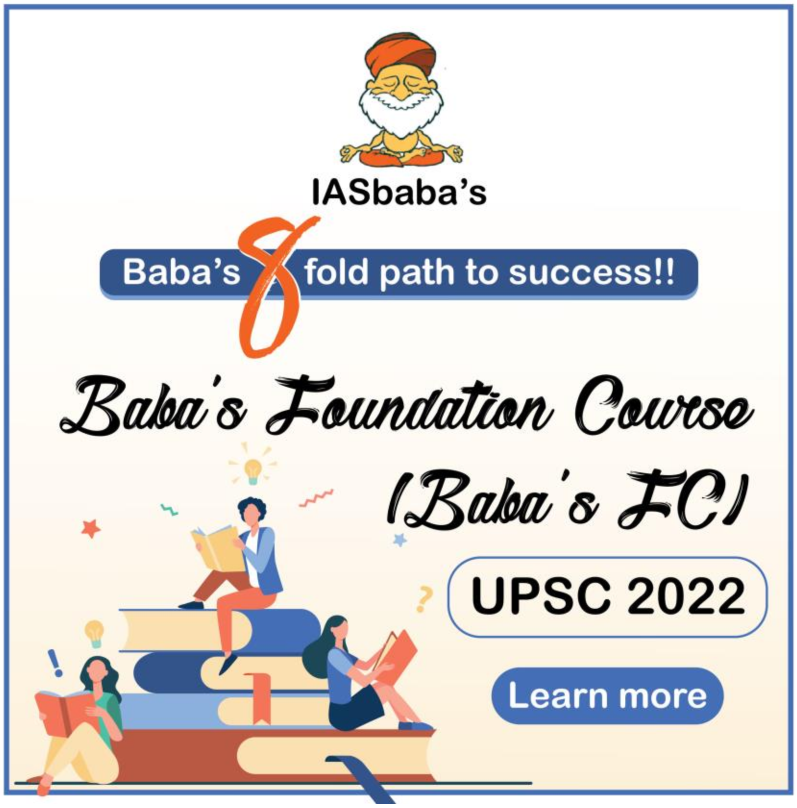
YK GIST - MARCH 2021

UNION BUDGET 2021

WWW.IASBABA.COM


IASbaba's
Baba's 8 fold path to success!!
Baba's Foundation Course
(Baba's FC)
UPSC 2022
Learn more


IAS baba
Baba's Foundation course (Baba's FC)
Continuing the Success of IASbaba's 8 Fold Path
INNOVATIVE LEARING METHODS
Integrated & Incentive based program covering 3 stages of exam
Hybrid model of classes (online support + offline)
Live doubt clearing sessions
HOLISTIC PREPARATION
Strategy classes before beginning of each subject
Focus on conceptual clarity and value added notes
Special emphasis on CSAT
TESTS
Daily Prelims(160 Micro tests) & Mains (165 Micro tests) after the class
Fortnightly full length Prelims (46) & Mains Tests(27) with Evaluation
OTHER KEY DIFFERENTIATORS
Subject-wise Mentorship
Connecting the dots
Motivation sessions & Toppers talks regularly
Registrations open

Preface

This is our 72nd edition of Yojana Gist and 63rd edition of Kurukshetra Gist, released for the month of March 2021. It is increasingly finding a place in the questions of both UPSC Prelims and Mains and therefore, we've come up with this initiative to equip you with knowledge that'll help you in your preparation for the CSE.

Every issue deals with a single topic comprehensively sharing views from a wide spectrum ranging from academicians to policy makers to scholars. The magazine is essential to build an in-depth understanding of various socio-economic issues.

From the exam point of view, however, not all articles are important. Some go into scholarly depths and others discuss agendas that are not relevant for your preparation. Added to this is the difficulty of going through a large volume of information, facts and analysis to finally extract their essence that may be useful for the exam.

We are not discouraging from reading the magazine itself. So, do not take this as a document which you take read, remember and reproduce in the examination. Its only purpose is to equip you with the right understanding. But, if you do not have enough time to go through the magazines, you can rely on the content provided here for it sums up the most essential points from all the articles.

You need not put hours and hours in reading and making its notes in pages. We believe, a smart study, rather than hard study, can improve your preparation levels.

Think, learn, practice and keep improving!

You know that's your success mantra ☺

Table of Contents

UNION BUDGET HIGHLIGHTS

A. Budget Announcements impacting Women

The allocation for Pro-Women Schemes - those with at least 30 per cent allocation for women - has risen from ₹ 1,14,893 crore to ₹ 1,28,065 crore - an increase of 11.46 per cent.

Pandemic and prolonged lockdown have hit Indian women really hard. From teachers to housewives, and from migrant women to working women all have borne the brunt of coronavirus. According to Centre for Monitoring Indian Economy (CMIE) data, the urban female labour participation rate in the country fell to its lowest in November at 6.9 per cent since the day data was first computed in 2016.

CMIE data added that India's biggest challenge on the employment front is getting its womenfolk into the labour force. CMIE data showed, in contrast with men, only nine per cent of all women of working age were employed until November.

Besides, women employed as domestic help in cities, at construction sites and in call centres, and in handicraft and retail units, have lost jobs during the pandemic. The participation of young females fell to 8.7 per cent during the pandemic, the data added. Not just losing jobs, women also suffered atrocities during the lockdown. From states like Uttar Pradesh, Delhi, Maharashtra, Bihar, Madhya Pradesh and Rajasthan, the Nation Commission for Women registered the most complaints of domestic violence in a period between March and September 2020.

However, the allocation for Women Specific Schemes - those with at 100 per cent allocation for women - has fallen from ₹ 28,568.32 crore to 25,260.95 crore, a **decline of about 13 per cent**. Nevertheless, the allocation for Pro-Women Schemes - those with at least 30 per cent allocation for women - has risen from ₹ 1,14,893 crore to ₹ 1,28,065 crore - an increase of 11.46 per cent.

Two significant announcements that directly impact women's labour-force participation were made by the FM in her speech.

- The first was to **universalise water supply facilities** through the Jal Jeevan Mission in both rural and urban areas and allocating a massive Rs 50,000 crore to the programme. This allocation needs to translate into the reality of providing clean drinking water facilities across households in the remotest parts of the country. This is a welcome step that has the potential to reduce women's time spent on collecting water. The recent time use survey 2019 shows that women spend on an average up to 55 minutes daily to fetch water for household. Having provided a steady source of water supply has immense potential to reduce this time and cater to the urgent need to improve household infrastructure for women.
- The second announcement pertained to **extending the coverage of social security benefits** for gig and platform workers. This is important in the current context as these are emerging avenues of women's employment in urban India. The IWWAGE report shows how attractive these opportunities are for women and extending the social security coverage makes the sector even better. The budget allocations under the social security schemes for workers show an increased allocation of Rs 3,100 crore under the Atmanirbhar Bharat Rojgar Yojana — a programme launched as a new scheme to encourage new employment in post lockdown period by providing a fixed share of wages into the EPF funds. While this may be important, the budget does not provide extra allocations for social security of gig and platform workers separately.

However, in the wake of the pandemic and its unequal impact on women, an analysis of the gender budget (GB) reveals certain underwhelming trends.

A. Allocated the highest amount of the fund to the newly announced **Saksham Anganwadi and Mission Poshan 2.0 scheme** with Rs 20,105 crore. However, this year's budget has reduced the provision for schemes now grouped under Saksham Anganwadi and Poshan 2.0 by 18% as compared to BE 2020-21. Removing essential child care and child development infrastructure funding that help women in making the choice towards paid work is a step back. This has been done when calls for a woman-led recovery are gaining momentum globally.

B. School closures due to COVID-19 will lead to a decline in educational attainment, particularly for girls. And as warned by UNESCO, many girls might drop out. In this scenario, the overall outlay for education has been slashed by 8.3%. There are no substantial provisions for incentivising girls' return to schools or covering up for the loss in educational attainment, which could lead to generational losses to the cause of women's education. Not only that, the flagship Samagra Shiksha programme's overall and gender allocation has been reduced by 19.8% as compared to BE 2020-21. In fact, the budget for the National Scheme for Incentive to Girl Child for Secondary Education has been cut by 99%. While the allocation to mid-day meals has increased from BE 2020, it is a decline of 10.8% from RE 2020-21.

C. But the 2021-22 Budget estimates for the **Pradhan Mantri Awaas Yojana (rural housing) and Indira Gandhi National Widow Pension Scheme** have remained largely unchanged. Interestingly, both schemes together form three-fourths of Part A of the Gender Budget.

D. Under Mission **Shakti** which is a mission for protection and empowerment for women, a budgetary provision of 3109 crore rupees have been made. Besides, 900 crore rupees has been proposed for **Mission Vatsalya** for child protection and welfare services in the budget.

E. The announcement of Saksham Anganwadi and Poshan 2.0 clubs the erstwhile umbrella ICDS, Poshan Abhiyan, Scheme for Adolescent Girls, and National Crèche Scheme and allocates only Rs 20,105 crore; the Mission Shakti –SAMARTHYA clubs smaller programmes including Pradhan Mantri Matru Vandana Yojana, and Beti Bachao Beti Padhao. The numbers show that allocations to crucial programmes catering to nutrition, creches, and women's safety and protection have at best stayed the same if not reduced. The allocation to the umbrella ICDS schemes that are under the new 'SAKSHAM' head clearly shows a 23 per cent decline of Rs 5,952 crore. We also do not see separate allocations for One Stop Centres, women helpline, Swadhar Greh, Ujjawala and so on which were overwhelmingly used during the pandemic, with heightened reports of violence against women. Instead, those have been clubbed under Mission Shakti— SAMBAL.

