ALL ABOUT UNION BUDGET (2019-20) - INDIA

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Brief Discussion:

- Union Budget 2019-20 is a Budget for New India which is based on an inclusive approach for the various sections of the society. The Budget aims to boost India's development in the 21^{st} century based on an investment-driven growth model that would propel her towards achieving the target of becoming a five trillion-dollar economy.
- Some of the key areas that have been focused on are:
    - Simplification of tax procedures
    - Incentivizing performance
    - Making the best use of technology with focus on "**Gaon, Garib, Aur Kisan**"
- Ayushman Bharat represents a comprehensive, holistic approach to achieve a healthy society by combining preventive, promotive, curative and rehabilitative aspects of health care.
- The Union Budget has focused on ease of living for the common man with developmental initiatives in various areas such as physical connectivity, rural India, railways, unified digital payments, inland waterways and so on.
- Raising the slogan, "**Nari Tu Narayani**", the Budget focuses on enhancing the role and contribution of women in the workforce as well as economy through multiple initiatives such as Rs 1 lakh loan under **MUDRA scheme** for women entrepreneurs and Rs. 5,000 overdraft for every verified Self Help Group (SHG) member having a Jan Dhan account.
- Initiatives like the ***Gaganyaan, Chandrayaan*** and the introduction of the **New Space India Limited (NSIL)**, a new commercial arm for research and development carried out by ISRO; speak of India's aspiration to be a major space power.
- Globally valued skill-sets including Artificial Intelligence (AI), Internet of Things, Virtual Reality and Robotics and Big Data have been identified as focus areas for enabling the youth of the country to take up jobs overseas. Making the education system future-ready and strengthening the Study in India programme have been highlighted as well.
- Overall, the Budget speaks inter-alia about the aspirations of the rural and the urban population, the needs of farmers and students, and the drive for the empowerment of youth and women.

Budget Overview:

Macroeconomic Outlook

- The economy has achieved high growth that averaged 7.5 percent in the last 5 years (2014-15 to 2018-19).
- The growth of real GDP in 2018-19 was 6.8 percent, 40 basis point lower than the real growth of 2017-18.

- The growth in **Gross Value Added (GVA)** at constant basic prices in 2018-19 was 6.6 percent.
- At the sectoral level, agriculture, industry and services sectors grew at the rate of 2.9 percent, 6.9 percent and 7.5 percent, respectively in 2018-19.
- This moderation in GDP growth momentum is mainly attributed to the lower growth in 'agriculture & allied', and in services (except financial, real estate and professional services).

Other Macro-facts

1. **Inflation remains under control**

- Headline inflation based on **Consumer Price Index** (Combined) for 2018-19 averaged 3.4 percent, as compared to 3.6 percent in 2017-18.
- **Wholesale Price Index** (WPI) inflation stood at 4.3 percent in 2018-19, as compared to 3.0 percent in 2017-18.

2. **Modest performance of external sector indicators despite global slowdown**

- **India's merchandise trade:**
  - A significant part of the increase in higher trade deficit in 2017-18 could be attributed to higher oil import bill.
- **Current account deficit:**
  - Current account deficit increased to 2.1 percent of GDP in 2018-19 from 1.8 percent 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:**
  - The 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.

3. **Investment is a concern but showed signs of a turnaround in the last two years**

- There has been a secular decline in both investment rate and fixed investment rate since 2011-12, which seems to have bottomed out with some signs of recovery since 2017-18.
- Investment rate (share of gross capital formation to GDP) improved to 32.3 percent in 2017-18 (the latest year for which data is available) from 30.9 percent in 2016-17. Fixed investment rate (share of gross fixed capital formation to GDP) improved from 28.6 percent in 2016-17 to 29.3 percent in 2018-19.
- The confidence in the Indian economy has increased on account of policy measures taken up by the Government, as can be seen from the two indicators listed below:

- Moody's rating agency upgraded India's local and foreign currency issuer rating to Baa2 with a stable outlook from Baa3.
- According to the World Bank's Ease of Doing Business 2019 Report, India's ranking improved by 23 positions to 77th rank in 2018.

WPI vs CPI

Context	**WPI**	**CPI**
Definition	Amounts to the average change in prices of commodities at the wholesale level.	Indicates the average change in the prices of commodities at the retail level.
Publishing office	Office of Economic Advisor (Ministry of Commerce & Industry)	Central Statistics Office (Ministry of Statistics and Programme Implementation)
Commodities	Goods only	Goods and Services both
Inflation Measurement	First stage of a transaction	Final stage of a transaction
Prices paid by	Manufacturers and wholesalers	Consumers
Types of Commodities covered	Manufacturing inputs and intermediate goods like minerals, machinery basic metals, etc.	Education, communication, transportation, recreation, apparel, foods and beverages, housing and medical care
Base Year	2011-12	2012

Macro-Outlook

What is the Consumer Price Index?

The Consumer Price Index or CPI is responsible for tracking the shift in **retail prices** of essential and daily goods and services consumed by households across the country.

What is the CPI in India?

- Consumer Price Index or CPI is the measure of changes in the price level of a basket of consumer goods and services bought by households.
- Considering the WPI and CPI, the RBI will calculate the inflation in the country.

What is the CPI formula?

- The Consumer Price Index or CPI is calculated by multiplying 100 to the fraction of the cost price of the current period and the base period.
- CPI Formula : (Cost of basket in current period/ Cost of basket in base period) x 100

What is Wholesale Price Index (WPI)?

The Wholesale Price Index represents the price of a basket of wholesale goods. WPI focuses on the price of goods that are traded between corporations. It does not concentrate on goods purchased by the consumers.

- The main objective of WPI is monitoring price drifts that reflect demand and supply in manufacturing, construction and industry.
- WPI helps in assessing macroeconomic as well as microeconomic conditions of an economy.

Wholesale Price Index (WPI) India

Generally, WPI and CPI (Consumer Price Index) are used to calculate the inflation rates. In India, Inflation rates are based on WPI which is released by the Ministry of Commerce and Industry.

The CPI is a measure that assesses the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care, purchased by households.

- With the moderation in oil prices and stability in the exchange rate, the prospects of the Indian economy are looking bright.
- The International Monetary Fund (IMF) has projected a gradual improvement in India's growth as a result of the implementation of several structural reform measures.
- The economy is projected to grow at 7 percent in 2019-20.
- In 2019, when the world economy and Emerging Market and Developing Economies (EMDEs) are projected to slow down by 0.3 and 0.1 percentage points, respectively, the growth of the Indian economy is forecast to increase.

Budget 2019-20

- Fiscal deficit target for 2019-20 is 3.3 percent of GDP in **Budget Estimates (BE)** 2019-20 while Revenue Deficit has been pegged at 2.3 percent of GDP.
- The Central Government Debt as a percentage of GDP for BE 2019-20 is expected to be 48 percent.
- In BE 2019-20, the Gross Tax Revenue as a percentage of GDP is expected to be 11.7 percent.

