillion Economy: Cities as Engines of Growth
- Budget 2019-20 aims 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.

D. 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 minimum75 per cent coaches procured under any tender will have to be manufactured in India.

E. 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

F. 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 proceeded.

G. 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.

H. Promoting Water Conservation: Jan Andolan through Jal Shakti Abhiyan

I. 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.

J. 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. The budget announced that, for efficient regulation, the regulation will be done by RBI.

K. 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.

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

- MoHUA has successfully used the web PFMS to digitise nearly 100 per cent of all its payments.

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.

Various Initiatives:

- The Rasthriya 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.

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.

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, being a centrally sponsored scheme is fully funded from the Consolidated Fund of India.

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.

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 Gaganyan, 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 trilion dollar in the current years.
- 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.

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 (GRB) 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 introduced in the Gender Budget Statement.
- The Finance Minister emphasised the shift in the Government's approach from women-centric toWomen-led Initiatives.
- More funds have been allocated to WCD ministry (17% increase ever 2018-19).
- 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.

Interesting approach to women's economic empowerment:

While 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 Economic Survey 2018-19 coins the slogan of BALDEV (Beti Aapki Dhan Lakshmi Aur Vijayalakshmi) to ineter alia enhance the contribution of women in the workforce and

- The National Nutrition Mission, which strives to reduce the level of stunting, under-nutrition, anaemia and low-birth weight babies and aims to benefit 10 crore people across the country, was allocated Rs. 3,400 crore.
- The allocation for the Mahila Shakti Kendras, National Creche Scheme has been increased.
- Similarly, the allocation for Working Women's Hostel Scheme saw an increase of over three times.
- One the issue of providing safetyfor all women, the budget for Ujjawala, a scheme for prevention of trafficiking, rescue and rehabilitation ofthe victims, has been increased.

- 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.

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.

Various Initiatives:

- Pradhan Mantri Gram Sadak Yojana, industrial corridors, dedicated freight corridors, Bharatmala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes.

A. 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-Benguluru, Bengaluru-Mumbai, Amritsar-Kolkata and Visakapatnam-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.

B. 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.

C. 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 delivers, 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.

D. 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.

E. Aviation Sector

- In the aviation sector, after a long hiatus, PPPs in airports are back. The initial five airports (Cochin, Hyderbad, 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

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:
  1. Excise and road cess on petroleumand diesel has been hiked by Rs. 1 per litre.
  2. Customs duties on gold and precious metals has been increased from 10 per cent to 12.5 per cent.
  3. 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.
  4. Public sector banks will get a capital infusion of Rs. 70,000 crores.
  5. 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.
  6. 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.
- 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 than 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 FOCUSSED ON REFORMS

Budget Overview:

- The Budget highlighted that the Indian Railways need another Rs. 50 lakh crore worth of investments in the next 11 years or by 2030.
- 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 divided that is used to pay to the Government for gross budgetary support.
- The Railways Minister Shri Piyush Goyal said that the Government may be open to ideas like setting-up of separate lines by private parties, if it benefits the passengers as well. The idea is to invite private participation in passenger and freight services, tracks and rolling stock manufacturing too.

Major 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 arourd 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 kilometre 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 Gandhinagar in Gujarat. The idea is to have airport-like facilities at railway stations too.
- To improve passenger amenities, all the Railway stations (excluding halt stations) may soon be provided with Wi-Fi facilities.
- Similarly, bringing all stations under CCTV based Surveillance; System at all stations by 2021-22 is also being taken up at a rapid pace.
- Mumabir-Ahmedabad High SpeedRail (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 REFORM

- 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.

A. School Education:

- Due to various initiatives in this sector, 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 earnmarked 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. However, the percentage of children in Std. III who can read the Std. II level text has increased on only by around 6 per cent; form 21.6 per cent in 2013 to 27.2 per cent in 2018. In short, while India has witnessed a schooling revolution, a learning revolution is the need of the hour.
- The focus of the Union Government has shifted to improving the delivery of quality education, which also constitutes the fourth goal of Sustainable Development.

Budget Initiatives:

- The Union Budget 2018-19's proposal to integrate education facilitated the launched of the Samagra Shikshato holistically harmonize the sector from pre-school to Std. 12.
- This initiative, which amalgamates various schemes such as the SarvaShiksha 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 Capitalin Education (Project SATH-E).
- This project, is implemented in partnership with the State Governments of Jharkhand, Odisha and Madhya Pradesh.
- It is transforming the school education ecosystem by ensuring effective school units through State-wide learning enhancement programmes, school consolidation and mergers, teacher rationalisation,

organisational restructuring, as well as enhancing transparency and accountability in the system through digital innovation.

- 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.

B. Higher Education

- India's higher education sector is grapping 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. However, we lag behind the world average of 33 per cent and that of comparable economies, such as Brazil (46 per cent) and China (30 per cent). Further, quality remains a challenges as does employability of graduates.
- 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 Uchchatar 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.
- Greater emphasis has been placed on self-assessment, data gathering and validation by third-party evaluation as well as objective peer review.
- 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.
- Category II Universities will have significant autonomy. Similarly, the University Grants Commission has also issued new regulations for granting autonomy based on accreditation scores for colleges. These colleges will have the freedom to conduct examinations, prescribe evaluation systems and even 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.
- Research and Innovation has been given due priority in the Union Budget 2019-20, with an allocation of Rs. 608.87 crore in RE 2018-19.
- The Government has taken various measures for the promotion of research in India including establishing Institutions of Eminence, creating centres of excellence and encouraging public-private R & D partnerships.
- In this year's budget speech, the Union Finance Minister has announced a National Research Foundation (NRF) for funding, coordination and promoting research in India.
- NRF will assimilate the research grants being given by various Ministries, independent of each other, thereby reducing the duplication of effort and expenditure as well as allowing us to focus on the thrust areas relevant to our national priorities.

Conclusion:

- 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:

A. 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 instalments during a year.
- Government has also increased allocation under Pradhan Mantri Krishi Sinchai Yojana (PMKSY) to the tune of 17 per cent.

B. 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 follows 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.

C. 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.
- "Annadata (Farmers) can also be Urjadata (energy provier)" by using allied activities, like bamboo and timber from the hedges for generating renewable energy.
- In this regard, Government has launched a specific scheme Kisan Urja Suraksha evam Utthaan Mahabiyan (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 and 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 identifiedas critical sector to push up rural prosperity, especially in coastal areas. It is proposed to launched 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 Husbandary, Dairying and Fisheries to promote these sectors with more resources and attention.

D. 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 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-sufficientin pulses, saving valuable foreign exchange that was earlier incurred on import of pulses.

The theme of Ek Bharat Shresth Bharat is prime focus of the Government to achieve inclusive growth. For this the Government has given 10-point Vision for the decade (already mentioned under the topic "Some highlights of Union Budget 2019-20).

Weaker Sections

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

Status

- 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 rateamongst 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.

Budget Initiatives

- The Union Government in its Full Budget 2019-20 has allocated Rs. 81340.74 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 are Ministry of Social Justiceand Empowerment;Department of Empowerment of Persons with Disability; Ministry of Tribal Affairs; Ministry of Minority Affairs; Ministry of Women and Child Development.
- 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. 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.

A. 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).

B. 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.

C. 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.

D. Bio-Energy:

- 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.

E. 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.
- The Government has set 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 Ujwal DISCOM Assurance Yojana(UDAY) is being examined.
- 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 24×7 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.

A. 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.
- A 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 situationin which they do not have control over deposit of cash by other in their accounts.

- New provisions will also give persons control overwho 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.

B. 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 guaranteeof 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.

C. 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.