B. Finance Commission

Finance Commission is a constitutional body for the purpose of allocation of certain revenue resources between the Union and the State Governments. It is time to time established under Article 280 of the Indian Constitution by the Indian President. It is created to define the financial relations between the Centre and the states. The main tasks of the commission are to strengthen cooperative federalism, improve the quality of public spending and help protect fiscal stability.

The First Commission was set up in November 1951 under the Chairmanship of K C Neogy, a former member of the Constituent Assembly and diwan of a princely state. The President has appointed 14 more Commissions since then. Most recent one is the 15th Finance Commission which was constituted by the President of India in November 2017, under the chairmanship of NK Singh.

Role of Finance commission in India's federal political economy:

- As a federal nation, India suffers from both vertical and horizontal fiscal imbalances.
- Vertical imbalances between the central and state governments result from states incurring expenditures disproportionate to their sources of revenue, in the process of fulfilling their responsibilities. However, states are better able to gauge the needs and concerns of their inhabitants and therefore more efficient at addressing them.
- Horizontal imbalances among state governments result from differing historical backgrounds or resource endowments and can widen over time.
- Unity: Article 1 of the Constitution of India recognises India as a Union of States. Real fairness and equity in the matter of devolution of powers and resources to the States is essential to preserve this stated unity. The foremost objective of the FC is thus an equitable distribution of financial resources between the two units of the Union.
- Resources – The fundamental tasks relating to income growth, human development, livelihoods, environment, etc are entrusted to the States. At present, the States do not have adequate resources as well as the right to raise such resources to fulfil these tasks. FC's role gains significance in equipping states with adequate resources to take up these major tasks of nation-building.
- Federalism – The Centre's capacity to mobilise resources is far greater than that of the States. But states are required to undertake development expenditures that far exceed their revenue generating capabilities. The Constitution entrusts FC with the responsibility of addressing this anomaly and asymmetry in India's federal system.
- To ensure same kind of federal political economy in the state, state finance commissions are constituted. The State Finance Commission (SFC) is an institution created by the 73rd and 74th Constitutional Amendments (CAs) to rationalize and systematize State/sub-State-level fiscal relations in India.
- Article 243I of the Constitution mandated the State Governor to constitute a Finance Commission every five years.
- Article 243Y of the Constitution states that the Finance Commission constituted under article 243 I shall also review the financial position of the Municipalities and make recommendations to the Governor.
- The Commission's recommendations along with an explanatory memorandum with regard to the actions done by the government on them are laid before the Houses of the Parliament.
- The FC evaluates the rise in the Consolidated Fund of a state in order to affix the resources of the state Panchayats and Municipalities. The FC has sufficient powers to exercise its functions within its activity domain.
- As per the Code of Civil Procedure 1908, the FC has all the powers of a Civil Court. It can call witnesses, ask for the production of a public document or record from any office or court.

Finance commission is known as a **balancing wheel of fiscal federalism** in India. However, the issues related to it have questioned the reliance of finance commission's recommendations.

Issues with respect to finance commission:

- Terms of references are narrow: For instance, The 15th Finance Commission's terms of reference are to recommend a fiscal consolidation roadmap for sound fiscal management. Besides, ensuring to take in to account the responsibility of the Central Government and State

Governments to adhere to appropriate levels of general and consolidated government debt and deficit levels.

- A periodic body: Finance commission is an important body which looks at the fiscal federalism between centre and states. However, despite being such an important body, it is not a permanent body. A financial trouble can occur any time and we cannot rely on the executive to look at the trouble and then constitute the Finance commission as and when necessary. For instance, the economic upheaval happened due to Covid-19.
- Finance commission is a body which ensure federal political economy work as per its functioning requirement. However, appointment of its members are mainly handled by the central government which undermines the role of states.
- Recommendations are not mandatory in nature. Which makes the whole exercise of constituting, surveying and reporting a futile exercise if the recommendations are not implemented. For instance, recommendation to constitute a fiscal council was recommended by 13th and 14th Finance Commission. The same recommendation is reiterated by 15th Finance commission. However, this recommendation is not implemented by the central government yet.

Existing mechanism of devolution of finances between the Centre and the States

Articles 268 to 293 in Part XII of the Constitution deal with Centre–state financial relations. Besides these, there are other provisions dealing with the same subject.

- **Allocation of Taxing Powers:** The Parliament has exclusive power to levy taxes on subjects enumerated in the Union List .The state legislature has exclusive power to levy taxes on subjects enumerated in the State List. Both the Parliament and the state legislature can levy taxes on subjects enumerated in the Concurrent List. The residuary power of taxation (that is, the power to impose taxes not enumerated in any of the three lists is vested in the Parliament. Under this provision, the Parliament has imposed gift tax, wealth tax and expenditure tax.
- **Distribution of Tax Revenues:** 42% of the total share of tax of Union will go to states. This is as per the recommendations of the 14th Finance Commission. The Finance Commission is required to recommend the distribution of the net proceeds of taxes of the Union between the Union and the States (commonly referred to as vertical devolution); and the allocation between the States of the respective shares of such proceeds (commonly known as horizontal devolution). GST Proceedings are distributed according to CGST, Act and SGST, Act. The Constitution also draws a distinction between the power to levy and collect a tax and the power to appropriate the proceeds of the tax so levied and collected. For example, the income-tax is levied and collected by the Centre but its proceeds are distributed between the Centre and the states.
- **Distribution of Non-tax Revenues:** The Centre The receipts from the following form the major sources of non-tax revenues of the Centre: (i) posts and telegraphs; (ii) railways; (iii) banking; (iv) broadcasting (v) coinage and currency; (vi) central public sector enterprises; and (vii) escheat and lapse. The States The receipts from the following form the major sources of non-tax revenues of the states: (i) irrigation; (ii) forests; (iii) fisheries; (iv) state public sector enterprise; and (v) escheat and lapse.
- **Grants-in-Aid to the States:** Besides sharing of taxes between the Centre and the states, the Constitution provides for grants-in-aid to the states from the Central resources. There are two types of grants-in-aid, viz, statutory grants and discretionary grants:
    - **Statutory Grants**: Article 275 empowers the Parliament to make grants to the states which are in need of financial assistance and not to every state. Also, different sums may be fixed for different states. These sums are charged on the Consolidated Fund of

India every year. Apart from this general provision, the Constitution also provides for specific grants for promoting the welfare of the scheduled tribes in a state or for raising the level of administration of the scheduled areas in a state including the State of Assam. The statutory grants under Article 275 (both general and specific) are given to the states on the recommendation of the Finance Commission.

  - **Discretionary Grants:** Article 282 empowers both the Centre and the states to make any grants for any public purpose, even if it is not within their respective legislative competence. Under this provision, the Centre makes grants to the states.
- **Other Grants:** The Constitution also provided for a third type of grants-in aid, but for a temporary period. These sums were charged on the Consolidated Fund of India and were made to the states on the recommendation of the Finance Commission.

Do States autonomy to mobilize finances on their own?

Constitution of India empowered States to mobilize their own finance.

- The States has exclusive power to levy taxes on subjects enumerated in the State List
- Both the Center and the States can levy taxes on subjects enumerated in the Concurrent List
- States have autonomy in Collection of Non Tax Revenues.

However, there are instances shows States autonomy is curtailed to mobilize their own finances.

- States will get their Share in net proceeds of taxes according to Finance Commission's recommendations.
- Constitution empowers the Parliament to make statutory grants to the states which are in need of financial assistance.
- The States have, to look to the Centre for funds in case of unforeseen calamities or to carry out various schemes.
- While the proclamation of national emergency (under Article 352) is in operation, the president can modify the constitutional distribution of revenues between the Centre and the states. This means that the president can either reduce or cancel the transfer of finances (both tax sharing and grants-in-aid) from the Centre to the states.
- While the proclamation of financial emergency (under Article 360) is in operation, the Centre can give directions to the states in financial matters.

15th Finance Commission encapsulate the spirit of fiscal federalism

The Fifteenth Finance Commission was constituted in the backdrop of the abolition of Planning Commission, the abolition of distinction between plan and non-plan expenditure and the far reaching structural tax changes embedded in the Goods and Services tax.

The Terms of Reference of this Commission are somewhat unique including monitarable performance criteria for important national flagship programmes, and examining the possibility of setting up permanent non lapsable funding for India's Security needs.

Conventionally, the Terms of References of FC can be seen as below:

- Principles governing the vertical devolution of taxes between union and states.
- Principles governing the Horizontal distribution between the states.
- Grant in aid to states, supplement the resources of PRI, ULBs from states' Consolidated funds.
- Performance Based incentives for States

In this regard, the performance based incentives for the states will be based on multiple criteria which will be helpful in promoting fiscal federalism in the following manner-

- Efforts made by the States in expansion and deepening of tax net under GST will help in realisation of a competitive tax environment where fiscal position of states will improve in turn improving the fiscal federalism.
- ‘Progress made in increasing capital expenditure, eliminating losses of power sector, and improving the quality of such expenditure in generating future income streams’ criteria can help tackle the stress of NPAs in power sector and improve the fiscal situation of states.
- ‘Control or lack of it in incurring expenditure on populist measures’ criteria can help arrest the burden of populist measures under political compulsions.
- ‘Progress made in sanitation, solid waste management and bringing in behavioural change to end open defecation’ criteria can help overcome the burden due to sanitation related health expenditure especially in poorer states.