Budget 2019-20 Highlights:

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 investment measures are listed below:

- **Measures for Attracting Foreign Investment:**
  - Liberalization of Foreign Direct Investment policy: 100 percent Foreign Direct Investment (FDI) will be permitted for **Insurance Intermediaries**.
  - Local sourcing norms will be eased for FDI in Single Brand Retail sector.
  - The budget proposed to increase the statutory limit for FPI investment in a company from 24 percent to sectoral foreign investment limit with the option given to the concerned corporates to limit it to a lower threshold.
- **Measures for Attracting Domestic Investment:**
  - Increasing the annual turnover limit from Rs. 250 crore to Rs. 400 crore for a lower corporate tax rate of 25 percent.
  - Additional income tax deduction of Rs. 1.5 lakh on the interest paid on loans taken to purchase electric vehicles, and moving the GST Council for reduction of GST rate on electric vehicles from 12 percent to 5 percent.
  - 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 the restructuring of National Highways Programme.
  - Public-Private Partnership model will be used to enhance investment in Railway Infrastructure.
  - Reductions of customs duty on certain raw materials and capital goods to further promote domestic manufacturing.
  - Allowing one woman in every SHG for a loan up to 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 sec

Pradhan Mantri Mudra Yojana

Launched in April 2015 by the Prime Minister, the **Mudra Yojana** aims to enable Micro Finance Institutions (MFIs), Non-Banking financial institutions/Companies (NBFCs), Small Finance Banks, RBRs, Commercial Banks, Cooperative Banks, etc. to provide Low Rate Loans to eligible entities.

PMMY Eligibility

In order to avail the benefits of the PMMY Scheme, the person should be a **citizen of India**. The loans are basically for people having a business plan in a **Non-Farming Sector** with **Income generating activities** like the following:

- Manufacturing
- Processing
- Trade
- Service Sector
- Or any other fields whose **credit demand is less than ₹10 lakhs**.

The Indian Citizen seeking MUDRA Loans under the PMMY Scheme will have to approach either an MFI, Bank or NBFC to avail it.

Types of PMMY Loans

The Pradhan Mantri Mudra Yojana (PMMY) has three products as per the funding requirements of the Beneficiary or the Entrepreneur.

Name of the Type of Loan	**Coverage of the Loan**
Shishu	< ₹50,000
Kishor	Above ₹50,000 up to ₹5,00,000
Tarun	Above ₹5,00,000 up to ₹10,00,000

Sectors Covered under PMMY

To maximize coverage of beneficiaries and tailor products to meet requirements of specific business activities, sector/activity focused schemes would be rolled out. To begin with, based on the higher concentration of businesses in certain activities/sectors, schemes are proposed for :

Sector	Comments	Types of Activities under that Sector
Land Transport Sector	Loans to support the purchase of transport vehicles. These vehicles could be used for goods or personal transport.	• Auto-rickshaws, E-rickshaws, etc. • Passenger cars and taxis. • Small-goods transport vehicles. • Other three-wheelers.
Service Sector	This includes community services, social services or personal services.	• Hair and beauty salons, beauty parlours, etc. • Tailoring stores, boutiques, dry cleaning services, etc. • Gymnasium, Athletic training, medical shops, etc. • Garage, Cycle & motorcycle repair centres, etc. • Other services like photocopying shops, courier agencies, etc.
Food Product Sector	Support to small scale food industries.	• Manufacturing papads, pickles, jams/jellies and other agricultural produce/preservation methods. • Sweet shops, small service food centres, etc. • Everyday catering services, canteens, etc. • Micro cold storages, ice-making factories, Cold chain vehicles, ice cream making industries, etc. • Bakeries and Baked products manufacturing.
Textile Sector	Supporting micro textile industries that produce garment and non-garment products.	• Handloom and powerloom industry • Handwork industry like embroidery, chikan work, dyeing and printing, knitting, etc. • Mechanical or computerized stitching for garments and non-garments. • Production of automobile and furnishing accessories, etc.

2. **Connectivity**

The Government has given a massive push to all forms of physical connectivity through :

- Jal Marg Vikas and **UDAN**
- Industrial corridors
- Dedicated freight corridors
- Bharatmala Pariyojana and Sagarmala projects
- Pradhan Mantri Gram Sadak Yojana

UDAN is a regional connectivity scheme spearheaded by the Government of India (GoI). The full form of UDAN is 'Ude Desh ka Aam Nagarik' and aims to develop smaller regional airports to allow common citizens easier access to aviation services.

Objectives of the Regional Connectivity Scheme

- Operationalization and development of 425 underserved or unserved airports in the country
- Boost inclusive economic development by providing faster connectivity
- Development of air transport infrastructure in remote areas aiding job growth

UDAN Scheme

This scheme is a part of the **National Civil Aviation Policy (NCAP)** and is funded jointly by the GoI and the state governments. The following are its salient features:

- The scheme duration is for 10 years
- Airlines participating in UDAN are selected through a competitive bidding process
- The Central government will provide the following:
    - Subsidy to cover Value Gap funding (VGF) for participating airlines
    - Concessional GST on tickets booked using the scheme
    - Codesharing for flights under the policy
- State Governments will extend the following measures:
    - GST reduction to 1% for 10 years
    - Coordination with oil companies to facilitate refuelling facilities
    - Provide land for airport and ancillary development
    - Trained security personnel
    - Utilities at subsidised rates
    - 20% of VGF
- Airport operators such as AAI will provide the following concessions:
    - No parking, landing and storage charges at participating airports
    - Nil TNLC (Terminal Navigation Landing Charges)
    - Allow ground handling by the airline selected through the bidding process
    - RNCF (Route Navigation and Facilitation Charges) will be discounted to 42.4% of normal rates by the Airports Authority of India.

Value Gap Funding is not provided to cargo airlines. All other terms and conditions remain the same as passenger airlines. The fares are graded based on distance and flight hours for both fixed-wing and rotary-wing services. The RCS subsidy is funded by a levy of Rs 5000 per flight on major routes. Flights regulated under this policy framework can be booked from the UDAN website and major travel portals by passengers.

- The implementation of essential

elements of the regulatory roadmap is necessary to make India a hub for aircraft financing. The leasing activities ensure the development of a self-reliant aviation industry.

- Policy Interventions would be adopted to create a congenial atmosphere for the development of Maintenance, Repair and Overhaul (MRO) industry by leveraging India's engineering advantage.
- India's first indigenously developed payment ecosystem for transport, based on **National Common Mobility Card (NCMC)** standards had been launched in 2019 which would enable people to pay multiple kinds of transport charges, including metro services and toll tax, across the country.
- Phase-II of FAME Scheme commenced with the main objective of encouraging faster adoption of Electric vehicles.
- A comprehensive restructuring of the National Highways Programme proposed to ensure that the National Highway Grid of desirable length and capacity is created.
- Cargo transportation through rivers will help to decongest roads and railways.
- Railway Infrastructure would need an investment of Rs. 50 lakh crores between 2018-2030.
- The model of 'One Nation, One Grid' has ensured power availability to States at affordable rates, hence is proposed to be used for developing gas grids, water grids, i-ways, and regional airports.

3. **US$ 5 Trillion**

- The Budget envisages that the Indian economy will grow to a US$ 5 trillion economy in a few years' time. The main challenges to meet the above target includes:
    - INR depreciates moderately in relation to the US.
    - 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.
    - Current account deficit of the country stays within manageable levels.

Conclusion:

The expenditure allocations have been made while working within the constraints of the current macroeconomic situation and fiscal prudence. The budget highlights the issues faced by the country and proposes significant measures to effectively overcome these challenges while working towards the goal of a US$5 trillion economy.

Tax Proposals :

- India envisions being a US$ 5 trillion economy driven by 'virtuous cycle of investment' in the next few years. India is currently the third-largest economy, next to China and the USA, in terms of Purchasing Power Parity (PPP).
- With the growth mantra of **"Reform, Perform, Transform"**, it is an era of transformative revolutions for India.
- At present, India is the sixth-largest economy in the world, according to nominal GDP, and tax administration has played a very vital role in India's economic development. The two essential constituents of tax policy are:
    - The capacity to generate higher and more reliable revenue for the Government to provide public services.
    - To mobilize revenue in a globalized market wherein India needs to work out an arrangement to dampen the artificial shifting of profits/assets to low-tax heavens and to counter aggressive tax competition to save India's economic interests.
- Therefore, the benefits provided to the middle-class taxpayers for FY 2019-20, are as under:

1. **In the Finance Act, 2019 (Interim Budget)**

- **Rebate of income-tax for taxable income up to Rs 5 lakh**:
    - Further, with the deduction of up to Rs. 1.5 lakh available under **Section 80C of the Income Tax Act, 1961**, an individual with income up to Rs. 6.5 lakh will not be required to pay any income-tax.
- Deduction of up to Rs. 1.5 lakh on loan interest on an electric vehicle.
- Deduction of up to Rs. 3.5 lakh on loan interest on purchasing an affordable house.
- **Increase in Standard Deduction for salaried taxpayers:** The amount of the standard deduction was increased from Rs 40,000 to Rs. 50,000.
- **Exemption for the second self-occupied house:** Exemption from levy of tax on national rent of the second self-occupied house was provided.
- **Capital Gains Exemption for Second House:** Exemption to capital gains up to Rs. 2 crore was provided for purchase/construction of two houses (instead of one house earlier).
- **Increase in Threshold Limits for Tax Deduction at Source (TDS):** The threshold limits for TDS are increased as below:
    - Threshold limit for TDS on bank interest, etc. increased from Rs.10,000 to Rs. 40,000.
    - Threshold limit for TDS on rental income increased from Rs. 1.8 lakh to Rs. 2.4 lakh.

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

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

- **Incentives for Purchase of Electric Vehicle:** Interest deduction of Rs. 1.5 lakh is proposed to be given on loan taken for the purchase of an electric vehicle.
- **Interchangeability of PAN and Aadhaar**.
- **TDS on Income Element only of Insurance Policy Payout**: TDS on the payout of taxable life insurance policies proposed to be on income element only, instead of on the gross amount.
- **Pre-filing of Income Tax Return:** To widen the scope of third-party reporting for enabling pre-filing of income-tax returns for ease of compliance to the taxpayer.
- Goods and Services Tax (GST), a simpler and uniform tax structure was introduced. This brings in complete transparency in the indirect taxation system.
- There is a robust anti-profiteering mechanism to ensure passing of rate-rationalization benefits to consumers. India is also trying to modernize the direct taxation system.
- To modernize and prevent tax abuse, strong laws have been enacted to combat the menace of black money, benami transactions, economic offenders, etc.

Conclusion:

- The tax administration is set to use technology to speed up regular business processes and eliminate the opportunity for rent-seeking.
    - Online filing and tax refund mechanisms have already been implemented. Introduction of faceless assessment (e-assessment scheme) will take place soon.
- Pre-filing of tax returns is expected to start shortly and digital transactions are being promoted through tax incentive and penalty so that tax net is spread wide.
- Technology has helped in collection of actionable information and carrying out e-verifications. This has led to an increase in tax base and is expected to increase it further in future.
- India needs a healthy tax policy which is easy to comply with and has:
    - A moderate tax structure with maximized tax base
    - Administrative transparency
    - Non-adversarial tax regime
    - The lowest tax litigation
    - Simple online services and procedures
    - A credible adjudication system
    - Prevention mechanism for tax abuse
- Also, the integrity and efficiency of the tax system should be highly credible in the eyes of taxpayers.

Govt. Policy to Empower the youth :

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. The Budget reiterates Government's commitment to empower the youth to take on challenges of the future.

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 Vikas Yojana** (PMKVY) and various other schemes under "Skill India" are directed towards this.

PMKVY) Objective

PMKVY is a Skill Certification Scheme that aims to encourage the youth population of the country to take up training which is Industry- Relevant and builds them in Skill Development. The scheme was launched with an intention to provide secure livelihoods for the individuals participating in the training. PMKVY will also certify the previous learning experiences or skills of the individuals under the Recognition of Prior Learning (RPL).

PMKVY Implementation

PMKVY is administered and implemented by the *National Skill Development Corporation (NSDC)* under the Ministry of Skill Development and Entrepreneurship.

- Along with this, the training providers affiliated with the State or Central government will also provide training under the PMKVY scheme.
- The training providers have to register themselves on the ***S**kill **M**anagement & **A**ccreditation of **T**raining Centre* (**SMART**) portal to participate and provide training under the scheme.
- PMKVY training is scrutinized by the Sector Skills Councils and State Governments.

Components of PMKVY

Pradhan Mantri Kaushal Vikas Yojana has four key components as follows:

Component	**Description**
Short Term Training	● The National Skills Qualifications Framework (NSQF) and different training centres will provide skill development training to the unemployed and school/college dropouts. ● They'll also grant Soft Skill training, Digital & Financial Literacy sessions, Entrepreneurship, etc. depending upon the requirements of the industry. ● The training provided will be NSQF Level 5 and below.
Recognition of	● Individuals having prior learning experiences/skills are

Prior Learning (RPL)	certified and assessed under the Recognition of Prior Learning (RPL). ● RPL is a process of assessment of an individual's prior learning, skills, and experience.
Special Projects	● This component of PMKVY aims to encourage training in the groups of society that are marginalized and vulnerable. ● These Special projects can be defined as the projects that have some deviation in the Terms and Conditions from the Short Term Training projects.
Kaushal and Rozgar Mela	● They are events organized every six months in order to provide assistance for individuals who have taken PMKVY training and have been certified.
Placement and Monitoring Guidelines	● Creating and Providing placement opportunities to trained and certified individuals. ● Maintaining high-quality training standards through the Skills Development Management System (**SDMS**).
Training Partners (TPs)	● Placement assistance ● Training to NSQF level 5 and below ● Providing support to entrepreneurship development.

- Focus now is to skill and re-skill youth in the new and upcoming skills like:
    - Artificial Intelligence (AI)
    - Internet of Things
    - Big Data analytics
    - 3D Printing
    - Virtual Reality and Robotics
- Research and Development is of strategic importance to foster a skilled, knowledge-led economy. There is a proposal to establish a National Research Foundation.
- Massive online open courses through the SWAYAM initiative have helped bridge the digital divide for the disadvantaged section of the student community.

- The **Global Initiative of Academic Networks (GIAN)** programme in higher education was started to upgrade the quality of teaching.
- The **Impacting Research Innovation and Technology Scheme (IMPRINT)** began as an initiative 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:
    - Relief from 'angel tax'.
    - Prevention of unnecessary scrutiny from the Income Tax Department.
    - Mechanism for facilitating e-verification.
    - The launching of an exclusive television channel within the DD bouquet of channels for promoting and discussing issues affecting Start-ups.
        - DD National is the flagship channel of Doordarshan.
    - For ease of access to credit for the **Micro Small & Medium Enterprises (MSMEs)**, the 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 is expected to provide a further impetus to job creation and entrepreneurship.

C. Sports:

- 'Khelo India' Scheme, has had a significant impact on creating awareness across the country 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 the Khelo India Scheme.

D. Circular Economy and Job Opportunities for Youth:

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

E. Working Women:

- The working women's hostels have received a two-fold hike in this Budget.
- The 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. Energy Sector:

- **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.

G. Real Estate Development:

- The **revival of and the boost given to the real estate and housing sector** in this budget has direct implications for employment generation. The Government had already laid the ground for affordable houses with the completion of 1.54 crore rural homes under **Pradhan Mantri Awas Yojana-Gramin.**
- Finalization of a model tenancy law will further boost the housing and real estate sector and lead to employment generation.

H. Pension Schemes:

- **Pradhan Mantri Shram Yogi Maandhan**: Scheme aims at providing Rs. 3,000 per month as pension on attaining the age of 60 to crores of workers in the unorganized and informal sectors.
- **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.