At the same time, there has been considerable contestation over the new provisions of Terms of reference and these are seen as antithetical to the vision of Fiscal federalism due to the following factors-

- The ToR’s are seen as too expansive, and that this expansiveness is in the direction of tilting the fiscal balance further in favour of the Centre.
- The call to revisit the previous FC’s decision to increase the share of the states is worrying.
- The ToR states that the commission may also examine if revenue deficit grants are to be provided at all. To suggest that revenue deficit grants may not be provided is equivalent to demanding the Commission to disregard Articles 275. This is a violation of constitutional guarantees as well as fiscal federalism principles.
- The 15th Finance Commission has been mandated to use data from the 2011 Census, instead of 1971 Census, as the base for determining revenue share across states.This, southern states have argued, may penalize them for their successful efforts in controlling population growth, by decreasing their share in the overall resource pool.
- The TOR proposes that all states be judged, among other criteria, on how well they implemented flagship schemes of the Centre. However, it seems irrational considering there are many schemes of the Central government that the states have neglected because they have corresponding state schemes running successfully.
- The recent, last-minute addition of asking FC XV to suggest ways of allocating non-lapsable funds for defence and internal security can be surely considered as against the ideals of fiscal federalism as defence is a union subject.

These issues call for reform of the overall architecture of fiscal federalism. Three possible options can be considered-

- One option is to only allow transfers through untied tax devolution.
- A second option is to make the FC a permanent body and expand its mandate to undertake the resource allocation role of the erstwhile Planning Commission.
- A third option is to revive the Inter-State Council as an effective federal decision-making body.

Sustainable Development Goal SDG10 aims for reducing inequality within and among countries. Goal16 requires nations to build effective, accountable and inclusive institutions at all levels. An equitable distribution of revenue tied with performance incentives will help greatly in this regard as well as achieving the ideals of fiscal federalism.

14th Finance Commission recommended the establishment of an independent Fiscal Council

This council should be appointed by and reporting to Parliament by inserting a new section in the FRBM Act.

What is the mandate of Fiscal Council?

- A Fiscal Council is an Independent fiscal institution (IFI) with a mandate to promote stable and sustainable public finances The council assist in calibrating sustainable fiscal policy by making an objective and scientific analysis.
- The important tasks of these IFIs include:
    - Independent analysis, review and monitoring and evaluating of government's fiscal policies and programmes
    - Developing or reviewing macroeconomic and/or budgetary projections
    - Costing of budget and policy proposals and programmes
    - Presenting policy makers with alternative policy options

Merits of Fiscal Council

- **Watchdog of Public Finance:** An unbiased report to Parliament helps to raise the level of debate and brings in greater transparency and accountability.
- **Reduces Populism:** Costing of various policies and programmes can help to promote transparency over the political cycle to discourage populist shifts in fiscal policy and improve accountability.
- **Public Awareness:** Scientific estimates of the cost of programmes and assessment of forecasts could help in raising public awareness about their fiscal implications and make people understand the nature of budgetary constraint.
- **Upholds Spirit of Constitution:** The Council will work as a conscience keeper in monitoring rule-based policies, and in raising awareness and the level of debate within and outside Parliament.
- **International Trend:** According to IMF, there were 36 countries with IFIs in 2014 and more have been established in recent years

How effective have these institutions been?

- A study by the IMF ("The Functions and Impact of Fiscal Councils", July 2013) shows that countries with IFIs tend to have stronger primary balances and more accurate macroeconomic & budgetary forecasts.
- In Belgium, the government is legally required to adopt the macroeconomic forecasts of the Federal Planning Bureau and this has significantly helped to reduce bias in these estimates.
- In Chile, the existence of two independent bodies on Trend GDP and Reference Copper Price has greatly helped to improve Budget forecasts.
- In the U.K., the Office for Budget Responsibility has been important in restoring fiscal sustainability.
- Cross-country evidence shows that fiscal councils exert a strong influence on fiscal performances, particularly when they have formal guarantees of independence.

C. Towards Atmanirbhar Bharat

Vision for AatmaNirbhar Bharat

- **AatmaNirbharta** – not a new idea – ancient India was self-reliant and a business epicentre of the world
- AtmaNirbhar Bharat – an expression of 130 crore Indians who have full confidence in their capabilities and skills
- Strengthening the **Sankalp** of:
  - Nation First
  - Doubling Farmer's Income
  - Strong Infrastructure
  - Healthy India
  - Good Governance
  - Opportunities for Youth
  - Education for All
  - Women Empowerment
  - Inclusive Development
- 13 promises made in the Union Budget 2015-16, and resonating with the vision of AatmaNirbharta, to materialise during the **AmrutMahotsav of 2022** – on the 75th year of our independence

Production Linked Incentive scheme (PLI)

- **Rs. 1.97 lakh crore** in next 5 years for PLI schemes in **13 Sectors**
- To create and nurture **manufacturing global champions** for an **AatmaNirbhar Bharat**
- To help manufacturing companies become an integral part of **global supply chains**, possess core competence and **cutting-edge technology**
- To bring **scale and size** in key sectors
- To provide **jobs to the youth**

Textiles

- **Mega Investment Textiles Parks (MITRA)** scheme, in addition to PLI
- **7 Textile Parks** to be established over 3 years
- Textile industry to become **globally competitive**, attract **large investments** and **boost employment generation** & **exports**

Financial Capital

- A single **Securities Markets Code** to be evolved
- Support for development of a **world class Fin-Tech hub at the GIFT-IFSC**
- A new permanent institutional framework to help in development of Bond market by purchasing investment grade debt securities both in stressed and normal times
- Setting up a system of **Regulated Gold Exchanges**: SEBI to be notified as a regulator and Warehousing Development and Regulatory Authority to be strengthened
- To develop an **investor charter** as a right of all financial investors
- **Capital infusion** of **Rs. 1,000 crore** to Solar Energy Corporation of India and **Rs. 1,500 crore** to Indian Renewable Energy Development Agency

Increasing FDI in Insurance Sector: To increase the permissible **FDI limit from 49% to 74%** and allow foreign ownership and control with safeguards

Stressed Asset Resolution: Asset Reconstruction Company Limited and Asset Management Company to be set up

Recapitalization of PSBs: **Rs. 20,000 crore** in 2021-22 to further consolidate the financial capacity of PSBs

Deposit Insurance

- **Amendments to the DICGC Act, 1961**, to help depositors get an easy and time-bound access to their deposits to the extent of the deposit insurance cover
- Minimum loan size eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest **(SARFAESI) Act, 2002** proposed to be reduced **from Rs. 50 lakh to Rs. 20 lakh** for NBFCs with minimum asset size of Rs. 100 crore

Company Matters

- To **decriminalize the Limited Liability Partnership (LLP) Act, 2008**
- **Easing Compliance requirement of Small companies** by revising their definition under Companies Act, 2013 by increasing their thresholds for Paid up capital from "not exceeding Rs. 50 Lakh" to "not exceeding Rs. 2 Crore" and turnover from "not exceeding Rs. 2 Crore" to "not exceeding Rs. 20 Cr".
- **Promoting start-ups and innovators by incentivizing the incorporation of One Person Companies (OPCs)**:
  - Allowing their growth without any restrictions on paid up capital and turnover
  - Allowing their conversion into any other type of company at any time,
  - Reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and
  - Allowing Non Resident Indians (NRIs) to incorporate OPCs in India.
- To ensure **faster resolution of cases** by:
  - **Strengthening NCLT** framework
  - Implementation of **e-Courts** system
  - Introduction of **alternate methods of debt resolution** and special framework for MSMEs
- Launch of data analytics, artificial intelligence, machine learning driven **MCA21 Version 3.0 in 2021-22**

Government Financial Reforms

- **Treasury Single Account** (TSA) System for Autonomous Bodies to be extended for universal application
- **Separate Administrative Structure** to streamline the 'Ease of Doing Business' for Cooperatives

On Disinvestment

Union Minister for Finance while presenting the Union Budget FY 2021-22 announced that the government has approved a policy of strategic disinvestment of public sector enterprises that will provide a clear roadmap for disinvestment in all non-strategic and strategic sectors.