I. Other efforts being made:

- The **Stand-Up India Scheme** has made human dignity and self-esteem go up. It would be continued for the entire period coinciding with the 15th Finance Commission period of 2020-25.
- **Scheme for Fund for Upgradation and Regeneration of Traditional Industries (SFURTI)** aims to set up more Common Facility Centres (CFCs) to facilitate cluster-based development to promote and support traditional industries to be more productive.
    - The focussed sectors are: Bamboo, Honey and Khadi.

Conclusion:

India is taking multiple efforts to foster its youth to take every challenge head-on and emerge as future leaders in their communities and on the global stage.

Water (Jal Shakti) :

- Water is at the top of the development agenda of the new Government.
- Calling for a **Jan Andolan** (people's movement) along the lines of the Swachh Bharat Mission, the Prime Minister emphasized that **jal sanchay** (water collection and conservation) is not possible without **Jan Shakti**.

- The Central Government has constituted the new Jal Shakti Mantralaya. This bold institutional step has integrated the erstwhile Ministry of Water Resources, River Development and Ganga Rejuvenation, with the Ministry of Drinking Water and Sanitation.
    - It is a major step towards the consolidation of the management of water resources with the delivery of drinking water and sanitation as well as a thrust towards the goal of providing safe and adequate piped water supply for all households.

Background:

- The institutional landscape for water in India has been 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.
- The **NITI Aayog** had made a solid start at integrating the sub-sectors of water by creating an integrated water management index and ranking States on this basis.

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 percent of GDP by 2050.
- Recent satellite data has shown that India's taps could run completely dry in the medium term, with cities like New Delhi, Bengaluru, Chennai and Hyderabad completely running out of groundwater.

Breaking Down the Challenge Ahead

- Presently, India captures only eight per cent of its annual rainfall, among the lowest in the world. Lack of proper maintenance of existing infrastructure causes further losses of almost 40 percent of piped water in urban areas.
- Treatment and reuse of greywater are almost non-existent. As a benchmark, Israel, another country facing severe water shortages, treats 100 per cent of its used water and recycles 94 per cent of it, meeting more than half of its irrigation needs through this reused water.
- In terms of drinking water, while 81 per cent of all habitations are currently estimated to have access to 40 litres of water per day through some source, only about 18 to 20 percent 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.

Case Studies:

- 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.

- Some states, like Gujarat, are leading the efficient use of agricultural water by bringing in micro-irrigation.
- The Andhra Pradesh Government is also prioritizing 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.
- **Best Practices:**
    - There are important lessons to be learned from the best practices of decentralized planning for water conservation such as in Hiware Bazaar, Maharashtra and the Swajal model of community-based drinking water in Uttarakhand – which need to be scaled up.

Jal Shakti Abhiyan

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

The Way of Har Ghar Jal

- Another area of focus for water conservation in each drinking water scheme is the development of an infrastructure for collection and basic treatment of domestic non-faecal wastewater, kitchen or bathing wastewater also called greywater, which typically accounts for nearly 80 percent 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.
- Jal Jeevan Mission of the newly created Jal Shakti Mantralaya will converge with other schemes for sustainable water supply management across the country.

Conclusion:

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

Urban India Transformation :

- India has been urbanizing rapidly. As per the last census in 2011, 37.7 crore people (31.2 percent of the population) lived in urban areas. This is projected to grow to 60 crores by 2031 and 80 crores by 2051.
- McKinsey's Global Institute's Report titled "**India's Urban Awakening: Building Inclusive Cities, Sustaining Economic Growth (2010)**" observed that India faced a severe challenge of low capital investment in urban infrastructure.
    - The investments in urban infrastructure is around US$ 17 per capita as compared to US$ 100 in other countries of the same level. The report estimated that an investment to the tune of US$ Trillion (Rs 54 lakh crores at 2009-10 prices) would be required until 2030.

I. Missions for Urban Rejuvenation

- Flagship schemes launched to address the issues of cleanliness, affordable housing and urban poverty alleviation are:
    - **Swachh Bharat Mission (SBM-U)**
    - **Pradhan Mantri Awas Yojana (PMAY-U)**
    - **Deendayal Antyodaya Yojana-National Urban Livelihood Missions (DAY-NULM)**
- **Atal Mission for Rejuvenation and Urban Transformation (AMRUT)** was responsible for the provision of universal water supply and substantive enhancements in coverage of sewage/ septage in 500 cities.
- **Smart City Mission (SCM)** using the city challenge mode was launched in 100 cities for improving core infrastructure and providing a better quality of life and related urban services.

II. Enhanced Budgetary Support and Fund Availability

- The critical issue of higher funding required for urban infrastructure was addressed by a substantial increase in budgetary allocations.
- Budget for 2019-20 has proposed allocation of Rs 48,032 crores for various urban missions along with additional provision of around Rs. 20,000 crores for funding PMAY through EBR mechanism.

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

- Budget 2019-20 with the 10 point vision is aimed at building physical and social infrastructure.
- The Government has announced its intention to invest around Rs 100 lakh crores to fund India's infrastructure in the next five years by incorporating it in the Budget.

IV. Metro Projects: Connecting City

- Budget 2019-20 has termed connectivity in the country as the lifeblood of an economy. It has referred to the approval of 300 km of new Metro Rail projects and operationalization of 210 km Metro lines during 2018-19.

V. Metros Support "Make in India"

- The Ministry of Housing and Urban Affairs (MoHUA) has made concerted efforts for indigenization of Metro Rail Systems in the country. Ministry has stipulated that minimum 75 percent coaches procured under any tender will have to be manufactured in India.

VI. One Nation One Card

- The launch of India's first indigenously developed payment ecosystem for transport based on national common mobility card, which includes **Automatic Fare Collection System (AFCS)** and **National Common Mobility Card (NCMC)** has laid the foundation of "One Nation, One Card".

VII. 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 percent of cities have been declared **Open Defecation Free (ODF)**.
- In Solid Waste Management, 90 percent of wards in the country are now covered under door-to-door collection with 56 percent of waste being scientifically processed.

VIII. Promoting Water Conservation: Jan Andolan

- The Ministry has launched Jal Shakti Abhiyan to make water conservation a "Jal Andolan".
- The four major thrust areas are:
    - Rain Water Harvesting
    - Reuse of treated wastewater
    - Rejuvenation of water bodies
    - Plantation

IX. Energy Saving

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

X. Housing for All by 2022-PMAY (Urban)

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

- For efficient regulation that is conducive to the growth of the housing sector, and to remove the conflicting mandate, the Finance Minister in her speech mentioned to return the regulation authority for the housing finance sector from NHB to RBI.

XI. Ease of Living

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

XII. Promotion of Digital Payments: 100 per cent Digitization of Government Transactions

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

Conclusion:

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.

Health Sector :

India has achieved significant public health gains and improvements in health indicators over the last three decades. The country has been able to wipe out the scourge of diseases such as polio, guinea worm disease, yaws and maternal and neonatal tetanus and control the incidence of HIV/AIDS.