Key takeaways

- Existing CPSEs, Public Sector Banks, and Public Sector Insurance Companies shall be covered under it.
- Twofold classification of Sectors to be disinvested :
- Strategic Sector: Bare minimum presence of the public sector enterprises and remaining shall be privatized or merged or made subsidiaries with other CPSEs or closed.
- Following 4 sectors to come under it :
    1. Atomic energy, Space and Defence
    2. Transport and Telecommunications
    3. Power, Petroleum, Coal, and other minerals
    4. Banking, Insurance, and financial services
- Non- Strategic Sector: In this sector, CPSEs will be privatized, otherwise shall be closed.
- Rs. 1,75,000 crore estimated receipts from disinvestment in BE 2020-21
- Strategic disinvestment of BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited etc. to be completed in 2021-22.
- Other than IDBI Bank, two Public Sector Banks and one General Insurance company to be privatized
- New policy for Strategic Disinvestment approved; CPSEs except in four strategic areas to be privatized
- NITI Aayog to work out on the next list of CPSEs to be taken up for strategic disinvestment
- Incentivizing States for disinvestment of their Public Sector Companies, using central funds
- Special Purpose Vehicle in the form of a company to monetize idle land
- Introducing a revised mechanism for ensuring timely closure of sick or loss making CPSEs

Important value additions

- An industry is considered strategic if it has large innovative spill overs and if it provides a substantial infrastructure for other firms in the same or related industries.
- Earlier, the strategic sectors were defined on the basis of industrial policy.
- The government classified Central Public Sector Enterprises (CPSEs) as 'strategic' and 'non-strategic' on the basis of industrial policy that keeps on changing from time-to-time.
- According to this, the Strategic sector PSUs are:
    1. Arms & Ammunition of defence equipment
    2. Defence aircraft & warships
    3. Atomic energy
    4. Applications of radiation to agriculture, medicine and non-strategic industry
    5. Railways
- All other PSUs apart from the strategic sectors fall under Non-strategic Sector including Power Discoms.

Do you know?

- Disinvestment is the action of an organization or government selling or liquidating an asset or

subsidiary.
- The primary objective is to maximize the return on investment (ROI) related to capital goods, labor, and infrastructure.

Minimum Government, Maximum Governance

Presenting the Union Budget 2021-22 in Parliament, the Union Minister for Finance outlined the plans for reforms in one of the six pillars of the budget i.e. of Minimum Government, Maximum Governance.

Key takeaways
- The forthcoming Census could be the first digital census in the history of India and has been allocated Rs. 3,768 crore in the year 2021-2022.
- It is proposed to set up a Conciliation Mechanism and mandate its use for quick resolution of contractual disputes to increase ease of doing business.
- This will instill confidence in private investors and contractors.
- To bring about transparency, efficiency, and governance reforms in the nursing profession, The National Nursing and Midwifery Commission Bill will be introduced by the government for passing.
- It is also proposed to take further measures to rationalize the functioning of Tribunals.
- The Centre will give a grant of Rs. 300 crore to the Government of Goa for celebrating the diamond jubilee year of the state's liberation from Portuguese rule.

Net borrowing of the States:
- Net borrowing for the states allowed at **4% of GSDP for the year 2021-2022** as per recommendation of 15th FC
  - Part of this earmarked for incremental capital expenditure
  - Additional borrowing ceiling of 0.5% of GSDP will be provided subject to conditions
- States expected to reach a **fiscal deficit of 3% of GSDP by 2023-24**, as recommended by the 15th Finance Commission

Fifteenth Finance Commission:
- The final report covering **2021-26** was submitted to the President, retaining vertical shares of states at **41%**
- Funds to UTs of Jammu and Kashmir and Ladakh would be provided by Centre
- On the Commission's recommendation, **Rs. 1,18,452 crore** have been provided as Revenue Deficit Grant to 17 states in 2021-22, as against **Rs. 74,340 crore** to 14 states in 2020-21

<u>Tax Proposals</u>

Vision of a transparent, efficient tax system to promote investments and employment in the country with **minimum burden on tax payers**

1. **<u>Direct Taxes</u>**

Achievements:
- **Corporate tax rate** slashed to make it among the lowest in the world
- Burden of taxation on **small taxpayers** eased by increasing rebates
- Return filers almost **doubled to 6.48 crore** in 2020 from **3.31 crore** in 2014
- **Faceless Assessment** and **Faceless Appeal** introduced

Relief to Senior Citizens: Exemption from filing tax returns for senior citizens over 75 years of age and having only pension and interest income; tax to be deducted by paying bank

Reducing Disputes, Simplifying Settlement:

- **Time limit for re-opening cases** reduced to **3 years** from 6 years
- **Serious tax evasion cases**, with evidence of concealment of income of Rs. 50 lakh or more in a year, to be re-opened only up to 10 years, with approval of the Principal Chief Commissioner
- **Dispute Resolution Committee** to be set up for taxpayers with taxable income up to Rs. 50 lakh and disputed income up to Rs. 10 lakh
- **National Faceless Income Tax Appellate Tribunal Centre** to be established
- Over **1 lakh taxpayers** opted to settle tax disputes of over Rs. 85,000 crore through **Vivad Se Vishwas Scheme** until 30th January 2021

Relaxation to NRIs: Rules to be notified for removing hardships faced by NRIs regarding their foreign retirement accounts

Incentivising Digital Economy: Limit of turnover for tax audit increased to **Rs. 10 crore** from Rs. 5 crore for entities carrying out 95% transactions digitally

Relief for Dividend:

- Dividend payment to REIT/ InvIT exempt from TDS
- Advance tax liability on dividend income only after declaration/ payment of dividend
- Deduction of tax on dividend income at lower treaty rate for Foreign Portfolio Investors

Attracting Foreign Investment for Infrastructure:

- **Infrastructure Debt Funds** made eligible to raise funds by issuing **Zero Coupon Bonds**
- Relaxation of some conditions relating to prohibition on private funding, restriction on commercial activities, and direct investment

Supporting 'Housing for All':

- Additional deduction of interest, up to Rs. 1.5 lakh, for loan taken to buy an affordable house extended for loans taken till March 2022
- **Tax holiday** for Affordable Housing projects extended **till March 2022**
- Tax exemption allowed for notified Affordable Rental Housing Projects

Tax incentives to IFSC in GIFT City:

- **Tax holiday for capital gains** from incomes of aircraft leasing companies
- Tax exemptions for aircraft lease rentals paid to foreign lessors
- Tax incentive for relocating foreign funds in the IFSC
- Tax exemption to investment division of foreign banks located in IFSC

Ease of Filing Taxes: Details of capital gains from listed securities, dividend income, interest from banks, etc. to be pre-filled in returns

Relief to Small Trusts: Exemption limit of annual receipt revised from ₹1 crore to ₹5 crore for small charitable trusts running schools and hospitals

Labour Welfare:

- Late deposit of employee's contribution by the employer not to be allowed as deduction to the employer
- Eligibility for tax holiday claim for start-ups extended by one more year
- **Capital gains exemption** for investment in start-ups extended **till 31st March, 2022**

2. **Indirect Taxes**

GST: Measures taken till date:

- Nil return through SMS
- Quarterly return and monthly payment for small taxpayers
- **Electronic invoice system**
- Validated input tax statement
- **Pre-filled editable GST return**

- Staggering of returns filing
- Enhancement of capacity of GSTN system
- Use of **deep analytics** and **AI to identify tax evaders**

Custom Duty Rationalization:

- **Twin objectives**: Promoting domestic manufacturing and helping India get onto global value chain and export better
- **80 outdated exemptions** already eliminated
- Revised, distortion-free customs duty structure to be put in place from 1st October 2021 by **reviewing more than 400 old exemptions**
- **New customs duty exemptions** to have validity up to the 31st March following two years from its issue date

Electronic and Mobile Phone Industry:

- Some exemptions on parts of chargers and sub-parts of mobiles withdrawn
- **Duty on some parts of mobiles revised to 2.5% from 'nil' rate**

Iron and Steel:

- **Customs duty reduced** uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels
- **Duty on steel scrap exempted** up to 31st March, 2022
- **Anti-Dumping Duty (ADD) and Counter-Veiling Duty (CVD) revoked** on certain steel products
- **Duty on copper scrap reduced** from 5% to 2.5%

Textiles: Basic Customs Duty (BCD) on caprolactam, nylon chips and nylon fiber & yarn reduced to 5%

Chemicals:

- Calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions
- **Duty on Naptha reduced** to 2.5%

Gold and Silver: Custom duty on gold and silver to be rationalized

Renewable Energy:

- **Phased manufacturing plan** for solar cells and solar panels to be notified
- **Duty on solar invertors raised** from 5% to **20%**, and on **solar lanterns** from 5% to **15%** to encourage domestic production

Capital Equipment:

- Tunnel boring machine to now attract a customs duty of 7.5%; and its parts a duty of 2.5%
- Duty on certain auto parts increased to general rate of 15%

MSME Products:

- Duty on steel screws and plastic builder wares increased to 15%
- Prawn feed to attract customs duty of 15% from earlier rate of 5%
- Exemption on import of duty-free items rationalized to incentivize exporters of garments, leather, and handicraft items
- Exemption on imports of certain kind of leathers withdrawn
- Customs duty on finished synthetic gem stones raised to encourage domestic processing

Agriculture Products:

- Customs duty on cotton increased from nil to 10% and on raw silk and silk yarn from 10% to 15%.
- Withdrawal of end-use based concession on denatured ethyl alcohol
- Agriculture Infrastructure and Development Cess (AIDC) on a small number of items

Rationalization of Procedures and Easing of Compliance:

- **Turant Customs** initiative, a Faceless, *Paperless, and Contactless Customs* measures

New procedure for administration of Rules of Origin

D. Enabling the Social Sector

Health and Wellbeing

The release of the latest National Family Health Survey (NFHS-5) results shows that even prior to the pandemic, for many states, child malnutrition levels in 2019 were higher than the previous round in 2015-16. Add to that the fall in incomes and disruption of services due to the pandemic, and the numbers are likely to worsen. Estimates suggest that even a 9.5% decline in India's GDP could lead to an additional 3.9 million children wasted or suffering from acute malnutrition.

- **Rs. 2,23,846 crore** outlay for *Health and Wellbeing* in BE 2021-22 as against **Rs. 94,452 crore** in BE 2020-21 – an **increase of 137%**
- Focus on strengthening three areas: **Preventive, Curative,** and **Wellbeing**
- Steps being taken for improving health and wellbeing:

Vaccines

- **Rs. 35,000 crore for COVID-19 vaccine** in BE 2021-22
- The **Made-in-India Pneumococcal Vaccine** to be rolled out across the country, from present 5 states – **to avert 50,000 child deaths annually**

Health Systems

- **Rs. 64,180 crore** outlay over 6 years for **PM AatmaNirbhar Swasth Bharat Yojana** – a new centrally sponsored scheme to be launched, in addition to NHM
- Main interventions under PM AatmaNirbhar Swasth Bharat Yojana:
- **National Institution for One Health**
- 17,788 rural and 11,024 urban Health and Wellness Centers
- **4 regional National Institutes for Virology**
- 15 Health Emergency Operation Centers and **2 mobile hospitals**
- **Integrated public health labs** in all districts and 3382 block public health units in **11 states**
- **Critical care hospital blocks** in 602 districts and **12 central institutions**
- Strengthening of the **National Centre for Disease Control (NCDC)**, its 5 regional branches and 20 metropolitan health surveillance units
- Expansion of the **Integrated Health Information Portal** to all States/UTs to connect all public health labs
- **17 new Public Health Units** and strengthening of 33 existing Public Health Units
- **Regional Research Platform** for WHO South-East Asia Region
- 9 Bio-Safety Level III laboratories

What is puzzling is the lack of priority given to the National Health Mission (NHM) — the flagship scheme to direct non-wage expenditures on primary health to states and an important mechanism to strengthen the health system. With a 4% increase in nominal terms for NHM, allocations won't even keep up with rising inflation.

Nutrition

While ₹13,400 crore was announced for the MDM scheme during the current year (due to additional allocations for providing meals in the summer months and increase in cooking costs), revised estimates are lower at ₹12,900 crore, suggesting under-spending or lower than planned coverage.

If we talk about the **Poshan Abhiyaan — India's flagship programme** to improve nutritional outcomes in a mission-driven, time-bound manner (by 2022). Cumulatively, since the start of the programme till October 31, 2020, the Union government had released only 46% of its share. This year, even the budget has been cut by 27%. Nor was there much mention of Covid-19 warriors — the understaffed, overburdened and low-paid frontline workers. Instead, we now have a new mission called the Saksham Anganwadi and POSHAN 2.0, which combines previous schemes at an outlay of ₹20,105 crore. While details are still awaited, from a purely fiscal perspective, allocations are lower than the budget estimates for ICDS in 2020-21.

Mission Poshan 2.0

- To strengthen nutritional content, delivery, outreach, and outcome
- Merging the Supplementary Nutrition Programme and the Poshan Abhiyan
- Intensified strategy to be adopted to improve nutritional outcomes across 112 Aspirational Districts

The Criticism - Four important things go to the root of what ails the health sector but these did not find place in the budget.

- First, since Ayushman Bharat was launched in September 2018, crores of beneficiaries from the 50 crore eligible poor have received hospital care through cashless hospitalisation. But now the programme must additionally protect the poor from the uncertainties of doctor hunting, receiving irrational treatment from unqualified medical practitioners, provide drugs and address the inability to pay for high-end diagnostics. Unless the costs of outpatient treatment are catered for under Ayushman Bharat, heavy, out-of-pocket expenditure will continue before a patient needs hospitalisation.
- Secondly, insurance coverage for the middle class remains a gap which should have been addressed through the budget. All citizens, whether employed in unorganised sectors or self-employed, need health cover. Comparisons with other countries do not imply that they are superior, but certainly their experience can be built upon. Among the high performing countries, Germany and France fund health care through contributions which are mandated by law and shared by the employer and employee. All states can be incentivised to mandate the need for all citizens to possess government supported health insurance. If every employer and employee paid even a nominal share, it would cover the costs of essential healthcare to the unorganised sector middle classes.
- Third, the absence of any mention of medical regulation based on the 2017 National Health Policy has once again left consumers without protection. The health policy had recognised that grading of clinical establishments would give protection to patient rights. The states have been tardy, even remiss, in not implementing the model Clinical Establishments Act 2010. The Indian Medical Association has successfully thwarted efforts to instil accountability in medical establishments for eleven long years. The Fifteenth Finance Commission’s recommendation to start a debate on bringing public health and hospitals on the concurrent list of the Constitution (like population control, food adulteration and drugs already are,) is a bold initiative. It merited a mention in the budget.
- Fourth, the Health Policy 2017 had also recommended the establishment of a separate Empowered Medical Tribunal. The Consumer Protection Act 1986 was never mandated to address the complexities of medical negligence or malpractice. The health sector badly needs a regulator on the lines of the State and Central Regulatory Commissions, say, for electricity. Having been embedded in the Health Policy 2017, it behoved a mention of the need for health regulation

To spur technological adoption and bridge the existing digital divide, India will have to deploy an army of empowered and tech-savvy ‘Digital Health Agents’ –

Fortunately, rural India has a huge untapped resource pool of close to 9,00,000 ASHA (Accredited Social Health Activist) workers who act as a bridge between the government and people, and are playing multiple roles — of health care facilitators, health activists and service providers and are operating at the grassroots level.

Many ASHA workers are graduates and others are educated to at least Class 10. Basic training on technology along with access to tablets or smartphones can transform the ASHA worker into a Digital Health Agent to deliver healthcare solutions to the masses. The smart application of telemedicine, artificial intelligence (AI)-enabled medical devices, and block chain can help create repositories of longitudinal data, revolutionising public healthcare planning and delivery in the country.

As Digital Health Agents, they can enable teleconsultations between specialists and individuals, acting as an important digital link between primary and tertiary care in rural areas. Deploying 'nudge tactics' to encourage individuals to make best decisions and actions is a powerful tool that has emerged in recent years. Using technology to make these nudge tactics available to ASHA workers would make large scale implementation of relevant interventions possible.

ASHA workers can also help individuals decipher the significance of their symptoms and seek appropriate care at the right time. This will not just expedite the process of screening and ensure maintenance of a proper health records, but will also take the load off secondary and tertiary healthcare centres, enabling them to focus on critical cases.

Moreover, mobile and point of care technologyenabled testing and screening modalities are replacing the more expensive traditional methods that require immobile equipment and specialist human technicians. Armed with such handheld, affordable technological innovations, ASHA workers can provide screening, wellness and disease awareness services in remote areas of the country. They can also be trained to interpret data and alert authorities in the event of an outbreak or epidemic.

Through the use of digital communication aids they can help tackle the tsunami of misinformation that is emerging as one of the biggest threats to India's vaccine drive. Given their grassroots connect, ASHA workers should be an important element of the government's communication effort to educate ordinary people on the importance of getting inoculated, besides telling them when and where they can get immunised.

ASHA workers need to be incentivised to be a part of the vibrant technological ecosystem envisaged by NDHM. The current task list for an ASHA worker is long and daunting. It involves working and commuting long hours and responsibilities such as disseminating health and nutrition related information, collecting household data including a record of births and deaths, checking for communicable diseases and providing postnatal care and family planning services. Lack of adequate infrastructure, poor pay, insufficient benefits and their classification as voluntary workers add to the burden. Covid-19 has brought to the fore the poor working conditions of ASHA workers, who form the backbone of public rural healthcare.

Migrant Workers and Labourers

Lack of focus of policymakers irrespective of governments on internal migration was at play with ample glare after the announcement of lockdown in India in March last year. Migration as a form of livelihood has been more a story of compulsion rather a monetary choice for the labourers

- **One Nation One Ration Card** scheme for beneficiaries to claim rations anywhere in the country **- migrant workers** to benefit the most
    - Scheme implementation so far covered 86% of beneficiaries across 32 States and UTs
    - Remaining 4 states to be integrated in next few months
- **Portal to collect information** on unorganized labour force, migrant workers especially, to help formulate schemes for them
- Implementation of **4 labour codes** underway
    - Social security benefits for gig and platform workers too
    - minimum wages and coverage under the Employees State Insurance Corporation applicable for all categories of workers
    - Women workers allowed in all categories, including night-shifts with adequate protection
    - Compliance burden on employers reduced with single registration and licensing, and online returns

The **Mahatma Gandhi National Rural Employment Guarantee scheme** allocation is down 35% compared to the estimated spend for the current year.

An urban employment guarantee scheme was the most urgent requirement. In fact, since the 2009 election campaign, the BJP had promised such an employment guarantee scheme. Himachal Pradesh has adopted this measure alongside many other states, but the budget ignores this much-needed livelihood support measure.

Though the budget points out that over 9,000 urban centres, comprising Tier-1,2 and 3 cities, small towns, and other non-statutory urban settlements, hold nearly 34 per cent of the Indian population, but they have been left unsupported. Innovative attempts from other COVID-19 impacted countries (and even some Indian states like Kerala, and Odisha) which have heavily invested in labour security, green infrastructure and sustainable development show the path that the budget could have taken.