Achievements:

- The life expectancy has increased from 57.91 years in 1990 to 68.65 years in 2016 and the **Total Fertility Rate (TFR)** has reduced sharply from 3.4 in 1992-93 to 2.2 in 2015-16.
- The **Infant Mortality Rate (IMR)** has declined from 88.5 per 1,000 live births in 1990 to 34 per 1,000 live births in 2016.
- **Millennium Development Goal (MDG)** has been achieved in respect of the **Maternal Mortality Ratio (MMR)** which declined from 556 per lakh live births in 1990 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 diseases 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 percent 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 **Rashtriya Swasthya Bima Yojana** was launched in 2008.
- 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 do 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, the 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 Healthcare.
    - 150,000 HWCs will be set up by 2022 and will be able to handle more than 70 percent of all outpatient care including non-communicable diseases and mental illnesses.
    - The centre will also conduct yoga sessions to promote wellness and have a much wider range of free drugs and diagnostics.
- The second is **Pradhan Mantri Jan Arogya Yojana (PMJAY)**, the world's largest fully government-funded health insurance scheme.
    - Through PMJAY, Government of India aims to offer financial risk protection to the beneficiary families through a system of demand-led healthcare initiative that meets their immediate hospitalization needs in a cashless manner.
- Thus, Ayushman Bharat represents a significant transition from a sectoral, segmented approach to a 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 percent of the poor and vulnerable population.
- The inclusion of households is based on the deprivation and occupational criteria of the Socio-Economic Caste Census 2011 (SECC) for rural and urban areas, respectively.

- States have been provided with 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 policyholder.
- 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.

Financing of the Scheme

- PMJAY, being a centrally sponsored scheme is fully funded from the Consolidated Fund of India, and the budget allocated is received from the Government of India as recurring grant-in-aid.

Reflections on the 2019-20 Budget

- 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.
- For public hospitals, PMJAY will provide an incentive to priorities poor patients and shall provide means to generate additional revenue.
- PMJAY will also establish national standards for a health assurance system.
- It is a giant leap forward towards the achievement of the Sustainable Development Goals (SDG) especially SDG 3.8, that is achieving Universal Health Coverage.

'Blue Sky Thinking' Blueprint for India

- The Prime Minister has outlined the vision of making India a 5 trillion economy by 2024-25.
- The Economic Survey 2018-19 recognizes that the single biggest constraint to ease of doing business in India is the ability to enforce contracts and resolve disputes.

10-POINT VISION FOR THE DECADE

- Building Team India with Jan Bhagidari; Minimum Government Maximum Governance.
- Achieving ***Green Mother Earth*** and ***Blue Skies*** through a pollution-free India.
- Making Digital India reach every sector of the economy.

- Launching ***Gaganyaan, Chandrayaan***, 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 and children, the safety of citizens.
- Emphasis on MSMEs, Start-ups, defence manufacturing, automobiles, electronics, Semiconductor Fabrication (FAB) and batteries, and medical devices under **Make in India**.

Sectors covered under Make In India

- The focus is on creating employment and skill enhancement.
- The sectors covered under this campaign are listed in the table below :

Automobile	Automobile components	Aviation	Biotechnology	Chemicals
Construction	Defence manufacturing	Electrical machinery	Electronic systems	Food processing
IT and BPM	Leather	Media and entertainment	Mining	Oil and gas
Pharmaceuticals	Ports and shipping	Railways	Renewable energy	Roads and highways
Space	Textiles and garments	Thermal power	Tourism and hospitality	Wellness

Women Empowerment :

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

Union Budget 2019-20

- The Union Budget set aside more than Rs 29,000 crore for the **Women and Child Development (WCD) Ministry** for the next fiscal, a 17 per cent increase over the 2018-19 financial year.
- The Centre's programmes of **Maternity Benefit and Child Protection Services** also get 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 crore is given to pregnant women and lactating mothers for the birth of the first living child.
- The allocation for the **Child Protection Services** programme under the Integrated Child Development Services was increased to Rs 1,500 crore.

PMMVY Objectives

- Providing cash compensation against wage loss so that the mother can take adequate rest before and after the birth of the first living child.
- Promoting good nutrition and feeding practices to reduce infant mortality and malnutrition. It would also promote healthier behaviour among pregnant/lactating mothers.
- Promoting the use of health services and institutional care to reduce the risk of disease.

- 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.
- On the issue of providing **safety** for all women, the budget for **Ujjawala**, a scheme for prevention of **trafficking, rescue and rehabilitation** of the victims, has been increased.

Ujjawala Scheme Objectives

- Prevention of trafficking of children and women for the purpose of commercial sexual exploitation by means of social mobilization and awareness generation programmes, the participation of local communities, generation of public debates and opinions through seminars/workshops and other innovative activities.
- Facilitating the rescue of victims and placing them in safe custody.
- Provision of rehabilitation services to the victims through the provision of basic amenities and needs like food, clothing, shelter, medical help, legal aid, guidance, counselling as well as vocational training.
- For working towards reintegrating the victims into their family and into the society at large.
- Facilitating cross-border victims to repatriate into their home country.

- 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 up to Rs. 1 lakh for one woman per SHG under the **MUDRA scheme**.
- The Union Budget 2019-20 is the 15th Budget to incorporate **Gender Responsive Budgeting (GRB)** since its adoption by India in 2005-06.
- A positive development in the Interim Union Budget 2019-20 was that information on actual spend was introduced in the Gender Budget Statement.

Functions of Self-help Groups

- They try to build functional capacity of poor and marginalised sections of society in the domain of employment and income-generating activities.
- They offer collateral-free loans to sections of people that generally find it hard to get loans from banks.
- They also resolve conflicts via mutual discussions and collective leadership.
- They are an important source of microfinance services to the poor.
- They act as a go-through for formal banking services to reach the poor, especially in rural areas.
- They also encourage the habit of saving among the poor.

- The Finance Minister emphasized the shift in the Government's approach from women-centric to **Women-led Initiatives ("Naari tu Narayani")**.
- The allocation for the **Mahila Shakti Kendras** and the **National Creche Scheme** were enhanced.

- Similarly, the allocation for **Working Women's Hostel scheme** saw an increase of over three times.
- The government proposes to expand **the Interest Subvention Scheme** allowed to women SHGs to avail credit to all districts.

Conclusion:

A multi-directional organized 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 Sector :

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

1. **Industrial corridors**

- Currently, there are five industrial corridors, with the Delhi-Mumbai industrial corridor having advanced the most in terms of perspective planning.
    - The other corridors are Chennai-Bengaluru, Bengaluru-Mumbai, Amritsar-Kolkata and Visakhapatnam-Chennai.

The **Sagarmala Project** was initiated by the Government of India to promote port-led development in India. The project aims to harness the 7500 km long coastline of the country to unleash its economic potential. The project also seeks to boost infrastructure for transporting goods to and from ports quickly, efficiently and cost-effectively.

Although the project was originally mooted in 2003, it came into being in 2015 when it got cabinet approval. The project is important because Indian ports in general, still face operational and infrastructural challenges. Additionally, last mile connectivity to ports is a big constraint in the seamless transport of goods to and from ports and the hinterland. Coastal and waterway transport is the cheapest and safest mode of transport, but in India, it is not harnessed to the best.

Sagarmala Project Components

1. Port Modernization & New Port Development – extending the capacity of existing ports and developing new ports
2. Port Connectivity Enhancement – improving port-hinterland connectivity, optimizing cost and time of cargo movement through multi-modal logistics solutions including domestic waterways
3. Port-linked Industrialization – Developing industrial clusters close to ports and developing Coastal Economic Zones
4. Coastal Community Development – Promoting sustainable development of coastal communities through skill development & livelihood generation activities, fisheries development, coastal tourism, etc.

Sagarmala Project Objectives

- Decreasing cost of transporting domestic cargo by optimising modal mix.
- Identifying future industrial capacities near the coasts to reduce the logistics cost of bulk commodities.
- Developing discrete manufacturing clusters close to ports in order to enhance export competitiveness.
- Optimising the time-cost of export-import container movement.

The project seeks to lower the logistics cost for export-import and domestic cargo through optimised investment in infrastructure. The scheme also seeks to create up to 40 lakh new direct jobs and 60 lakh new indirect jobs.