Financial Inclusion

- Under **Stand Up India Scheme** for SCs, STs and women,
    - Margin money requirement reduced to 15%
    - To also include loans for allied agricultural activities
- **Rs. 15,700 crore** budget allocation to MSME Sector, more than double of this year's BE

Other announcements

- **The Ministry of Social Justice and Empowerment** received an allocation of Rs 10,516 crore, an enhancement of Rs 414 crore over the previous budget.
- There was a 4 percent drop in allocation for the **Ministry of Minority Affairs** at Rs 4,810 crore. It was allocated Rs. 5,029 crore for 2020-21.
- Allocations for the **Ministry of Tribal Affairs** saw a 37 percent increase over the revised estimates for 2020-21. The outlay for the tribal affairs ministry is pegged at Rs. 7,525 crore. It was allotted Rs. 7,411 for 2020-21.
- For the **disabled, senior citizens and widows**, an ex-gratia amount of Rs. 1,000 was announced for three months under the scheme, while women Jan Dhan account holders would get a one-time ex gratia amount of Rs 500 per month for 3 months.

- The **food subsidy** has played a pivotal role in averting hunger and distress in both rural and urban areas during the pandemic. This is reflected in an all-time high spend of Rs 422,618 crore in FY20-21. It is estimated that the **Pradhan Mantri Garib Kalyan Anna Yojana** covered nearly 810 million beneficiaries and provided additional food grains above National Food Security Act (NFSA)-mandated requirements in the wake of the pandemic. Under the Atmanirbhar Bharat Package, approximately 80 million migrants, who were not covered under the NFSA or state ration cards, received benefits. The government proposes to continue the support to migrant workers through the **"One Nation One Ration Card" scheme**. While the worst is over, livelihoods and jobs have not rebounded to pre-pandemic levels and continued dependence on food subsidy is expected in the initial few months of 2021-22. Given this, the allocation of Rs 242,836 crore may not be adequate and will need revision during the year.

E. Strengthening the Agriculture Sector

That agricultural sector is critical for the overall socio-economic development of the country needs no re-stating. On average, the agriculture and allied sector accounted for 20 per cent of GDP between 2012-13 and 2019-20 and is estimated to be 27 per cent in 2020-21.

In Union Budget 2021-22, on average, the total combined expenditures of the Ministry of Agriculture & Farmers' Welfare and Ministry of Fisheries, Animal Husbandry & Dairying formed 5 per cent of the total Central expenditure. The 2021-22 Budget Estimate (BE) has declined compared to 2020-21 BE by (-)7.5 per cent.

The Agriculture Ministry did not spend its full budget during 2020-21, leading to a reduction in the allocation in the revised estimates (RE) for the current financial year and a lower outlay for the next one. In Union Budget 2021-22, the two departments—Department of Agriculture, Cooperation and Farmers' Welfare and Department of Agricultural Research and Education— under the Agriculture Ministry have been allocated a total amount of Rs 1,31,531.19 crore, lower than the current financial year's budget estimates (BE) of Rs 1,42,762.35 crore, but a little higher than RE of Rs 1,24,520.3 crore.

While the Department of Agricultural Research and Education has seen a marginal increase—Rs 8,513.62 crore in BE 2021-22 from Rs 8,362.58 crore in BE 2020-21, the Department of Agriculture, Cooperation and Farmers' Welfare has seen a reduction of over Rs 10,000 crore in its budget—from Rs 1,34,399.77 crore in BE 2020-21 to Rs 1,23,017.57 crore in BE 2021-22. However, it is higher than the RE figure of 1,16,757.92 crore for the current financial year.

The major cut in the ministry's budget is due to lower spending under the Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) than the allocated sum. The government had allocated Rs 75,000 crore for PM-Kisan in the 2020-21 Budget. This, however, was reduced to Rs 65,000 crore in RE 2020-21 and now has been retained at the same level for the next financial year. Under PM-Kisan, Rs 6,000 per year is provided to the eligible farmer families in three equal quarterly installments.

- Ensured **MSP at minimum 1.5 times** the cost of production across all commodities.
- **SWAMITVA Scheme** (for mapping of village lands with modern technology and tools) to be extended to all States/UTs, 1.80 lakh property-owners in 1,241 villages have already been provided cards

- **Agricultural credit** target enhanced to **Rs. 16.5 lakh crore** in FY22 - animal husbandry, dairy, and fisheries to be the focus areas
- **Rural Infrastructure Development Fund** to be enhanced to **Rs. 40,000 crore** from Rs. 30,000 crore
- To **double the Micro Irrigation Fund to Rs. 10,000 crore**
- **'Operation Green Scheme'** to be extended to **22 perishable products**, to boost value addition in agriculture and allied products
- Around **1.68 crore farmers** registered and **Rs. 1.14 lakh crore** of trade value carried out through **e-NAMs**; **1,000 more mandis** to be integrated with e-NAM to bring transparency and competitiveness.
- APMCs to get access to the **Agriculture Infrastructure Funds** for augmenting infrastructure facilities

Major announcements for Agriculture and Allied Sector under the AatmaNirbhar Bharat Abhiyaan

Measures	Objective
Rs. 1 lakh crores Agri Infrastructure Fund	Financing for funding agriculture infrastructure projects at farm-gate and at aggregation points and for financially viable post-harvest management infrastructure
Rs. 10,000 crores scheme for Formalisation of Micro Food Enterprises (MFE)	Supporting two lakh MFEs who need technical upgradation to attain FSSAI food standards, build brands and support marketing.
Rs. 20,000 crores for fisherman through Pradhan Mantri Matsya Sampada Yojana (PMMSY)	Focuses on integrated, sustainable and inclusive development of marine and inland fisheries by developing infrastructure such as fishing harbours, cold chain, markets, etc.
National Animal Disease Control Programme	It targets Foot and Mouth Disease (FMD) and Brucellosis by ensuring 100 percent vaccination of cattle, buffalo, sheep, goat and pig population.
Animal Husbandry Infrastructure Development Fund – Rs. 15,000 Crores	It is to support private investment in dairy processing, enable value addition and improved cattle feed infrastructure.
From 'TOP' to TOTAL	Operation Greens run by Ministry of Food Processing Industries to cover tomatoes, onion and potatoes to ALL fruit and vegetables.

Table 2: Key ministry-wise allocation for 2021-22 towards agriculture and associated sectors (Rs/crore)

Agriculture and Farmers Welfare	1,31,531
Rural Development	1,33,690
Consumer Affairs, Food and Public Distribution	2,56,948
Jal Shakti	69,053

Table 3: Key scheme-wise allocation for 2021-22 towards agriculture and associated sectors (Rs/ crore)

MGNREGS	73,000
PM Kisan	65,000
Pradhan Mantri Fasal Bima Yojana	16,000
Pradhan Mantri Krishi Sinchai Yojana	11,588

Reverse migration during the lockdown saw many informal and gig workers and labourers returning to their natives places, mostly in rural areas. As a part of the stimulus package, the government had made a record allocation (Rs 1,11,500 crore that includes additional outlay of Rs 61,500 crore in FY21) under the MGNREGA. This year's Budget estimate for this important rural scheme is Rs 73,000 crore, which is expected to take care of job seekers in rural India, including migrant labourers who would have stayed back home and not returned to their previous workplaces.

Fisheries

- Investments to develop modern fishing harbours and fish landing centres – both marine and inland
- **5 major fishing harbours** – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat to be developed as hubs of economic activity
- **Multipurpose Seaweed Park** in Tamil Nadu to promote seaweed cultivation

Capital expenditure in this sector forms only 1.5 per cent of total expenditure, but Budget allocation in 2021-22 has gone up by 147.4 per cent. And 97.2 per cent of the capital expenditure in this sector is for food storage and warehousing, and investments in agricultural financial institutions. Animal husbandry is the only sub-item under this sector which has experienced a decline in allocation.

Another welcoming feature in the Budget is the provision for setting-up of a National Institute of 'One Health', as an interlinkage between human, animal and plant diseases, is getting recognised. It has been scientifically established that there are several zoonotic diseases that are transmitted from animals to human beings. Therefore, a well-integrated health management system will reduce the extent of plant and animal induced diseases.

In sum, the focus of the Budget is towards income support and improving agricultural support activities. However, early evidence indicates that PM-KISAN is mis-targeting and allocations for MSP supporting schemes are being reduced. Also, barring micro-irrigation schemes, limited attention is being paid to improving actual crop or livestock yields. The systemic stagnancy in the core of the agricultural sector may hold back future growth.

The Way Forward: The budget allocation for agriculture research and education has constantly declined from 0.31 per cent of the gross value added of agriculture and allied activities in 2011-12 to 0.24 per cent now. To realise India's growth story and for us to be in the big league with the developed nations we need to match their R&E allocations of 2.5 per cent.

A four-pronged approach will reduce input costs for farmers and cut down wastages, thereby help in achieving the dual goal of raising incomes for smallholder farmers and strengthening the sector's competitiveness –

A. Promote new-age technologies: The need of the hour is an investment in technologies which are effective, user friendly and ones that bring customised solutions to needs of medium and small landholding farmers.

- To ensure technology-led growth for agriculture, the Budget should stimulate investment in new-age technologies that improve farm economics by reducing the cost of production and wastages at pre and post-harvest stages.
- Promoting farm mechanisation technologies with an effective farmer to farmer rental models will act as a catalyst to increase agricultural yield.
- Lending to rent to the BPL smallholder farmers will enhance mechanisation which is currently unavailable for this marginal segment.
- Precision technologies will help in producing more with lesser input and will gradually lead to less consumption of farm power, seed, fertilisers and pesticides.