    - More than a 'corridor' focus, there seems to be a focus on nodes along or near the corridor.

- The budget had a clear statement of policy that **Public-Private Partnerships (PPPs)** would be the way to go in enabling modernisation.

2. **Railways:**

- 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.
- Rail-based **Dedicated Freight Corridors (DFCs)** are set up 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.

3. **Roadways:**

- 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 a significant driver of GDP growth in India, given that road share of freight traffic is over 60 percent.
    - It has provided major benefits to the trucking industry in improving reliability of deliveries, utilisation per vehicle, confidence to leverage digital opportunities for supply chain visibility and enabling new age trucking companies to positively disrupt the logistics business.

- **Shipping and ports:**
    - Sagarmala is an integrated garland of projects along India's coastline; apart from facilitating exports and imports, it is also expected to improve coastal transportation, a sector that is under leveraged.
    - Of course, the biggest challenge of coastal transportation is the intermodal hinterland and the last mile connectivity.
    - Inland water transportation is also viewed as a big opportunity, through the **Jal Marg Vikas Project**. This includes development of national waterways and terminals at important locations. The challenge would be intermodal and last mile connectivity.
- **Aviation Sector :**
    - In the aviation sector, PPPs in the airports are back. The initial five airports (Cochin, Hyderabad, Bengaluru, Mumbai and Delhi) were done in the 2004-07 period.

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

Challenges:

- The critical challenges would be:
    - Land acquisition
    - Environmental clearances
    - Leveraging PPPs
    - Providing for intermodal and last mile connectivity

Highlights :

Budget: Main Points

- Budget 2019-2020 has some popular announcements and some initial measures for systemic improvements. A few of them are summarised below:
    - Excise and road cess on petroleum and diesel have been hiked by Rs. 1 per litre.
    - Customs duty on gold and precious metals has been increased from 10 percent to 12.5 percent.
    - Government is willing to consider less than 51 percent stakes in certain PSUs. It will be decided on a case to case basis.
    - Public sector banks will get a capital infusion of Rs. 70,000 crores.
    - NBFCs have now been brought under RBI's pooled assets of NBFCs regulation. Further, a relief on defaults on loans in the form of partial government guarantee has also been provided.
    - The budget aims at expanding the tax base.

Some general points:

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

- There is a provision for 20 per cent tax on buyback. The corporates feel that the 20 percent tax of buyback 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.

Way Forward:

- Guiding the investments and returns necessitate changes in the system such as:
  - Simplification of tax procedures
  - Simplification of GST procedures
  - Relief and support for expansion of supply of goods and services and also for the companies which provide goods and services.
- Taxing consumption has been the easier way of tax collection.

Railway Sector :

Railway budget highlights:

- The Budget highlighted that the Indian Railways need another Rs. 50 lakh crore worth of investments in the next 11 years or by 2030.
- A concern for the Indian Railways is its rising staff cost. This may further increase as the national transporter is going for a massive recruitment drive.
- Interestingly, the operating ratio for the year was pegged at 95 per cent last year.
  - Operating ratio is calculated based on how much money railways is spending to earn each rupee. (Spending 95 paise to earn each rupee in 2019-20.)
- The main budget in 2017 has helped the railways in doing away with the around Rs. 9700 crore of annual dividend that it 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.
- NITI Aayog cited in a recent report that the Railway's share in the transportation of surface freight has declined from 86.2 percent in 1950-51 to 33 percent in 2015, due to a shortfall in carrying capacity and a lack of price competitiveness.

Major Projects:

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

- In addition, the focus will be on increasing the Railway's share in India's freight traffic from a mere 30 percent to around 60 percent 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.

- The planned **Dedicated Freight corridors (DFCs)** are likely to be game changers in increasing the freight share. The proposed DFCs will also ease the congestion in the existing rail network.
- **Station redevelopment** is one key area where private investments are expected to come. 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 by 2021-22 is also being taken up at a rapid pace.
- One of the projects of the Prime Minister that is going to revolutionise the travel experience in India is the **Mumbai-Ahmedabad High Speed Rail (MAHSR)** or bullet train.
    - This is likely to be in place by 2023.
    - A massive plan to overhaul the existing signalling system is also in place.
    - This may bring in **Automatic Train Protection (ATP)** system using a mix of proven **European Train Control System (ETCS)** and an indigenous developed system to enhance safety, create additional capacity and increase efficiency in train operations.
- The Budget also proposed an increased focus in suburban networks through increasing investments through the special purpose vehicles like rapid regional transit systems.

Education Sector:

Over the last few years, major reforms have been initiated by the 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.

School Education:

- Since the past two decades, governmental policies have focused on ensuring every child has access to a school. Initiatives to promote "Education for all" included the launch of Sarva Shiksha Abhiyan, passage of the **Right to Education Act** and the scaling up of Mid-Day Meal Schemes.

Right to Education Act

The Act is completely titled **"the Right of Children to Free and Compulsory Education Act"**. It was passed by the Parliament in August 2009. When the Act came into force in 2010, India became one among 135 countries where education is a fundamental right of every child.

- The 86th Constitutional Amendment (2002) inserted Article 21A in the Indian Constitution which states:
    - "The State shall provide **free and compulsory education to all children of 6 to 14** years in such manner as the State, may by law determine."
- As per this, the right to education was made a fundamental right and removed from the list of Directive Principles of State Policy.
- The RTE is the consequential legislation envisaged under the 86th Amendment.
- The article incorporates the word "free" in its title. What it means is that no child (other than those admitted by his/her parents in a school not supported by the government) is liable to pay any kind of fee or charges or expenses which may prevent him or her from pursuing and completing elementary education.
- This Act makes it obligatory on the part of the government to ensure admission, attendance and completion of elementary education by all children falling in the age bracket six to fourteen years.
- Essentially, this Act ensures free elementary education to all children in the economically weaker sections of society.

- These efforts have yielded success.
    - Gross Enrolment Ratio pan-India touched an impressive 99.89 percent at the primary level in 2014-15.
- In the education budget for 2019-20, around 60 percent has been earmarked for school education, including the National Education Mission and the Mid-Day Meal programme despite the increase in absolute spending.
- Despite the increase in 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 percent over the last 10 year in primary education.
- However, the percentage of children in Standard III who can read a Standard II level text has increased only by around 6 percent. 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's Initiatives:

- First, the Union Budget 2018-19's proposal to integrate education facilitated the launch of Samagra Shiksha to holistically harmonizethe sector from pre-school to Standard 12.
    - This initiative, which amalgamates various schemes such as the Sarva Shiksha Abhiyan and the Rashtriya Madhyamik Shiksha Abhiyan, among others is likely to facilitate greater convergence.
    - NITI Aayog and the **Ministry of Human Resource Development (MHRD)** have identified a key set of indicators to evaluate and consistently monitor the performance of States/UTs in school education.
- 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 to incentivizing States/UTs in bringing tangible changes focused on improving outcomes.
- NITI Aayog is driving systemic transformation through academic and administrative reforms in its Sustainable Action for Transforming Human Capital in Education (Project SATH-E).
    - This project implemented in partnership with the State Governments of Jharkhand, Odisha and Madhya Pradesh, is transforming the school education ecosystem by ensuring effective school units through State-wide learning enhancement programmes, school consolidation and mergers, teacher rationalization, organizational 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 a strong sign that the country is taking the right steps towards ensuring the success of the school system.

Higher Education

- India's higher education sector is grappling with a twin burden of expanding access to cater to the ever-growing aspirations of youth while maintaining quality to ensure graduates become a part of the productive workforce.
- India now has 864 university-level institutions, 40026 colleges and 11669 stand-alone institutions. India's higher education Gross Enrolment Ratio (GER) (calculated for the age group 18-23 years) increased from 11.5 percent in 2005-06 to 25.2 percent in 2016-17.
- However, India lags behind the world average of 33 percent and that of comparable economies, such as Brazil (46 per cent) and China (30 percent). Further, quality remains a challenge as does employability of graduates.

- Various steps have been taken including issuing of new **University Grants Commission (UGC)** regulations for Open and Distance Learning that allows 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.
- Ensuring greater standardization and reliability in the methodology for assessing students is a must.
- A three tiered graded autonomy regulatory system has been initiated, with the categorization of institutions as per their accreditation score by the NAAC or other empaneled accreditation agencies or by their presence in reputed world rankings.
    - Category I and Category II Universities will have significant autonomy. Similarly, the University Grants Commission has also issued new regulations for granting autonomy based on accreditation scores for colleges.
    - These colleges will have the freedom to conduct examinations, prescribe evaluation systems and even announce results but are not allowed to grant degrees.
- On a similar theme, the IIM Bill was passed by both the houses of Parliament to provide greater autonomy to the Indian Institutes of Management (IIMs). IIMs will be instituted as body corporates and governed by a Board that 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 a framework governing higher education; moving from an intrusive, fragmented, input-based regulatory system to a more open, outcome and accreditation-based regulatory system.
- A sum of Rs. 400 crores has been allocated for the development of “World Class Institutions” in the 2019-20 financial year.

- 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 have been given due priority in the Union Budget 2019-20.
- Government has taken various measures for the promotion and growth of research in the country including establishing Institutions of Eminence, creating centers of excellence and encouraging public-private R & D partnerships, among others.
- A **National Research Foundation (NRF)** has been announced for funding, coordinating and assimilating research in India. NRF will assimilate the research grants being given by various Ministries, independent of each other.

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, catalyzing the New India vision into will and action.

Agriculture Sector:

In the Union Budget (FY 2019-20) farmers’ welfare and agriculture got a record boost both in terms of financial allocations and vision for transformation.

Positive Allocation for Prosperity

- Total allocation for agriculture and allied sector has been enhanced.
- This leap is mainly due to huge allocation of Rs. 75,000 crores to the **Pradhan Mantri Kisan Samman Nidhi** (PM-KISAN). This unique scheme provides direct cash assistance to farmers to the tune of Rs. 6000 to each farmer in three equal instalments during a year.

Objectives of PM-KISAN scheme

Pradhan Mantri Kisan Samman Nidhi Yojana is implemented as a central sector scheme by the Government of India. This scheme was introduced to augment the source of income of many small and marginal farmers. The main objectives of PM-KISAN scheme are mentioned below:

- To provide income support to all eligible land-holding farmers and their families.
- PM-KISAN scheme also aims to supplement the financial needs of the farmers in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income.
- The scheme is expected to increase the coverage of PM-KISAN to around 14.5 crore beneficiaries. It aims to cover around 2 crores more farmers with an estimated expenditure of Rs. 87,217.50 crores that will be funded by the Central Government for the year 2019-20.

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

Objectives of PMKSY

The real goal of the PMKSY is to accomplish the merging of investments in the irrigation sector at the field level. Other objectives include:

1. Increasing accessibility of irrigation facilities and expansion of cultivable range under guaranteed irrigation areas (Har Khet ko Pani)
2. Enhancing On-Farm water use efficiency to lessen wastage of water
3. Integrating the source, distribution and the efficiency of water through appropriate technologies
4. Enhancing and promoting the implementation of precision- irrigation and other water-saving technologies (More crop per drop)
5. Enhancing refilling of aquifers and present supportable water protection rehearses by investigating the attainability of reusing treated city-based water for peri-urban farming
6. Ensuring integrated development of rainfed areas by different methods like:
    - Regeneration of Groundwater
    - Watershed approach for conserving water and soil
    - Arresting runoff
    - Providing livelihood and other NRM Activities (natural resource management)
6. Promoting extension activities for farmers and field workers like:
    - Water Harvesting
    - Water Management
    - Crop alignment
7. Drawing in more noteworthy private investment in precision irrigation system framework. This will result in increased production and productivity which will further enhance farm income.

Boost to Business

- Electronic National Agriculture Market (e-NAM) was launched in 2016 with a view to ensure best market price to farmers for their produce.

- To ensure economies of scale for farmers, it is proposed to form 10000 new Farmer Producer Organizations (FPOs) over the next five years.
    - FPOs are basically farmer-oriented companies that follow a B2B model for marketing of their produce according to policy and process guidelines of the Ministry of Agriculture.
    - FPOs enable farmers to enhance productivity through efficient, cost-effective and sustainable resource use and realize higher returns for their produce.

- **The scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI)** aims to set up more common facility centers to facilitate traditional industries sector.
    - 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 Livelihood Business Incubators and Technology Business Incubators.
    - These measures will promote growth and development of Medium, Small and Micro Enterprises (MSME) in rural areas especially in the agro-processing sector.

- At present, the growth rate of food processing sector is stagnating at about 1 percent, but according to experts, a growth rate of more than 3 per cent will help in agricultural transformation.
- The Government has expressed its intent to support private entrepreneurship in driving value–addition to farmers' produce from the field, like bamboo and timber from the hedges and for generating renewable energy "Annadata (Farmer) can also be Urjadata (energy provider)".
- Government has already taken initiatives in this direction by launching a specific scheme **Kisan Urja Suraksha evam Utthaan Mahabhiyan** (KUSUM).
    - The scheme envisages solarization of agriculture pumps and installation of solar power plants (500KW to 2MW) on the barren or agriculture lands of individual farmers/cooperatives/panchayats/FPOs.
    - The scheme would provide extra income to farmers by giving them an option to sell surplus power to the grid.
- Government has proposed to encourage dairy through cooperatives by creating infrastructure for cattle food manufacturing, milk procurement, processing and marketing.
- Similarly, fisheries have been identified as a critical sector to push up rural prosperity, especially in coastal areas.
    - It is proposed to launch a focused scheme, the **Pradhan Mantri Matsya Sampada Yojana (PMMSY)** to establish a robust fisheries management framework.
    - Union Government has already created an exclusive Ministry of Animal Husbandry, Dairying and Fisheries to promote these sectors with more resources and attention.

Kusum Scheme Benefits:

- It shall enable the decentralisation of the production of solar power.
- Transmission losses of DISCOMS will be under control.
- Subsidy burden on DISCOMS in the sector of agriculture will be decreased to a large extent.
- This will give farmers the chance to sell to the grid the extra power that is generated by the solar plants that are stationed on their barren lands.
- It will provide a fillip to the emerging green economy in India.
- The program will also aid in the de-dieseling of the agricultural sector in India. This implies that the existing diesel pumps will be replaced.
- Other benefits that will accrue to the farmers due to the implementation of this program include conservation of water, water security as well as energy efficiency.

Zero Budget Farming:

- The 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 and 70-year-old farmer from Vidarbha, is a pioneer of this unique technique which he calls **Zero Budget Natural Farming (ZBNF)**.

- ZBNF promises to drastically cut production costs as most of the inputs are drawn from natural resources.
- Zero Budget does not mean that farmer is going to have no costs at all, but rather that any costs will be compensated for by income from intercrops or other resources of additional income.

- Government is focusing its attention to increase production and productivity of oilseeds. With concerted efforts, the country has already become self-sufficient in pulses, saving valuable foreign exchange that was earlier incurred on import of pulses.