- Technological innovations for soil and water conservation are crucial, as nearly 90% of freshwater withdrawn in India is used for agricultural purpose and decrease in soil organic matter leads to low and stagnating yields.
- Restoration of soil health and sustainable water use management certainly requires conscious attention.
- Enhancing the use of ICT and digital technologies will provide real-time market information and extension services to farmers. Constant application of technologies that build solutions for food monitoring, quality assaying and traceability will also be equally important, as post covid food safety becomes more important than ever before.

B. Encourages data-driven solutions for intelligent farming and market connect: Government should have a special focus on strengthening Agri statistics to reduce information arbitrage on data for sowing, crop condition, prices and other vital parameters. Today, 85% of farmers in country are small and marginal. Use of Agri-stack built on a foundation of farmers database can bring instant access of disruptive innovations at their doorstep and will lead to intelligence driven decision making

C. Empower Farmer producer organisations (FPOs): New, innovative models of consolidation are imperative, considering that cost per unit with small land holdings is high and production output is rather low. Therefore, a sustainable aggregation model like creation of FPOs is a viable solution.

- FPOs have a big role to play in not only building socio-economic resilience of farmers but also in achieving several sustainable development goals. It is suggested that FPOs should be included in definition of MSMEs. This will open new avenues of support for FPOs, help them in raising capital for business operations and avail other benefits that are available to MSMEs.
- Also, adoption of scientific storage technologies will further strengthen FPOs. Presently, the full potential of warehousing system and negotiable warehouse receipts in electronic form (e-NWR) is unrealised.
- Strengthening the warehouse system in country will enable farmers and FPOs to store their produce after harvest and helps prevent distress sale.
- The role of a warehouse in future is going to be more than plain storage. Creating new capacities with technological features and innovative functional dimensions in Agri warehousing is important.

D. Enables investment in research and development (R&D): It is important to invest a significant part of the GDP in R&D to address emerging challenges of climate change, food and nutrition security, stagnating yields and galloping cost of inputs and wastages.

F. Building Infrastructure

The Budget has given much-needed impetus to infrastructure development which could reduce trade and transaction costs and improve factor productivity. Moreover, the focus on roads and railways will create a unified market in India for seamless movement of goods and human resources.

This time the government has allocated 34.5% more (BE to BE) than last year to infrastructure development, and given equal emphasis to all physical infrastructure including roads and highways, railways, urban infrastructure, power, port, shipping and airways, and petroleum and natural gas.

- **National Infrastructure Pipeline (NIP)** expanded to 7,400 projects:

- Around 217 projects worth **Rs. 1.10 lakh crore** completed

Measures in three thrust areas to increase funding for NIP:

1. Creation of institutional structures:

- **Rs. 20,000 crore** to set up and capitalise a **Development Financial Institution(DFI)** – to act as a provider, enabler and catalyst for infrastructure financing
- **Rs. 5 lakh crore** lending portfolio to be created under the proposed DFI in 3 years
- **Debt Financing** by Foreign Portfolio Investors to be enabled by amending InvITs' and REITs' legislations

2. Big thrust on monetizing assets

- **National Monetization Pipeline** to be launched
- Important **asset monetization** measures:
  - 5 operational toll roads worth **Rs. 5,000 crore** being transferred to the **NHAIInvIT**
  - Transmission assets worth **Rs. 7,000 crore** to be transferred to the **PGCILInvIT**
  - **Dedicated Freight Corridor** assets to be monetized by Railways, for operations and maintenance, after commissioning
  - Next lot of **Airports** to be monetized for operations and management concession
  - Other **core infrastructure assets** to be rolled out under the Asset Monetization Programme:
    - **Oil and Gas Pipelines** of GAIL, IOCL and HPCL
    - **AAI Airports** in Tier II and III cities
    - Other **Railway Infrastructure** Assets
    - **Warehousing Assets** of CPSEs such as Central Warehousing Corporation and NAFED
    - **Sports Stadiums**

3. Enhancing the share of capital expenditure

- Creation of institutional structures: Infrastructure Financing
- Big thrust on monetizing assets
- Sharp Increase in Capital Budget
  - **Rs. 5.54 lakh crore** capital expenditure in BE 2021-22 – sharp **increase of 34.5%** over Rs. 4.12 lakh crore allocated in BE 2020-21 :
  - Over **Rs. 2 lakh crore** to States and Autonomous Bodies for their Capital Expenditure.
  - Over **Rs. 44,000 crore** for the Department of Economic Affairs to provide for projects/programmes/departments exhibiting good progress on Capital Expenditure

Roads and Highways Infrastructure: Rs. 1,18,101 lakh crore, highest ever outlay, for Ministry of Road Transport and Highways – of which Rs. 1,08,230 crore is for capital

- Under the Rs. 5.35 lakh crore Bharatmala Pariyojana, more than 13,000 km length of roads worth Rs. 3.3 lakh crore awarded for construction:
  - 3,800 km have already been constructed
  - Another 8,500 km to be awarded for construction by March 2022
  - Additional 11,000 km of national highway corridors to be completed by March 2022
- **Economic corridors being planned:**
  - Rs. 1.03 lakh crore outlay for 3,500 km of NHs in Tamil Nadu
  - Rs. 65,000 crore investment for 1,100 km of NHs in Kerala
  - Rs. 25,000 crore for 675 km of NHs in West Bengal
  - Over Rs. 34,000 crore to be allocated for 1300 km of NHs to be undertaken in next 3 years in Assam, in addition to Rs. 19,000 crore works of NHs currently in progress in the State

- **Flagship Corridors/Expressways:**
  - Delhi-Mumbai Expressway – Remaining 260 km to be awarded before 31.3.2021
  - Bengaluru-Chennai Expressway – 278 km to be initiated in the current FY; construction to begin in 2021-22
  - Kanpur-Lucknow Expressway – 63 km expressway providing an alternate route to NH 27 to be initiated in 2021-22
  - Delhi-Dehradun economic corridor – 210 km to be initiated in the current FY; construction to begin in 2021-22
  - Raipur-Vishakhapatnam – 464 km passing through Chhattisgarh, Odisha and North Andhra Pradesh, to be awarded in the current year; construction to start in 2021-22
  - Chennai-Salem corridor – 277 km expressway to be awarded and construction to start in 2021-22
  - Amritsar-Jamnagar – Construction to commence in 2021-22
  - Delhi-Katra – Construction will commence in 2021-22
- **Advanced Traffic management system in all new 4 and 6-lane highways:**
  Speed radars
  - Variable message signboards
  - GPS enabled recovery vans will be installed

Railway Infrastructure

- Rs. 1,10,055 crore for Railways of which Rs. 1,07,100 crore is for capital expenditure
- National Rail Plan for India (2030): to create a 'future ready' Railway system by 2030
- 100% electrification of Broad-Gauge routes to be completed by December, 2023
- Broad Gauge Route Kilometers (RKM) electrification to reach 46,000 RKM, i.e. 72% by end of 2021
- Western Dedicated Freight Corridor (DFC) and Eastern DFC to be commissioned by June 2022, to bring down the logistic costs – enabling Make in India strategy
- Additional initiatives proposed:
  - The Sonnagar-Gomoh Section (263.7 km) of Eastern DFC to be taken up in PPP mode in 2021-22
  - **Future dedicated freight corridor projects –**
    - East Coast corridor from Kharagpur to Vijayawada
    - East-West Corridor from Bhusaval to Kharagpur to Dankuni
    - North-South corridor from Itarsi to Vijayawada
- **Measures for passenger convenience and safety:**
  - Aesthetically designed Vista Dome LHB coach on tourist routes for better travel
  - High density network and highly utilized network routes to have an indigenously developed automatic train protection system, eliminating train collision due to human error

Urban Infrastructure

- Raising the share of public transport in urban areas by expansion of metro rail network and augmentation of city bus service
- Rs. 18,000 crore for a new scheme, to augment public bus transport:
  - Innovative PPP models to run more than 20,000 buses
  - To boost automobile sector, provide fillip to economic growth, create employment opportunities for our youth

- A total of 702 km of conventional metro is operational and another 1,016 km of metro and RRTS is under construction in 27 cities
- 'MetroLite' and 'MetroNeo' technologies to provide metro rail systems at much lesser cost with similar experience in Tier-2 cities and peripheral areas of Tier-1 cities.
- **Central counterpart funding to:**
  a. Kochi Metro Railway Phase-II of 11.5 km at a cost of Rs. 1957.05 crore
  b. Chennai Metro Railway Phase –II of 118.9 km at a cost of Rs. 63,246 crore
  c. Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of Rs. 14,788 crore
  d. Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of Rs. 5,976 crore and Rs. 2,092 crore respectively.

Power Infrastructure

- 139 Giga Watts of installed capacity and 1.41 lakh circuit km of transmission lines added, and additional 2.8 crore households connected in past 6 years
- Consumers to have alternatives to choose the Distribution Company for enhancing competitiveness
- Rs. 3,05,984 crore over 5 years for a revamped, reforms-based and result-linked new power distribution sector scheme
- A comprehensive National Hydrogen Energy Mission 2021-22 to be launched

Ports, Shipping, Waterways

- Rs. 2,000 crore worth 7 projects to be offered in PPP-mode in FY21-22 for operation of major ports
- Indian shipping companies to get Rs. 1624 crore worth subsidy support over 5 years in global tenders of Ministries and CPSEs
- To double the recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) by 2024; to generate an additional 1.5 lakh jobs

Petroleum & Natural Gas

- Extention of Ujjwala Scheme to cover 1 crore more beneficiaries
- To add 100 more districts to the City Gas Distribution network in next 3 years
- A new gas pipeline project in J&K
- An independent Gas Transport System Operator to be set up for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis

In a developing and infrastructure-deficient country like India, public investment in infrastructure, which is labour-intensive, crowds in private investment and is the best way to give a boost to demand.

G. Maintaining Momentum: Education Sector

A robust education system is imperative to any growing nation. It is all the more necessary when the country is battling a raging pandemic and aiming to become self-reliant. The pandemic has pushed back the progress in the education system by years and has thrown open the inequalities in the sector. The pandemic has also shown how wide the digital gap is. Moreover, India would need to increase its spend on the education sector if it wants to achieve the $5 trillion dream.

An Oxfam study has revealed that teachers fear that a third of the children might not even return to schools after they reopen. Most of these children are likely to be from the marginalised social groups, making the government's support crucial in the recovery of school education and prevention of drop-outs.

As for schools that do reopen and successfully bring back students, it would become necessary for them to implement safety protocols and standard operating protocols and bring in resources to keep the children safe. Funds must also be allocated for the capacity-building of school management committee. Adequate WASH facilities (water, soap and functional toilets) must also be made available in all schools before they reopen in the wake of the pandemic.

In order to bring students back to school the government must also organise back-to-school campaigns in order to reduce the dropout rates. Large-scale mapping would also be required to identify students leaving school and help them get back to class. Some students would also require additional funding.

School Education

- **15,000 schools** to be strengthened by implementing all NEP components. Shall act as exemplar schools in their regions for mentoring others
- An increase in allocation to Kendriya Vidyalayas (from 6437.68 crores in 2020-21 to 6800 crores this year) and Navodaya Vidyalayas (from 3480 crores to 3800 crores).
- **100 new Sainik Schools** to be set up in partnership with NGOs/private schools/states

But the budgetary allocation for the coming year for Samagra Shiksha Abhyan (31,050 crores) – the government's flagship programme for school education – is much lower than it was even last year (38,751 crores). The allocation for mid-dal meals is lower too (11500 crores) than the revised estimates of last year (12900 crores) and the total National Education Mission allocation, that includes teacher education as well, is also down from 38860.50 crores to 31300.16 crores.
Further, there is no mention of making schools safe to return to, or training teachers to handle a post-pandemic crisis or bringing children back to school or addressing the nutritional crisis that may have been created.

Higher Education

- Legislation to be introduced to setup **Higher Education Commission of India** as an umbrella body with 4 separate vehicles for standard-setting, accreditation, regulation, and funding
- Creation of formal umbrella structure to cover all Govt. colleges, universities, research institutions in a city for greater synergy.
  - Glue grant to implement the same across 9 cities
- **Central University** to come up in **Leh** for accessibility of higher education in Ladakh

Scheduled Castes and Scheduled Tribes Welfare

- **750 Eklavya model residential schools** in tribal areas:
  - Unit cost of each school to be increased to **Rs. 38 crore**
  - For hilly and difficult areas, to **Rs. 48 crore**
  - Focus on creation of robust infrastructure facilities for tribal students
- Revamped **Post Matric Scholarship Scheme** for welfare of SCs
  - **Rs. 35,219 crore** enhanced Central Assistance for 6 years till 2025-2026
  - **4 crore** SC students to benefit

Skilling

- Proposed amendment to **Apprenticeship Act** to enhance opportunities for youth
- **Rs. 3000 crore** for realignment of existing **National Apprenticeship Training Scheme (NATS)** towards post-education apprenticeship, training of graduates and diploma holders in Engineering
- Initiatives for partnership with other countries in skilling to be taken forward, similar to partnership:
  - With UAE to benchmark skill qualifications, assessment, certification, and deployment of certified workforce
  - With Japan for a collaborative Training Inter Training Programme (TITP) to transfer of skills, technique and knowledge

Innovation and R&D

- Modalities of **National Research Foundation** announced in July 2019 –
  - **Rs. 50,000 crore** outlay over 5 years
  - To strengthen overall research ecosystem with focus on national-priority thrust areas
- **Rs. 1,500 crore** for proposed scheme to promote digital modes of payment
- **National Language Translation Mission (NTLM)** to make governance-and-policy related knowledge available in major Indian languages

An education catastrophe existed even before the pandemic, but it is clearly exacerbated now.

As the demand for education from all quarters has increased, the state's commitment has correspondingly shrunk. Parents from the bottom quintiles are spending larger and larger proportions of household income on education, without a guarantee of quality as even private schools are unable to provide better quality uniformly and tens of millions are still out of school. Teachers struggle with multi-grade teaching and poor academic support, and millions of first-generation learners are still being denied their right to education.

H. Flattening the Climate Curve

Universal Coverage of Water Supply

- **Rs. 2,87,000 crore** over 5 years for **Jal Jeevan Mission (Urban)** – to be launched with an aim to provide:
- **2.86 crore household tap connections**

- Universal water supply in all 4,378 Urban Local Bodies
- Liquid waste management in 500 AMRUT cities

Swachch Bharat, Swasth Bharat

- **Rs. 1,41,678 crore** over 5 years for **Urban Swachh Bharat Mission 2.0**
- Main interventions under Swachh Bharat Mission (Urban) 2.0:
- Complete **faecal sludge management** and **waste water treatment**
- **Source segregation** of garbage
- Reduction in single-use plastic
- **Reduction in air pollution** by effectively managing waste from construction-and-demolition activities
- **Bio-remediation** of all legacy dump sites

Sustainable Energy

- The Union Budget for 2021-22 has laid a major focus on capturing the emerging energy transition trends — from Renewables to Hydrogen and even Smart Metering.
- An additional infusion of Rs 1,000 crore to SECI and Rs 1,500 crore to IREDA.
- A National Hydrogen Mission will be launched in 2021-22 for generating Hydrogen from green power sources.
- 100 more cities to be added in the next 3 years to the gas distribution network.

Solar Energy

- According to the budget speech, exemption to all items of machinery, instruments, appliances, components or auxiliary equipment for setting up of solar power generation projects is being rescinded.
- **Phased manufacturing plan** for solar cells and solar panels to be notified
- **Duty on solar inverters raised** from 5% to **20%**, and on **solar lanterns** from 5% to **15%** to encourage domestic production

Ministry of New & Renewable Energy

- The allowance for the Ministry of New and Renewable Energy has stayed above ₹5,000 crores for the second consecutive year. This year, the allocation has been ₹5,753 crores to the ministry.
- The government would increase the capacity of renewables to 450 GW by 2030.

Ministry of Environment, Forest & Climate Change (MOEFCC)

- Budget 2022-23 allocated Rs 2869 crore for MOEFCC
- The total allocation for the five autonomous institutes under Ministry of Environment, Forest and Climate Change (MoEF&CC) has been reduced in the Union Budget 2021-2022.
- The bodies include:
  - GB Pant Himalayan Institute of Environment and Development,
  - Indian Council of Forestry Research and Education,
  - Indian Institute of Forest Management,
  - Indian Plywood Industries Research and Training Institute and
  - Wildlife Institute of India

Tackle Air Pollution

- Rs. 2,217 crore to tackle air pollution, for 42 urban centers with a million-plus population.

- Voluntary vehicle scrapping policy to phase out old and unfit vehicles. Fitness tests in automated fitness centres:
    - After 20 years in case of personal vehicles
    - After 15 years in case of commercial vehicles
- Extention of Ujjwala Scheme to cover 1 crore more beneficiaries

The allocation of Rs 305.5 crore announced in Union Budget 2021-22 is not just lower than the previous Budget (Rs 340 crore), it is also lower than the actual expenditure in 2019-20 (Rs 326.5 crore). It is, however, higher than the revised estimate for 2020-2021 (Rs 289.45 crore). The reduction in the current allocations and revised figures for 2020-21 could be because the ministry was unable to spend the money due to the restrictions induced by the novel coronavirus disease (COVID-19) pandemic.

Budget 2021-22: Science & Tech

To strengthen the overall research ecosystem of the country, the Union Budget FY 2021-22 announced a slew of new initiatives to boost innovation and R&D in the country

- Proposed an outlay of Rs 50,000 crore, spread over five years, for the National Research Foundation.
- Rs 1,500 crore has been proposed for a scheme that will provide financial incentives to promote digital modes of payment and further boost digital transactions.
- A new initiative called National Language Translation Mission (NTLM) has been proposed that will digitize the wealth of governance-and-policy-related knowledge on the Internet and be made available in major Indian languages.
- New Space India Limited (NSIL), a PSU under the Department of Space, will execute the PSLV-CS51 launch, carrying the Amazonia Satellite from Brazil, along with a few smaller Indian satellites.
- Four Indian astronauts are also being trained on Generic Space Flight aspects, in Russia for the Gaganyaan Mission, slated to be launched in December 2021.
- To better understand the realm of Oceans, Finance Minister proposed to launch a Deep Ocean Mission with a budget outlay of more than Rs 4,000 crores, over five years.

Connecting the Dots:

1. What are your views on this year's budget proposals? Is it a progressive budget? Critically comment.
2. The fall-out from such persistent neglect of education is bound to create serious social and economic problems with long lasting effects. Comment.
3. Investment in human capital, science and research remains the Achilles heel of Indian policy. Critically examine.

All the best,
Team IASbaba ☺