Conclusion:

- Union Budget with its proposal to invest widely in agricultural infrastructure and support to private entrepreneurship has fast forwarded farmers' income by 2022. A fresh impetus has been given to revive the rural economy.
- All these measures are expected to bring joy to the farmers and reduce the agrarian distress.

Weaker Section:

- The Theme of "Ek Bharat Shresht Bharat" is the prime focus of the government to achieve inclusive growth. The Government has clearly visualised the development with 10-points vision to make it real.
- Article 46 of the Constitution states that, "The state shall promote, with special care, the education and economic interests of the weaker sections of the people, and, in particular of the Scheduled Castes and Scheduled Tribes, and shall protect them from social injustice and all forms of social exploitation." The Constitution strives to ensure the development of the weaker sections. Weaker sections are:
    - The sections which are included in the Schedules of the Constitution under **Article 341 and 342**.
    - Castes/communities included in the list of Other Backward classes, and the six Religious Minorities viz. Muslims, Christians, Sikhs, Buddhists, Jains and Parsis (Zoroastrians).
- In addition, there are certain social groups which need Government interventions such as Persons with Disabilities, Senior Citizens, and Transgender Communities and De-Notified, Nomadic and Semi Nomadic Communities.
- 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 lead India to become US$5 trillion economy in the world by active contribution of marginal communities in economic growth.

Energy Sector:

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

Coal

- From an availability perspective, coal reserves in India have been estimated to be roughly about 300 billion tonnes.
- Due to the vast availability of this fuel source, it could remain the cheapest source of energy for India for a long time, if explored and used efficiently.
- It is the only energy source for which India is not dependent on imports.

Oil and Gas

- As far as oil and gas is concerned, these resources in India are inadequate to meet its growing requirements.
- Compared to oil, gas is cheaper and more environment-friendly.
    - Though oil comprises 29 percent of the total primary commercial energy mix and gas only 7 percent, it is imperative that India's dependence on oil and gas as a source of energy is reduced to the extent possible by encouraging a switch to other forms of energy, such as electricity which can be derived from renewable sources.

Renewable Energy

- It is the most environment-friendly of all available options.
- The prices of renewable sources, particularly solar and wind, have been reduced drastically and are now almost at par with electricity generated using coal.
- However, the issue with renewable energy is its volatility, uncertainty and seasonality.
- Further, solar energy, though at par with thermal electricity in terms of cost, requires more than 50 times the land to generate the same quantum of electricity as from thermal power plants.

Bio-Energy

- 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.

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

- As of June 2, 2019, access to electricity has been substantially improved with a household electrification percentage of 99.99 per cent.
- It can be enhanced through both, diversification of import sources and increased domestic production and reduced requirement of energy.
- 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 has improved its ranking in the Energy Transition Index published by the World Economic Forum (76th position).
- The capacity of thermal power is 64 percent followed by renewable energy.
- 46 percent of power generation comes from the private sector.
- The share of renewable in total generation has increased from 6 percent in 2014-15 to 10 percent in 2018-19.

Union Budget 2019: Power Sector

- The Union Budget 2019 for power sector lays focus on electricity access. The following are the major announcements in the budget:

1. **Energy Access**

- The Government has continued its focus on energy access by setting a target of providing electricity connection and access to clean cooking fuel to all rural households in the country.

- It claimed to already have connected 99 percent of the households under **Saubhagya** and given out 7 crores LPG cylinders under Ujjwala scheme.

> **Saubhagya Scheme**
> It mandates the states and union territories to complete all household electrification. The scheme is in line with the Government's agenda to provide 24/7 power for all by 2019.
> - Socio-Economic Caste Census (SECC) of 2011 will be used as the basis to determine the beneficiaries for free electricity connections. The other un-electrified households are required to bear a charge of Rs. 500 in order to get an electricity connection, which the electricity distribution companies of India (DISCOMS) would recover in 10 instalments as a part of their electricity bill.
> - The nodal agency for implementation of the scheme across the country would be the Rural Electrification Corporation Limited (REC).
> - Transformers, meters, wires and other such types of equipment will be made available at subsidized prices.
> - For rural households without electricity in remote and inaccessible areas, solar power packs of 200Wp-300Wp with battery banks will be provided. The same would be repaired and maintained for 5 years from the date of installation. It will consist of a DC power plug, DC fan and five LED lights.
> - A mobile application would be used for the survey of households. It provides for on-spot registration of identified beneficiaries by obtaining their application for electricity connection with identity proof and photograph.
> - The Gram Panchayats or Public Institutions in rural areas are required to take care of the application process and documentation. They shall, in consultation with Panchayat Raj Institutions and Urban Local Bodies be authorized to distribute bills and collect revenue.

- However, the challenge in energy access is not just connection but of accessibility and affordability.
- **Focus on Rural Energy Access and Farmers:** New Ujjwala-type scheme will promote solar stoves and battery chargers.
- **Focus on Distribution Reforms:** Performance of Ujwal DISCOM Assurance Yojana (UDAY) is being examined.

> **Pradhan Mantri Sahaj Bijli Har Ghar Yojana Objectives**
> The scheme aims to fulfil the following goals and objectives:
> - Reduced environmental degradation by ruling out the use of Kerosene for lighting purposes.
> - Improved educational services.
> - Improved health services.
> - Improvement in communication.
> - Improvement in public safety and quality of life, primarily for women.
> - Increased employment opportunities.
> - Increased economic activity.

Conclusion:

- When it comes to power sector, the Budget focused on structural and tariff policy reforms to improve distribution sector efficiency.
- The priority is well placed, as distribution sector efficiency is at the core of all power sector challenges including 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.

Banking Sector:

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

Scheduled Commercial Banks

- According to RBI's Financial Stability Report (FSR), published in June 2019, growth of gross Non-Performing Assets (NPA) has decelerated across all bank groups, including Public Sector Banks (PSBs).
    - NPAs of commercial banks have reduced by over Rs. 1 recovery of over Rs. 4 Lakh crores due to Insolvency and Bankruptcy Code (IBC).
- Government has smoothly carried out consolidation, reducing the number of Public Sector Banks by eight. At the same time, as many as six Public Sector Banks have been enabled to come out of Prompt Corrective Action framework.
- As per RBI guidelines, banks are required to maintain a minimum Capital to Risk weighted Assets Ratio (CRAR) of 9 percent 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.
- Experts hope that PSBS are likely to see a turnaround in profitability, given that most of the pain has been recognised and NPAs and credit costs are peaking out. This will lead to an improvement in return ratios.
- 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 to empower account holders to remedy the current situation in which they do not have control over deposit of cash by others in their accounts.
- New provision will also give people control over who deposits money in their accounts or even allow them to authenticate before receiving payments. All these will become clear once RBI releases the road map to implement the budget announcement.

Non-Banking Financial Companies (NBFCs)

- Nearly 1000 NBFCs, registered with RBI, are key for consumption growth. According to the latest Economic Survey, these institutions bring in diversity and efficiency to the financial sector and make it more responsive to the needs of the customers.
- In the recent past, the NBFCs have played an increasingly important role in resource mobilisation and credit intermediation, thereby helping the commercial sector to make up for low bank credit growth.
- Bank borrowings, debentures and commercial papers are the major sources of funding for NBFCs.
- The Budget proposed mechanism for liquidity and also change in regulations.
- The Union Finance Minister said that for the purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs. 1 lakh crore during the current financial year, the government will provide a one-time six months partial credit guarantee to Public Sector Banks for first loss of up to 10 percent.
- 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.

Housing Finance Companies (HFCs)

- These finance companies are dedicated NBFCs for a specific sector. As of now, over 100 HFCs are regulated and refinanced by the 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, NHB will continue to be the supervising authority for the housing finance companies.