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YOJANA

SPECIAL ISSUE

MASK-UP INDIA

MARCH 2021 A DEVELOPMENT MONTHLY

Union BUDGET 2021-22

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N K Singh

FOCUS

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G Raghuram

Budget Announcements Impacting Women

The proposed Budget initiatives and investments across sectors and schemes have the potential to re-orient the lives of millions of women, make nutrition and healthcare more accessible to them even as their job prospects brighten through relevant skill training, new employment opportunities and access to cheaper credit, ultimately making them self-reliant and financially independent.

WOMEN AND THE HEALTH SECTOR

Aatmanirbhar Swastha Bharat Yojana

One of the biggest announcements in the Budget that has the power to impact women; skilled and semi-skilled, rural and urban, as participants or beneficiaries, is the Aatmanirbhar Swastha Bharat Yojana. With the overarching goal to boost health infrastructure over the next six years with an outlay of about Rs. 64,180 crore, it will develop capacities of primary, secondary, and tertiary care health systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases.

Now, women constitute almost half of the qualified health workforce in the country, as doctors, nurses, ASHA workers, midwives, anganwadi workers, etc., performing a critical role in healthcare services. Thus, if the scheme is gender-responsive in its outreach as well as implementation and monitoring, it can impact the lives of Indian women in meaningful ways.

The proposed healthcare bills – the National Commission for Allied Healthcare Professionals Bill and National Nursing and Midwifery Commission Bill – also have the ability to take into account the differential gender needs, as well as be informed by the voice, choice and agency of women healthcare functionaries.

SOCIAL SECTOR SCHEMES BENEFITTING WOMEN

Mission Poshan 2.0 Scheme

"To strengthen nutritional content, delivery, outreach, and outcome, we will merge the Supplementary Nutrition Programme and the Poshan Abhiyan and launch the Mission Poshan 2.0. We shall adopt an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts," said the Finance Minister tabling the

Continued on cover page III...

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YOJANA

Since 1957 A DEVELOPMENT MONTHLY

Let noble thoughts come to us from all sides
Rig Veda

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LEAD ARTICLE

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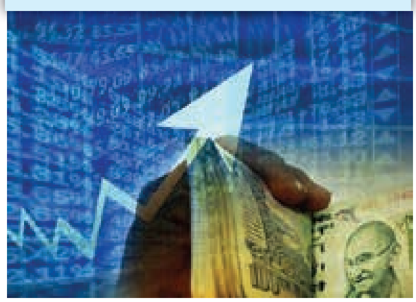

SPECIAL ARTICLES

INDIA@75

REGULARS

NEXT ISSUE: NORTHEAST

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Ecology and Biodiversity

I have been reading Yojana since last year and it's been really informative and so interesting that I don't even have to make many efforts to remember the facts. The language is so crisp that one just gets attached. The February 2021 issue on the Indian literature was really appreciable and praiseworthy. All the articles were simple in language and beautifully written. I would like to thank team Yojana for bringing out this issue, and would request to publish an issue on the current ecological and biodiversity conditions.

– Komal Singh
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Develops Perspective

Yojana magazine is an important part of my preparation for civil services exam. It helps in developing perspective. The January edition "India@75" was very well-written. I would recommend it to everyone for overall intellectual development.

– Brijesh Maurya
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Articles on PR Professionals

I am a staunch reader of Yojana for 5 years. I am currently working as a Public Relations Officer. To be precise, the magazine is highly recommended for PR professionals, as it covers the topics from various spheres of governance and enlightens the readers with better understanding of the current happenings across the nation. Yojana covers every issue at length and helps to build an opinion regarding ongoing issues. I would highly appreciate if you publish any article on role of PR Professionals in nation-building.

– Zahinuddin
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Environment & Sustainable Development

I want to express my immense gratitude towards the Yojana magazine publication team and intellectual authors. Yojana magazine provides us helpful and fruitful information subsequently. The December issue on "Indian Society" was very good and informative. I hope Yojana team will provide continuous academic material for all of us. I would like to suggest the team to cover special articles especially related to "environment and sustainable development".

– Biyaso Thakur
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India@75

Being a civil service aspirant and ardent follower of Yojana, I congratulate team Yojana for bringing out much appreciated special edition India@75. The holistic coverage of governance, industry, education, sports, and sciences by experts of the field provides insights that can't be found on any single platform. The focus on youth will manifest itself by motivating young minds. Thanks and keep coming up with such unmatchable content.

– Aatif Iqbal
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Suggestion on Topics

I am thankful to Yojana team for providing valuable information on governance, democracy and transforming ideas; to aspirants preparing for civil services examination. I would like to suggest some more topics on – public administration, disaster management, internal security and social justice issues.

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Special Issue on Media

I feel lucky to have picked up Yojana one day and have been continuously reading it ever since. With various contemporary media spreading fake news and political propaganda, this monthly has succeeded in keeping itself unbiased and has become the most reliable version to know about important news and government policies today. It would be greatly productive if a special issue is published on how media–audio, visual or print–have been developing in India over the years.

– Debartha Roy
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Cultural Diversity

I have started to follow Yojana from November, 2020. The issue on “Cultural Diversity” was outstanding. I was astonished to see such an extraordinary work done by Yojana team. It can be a knowledge booster for those who follow this. The topics on social, political and economic affairs of the country can be very helpful for civil service aspirants. I am thankful to Yojana for providing us important articles on current issues.

– Pritha Adhikary
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Useful for UPSC Preparation

Being a UPSC aspirant, Yojana is an important part of my preparation. I am thankful to the entire team of Yojana for publishing recent issues which are totally related to UPSC CSE syllabus particularly “India@75” edition which helped a lot to learn about the past of our country.

– Asish Ranjan Kar
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Increases Awareness

I am thankful to team Yojana. The magazine focuses on the societal issues and provides immense support in getting awareness about contemporary and relevant issues. Thanks and keep up the good work.

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Edition on Water Resources Contamination

I am a civil services aspirant from Kanpur. Just want to give you a warm thanks. I like your magazine so much. All topics of UPSC are covered here and provide a good content for UPSC than any other magazine. This is helping in my preparation. I would request you to publish an edition on “water resources contamination”.

– Sheetal Maurya
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Visionary Citizen

I started reading Yojana as a part of IAS exam preparation but eventually I found much more interest and now my motto is not just to read it for exam preparation but also to make myself aware and well-informed about the policy vision of India. It definitely makes me a visionary citizen before I probably became a visionary bureaucrat.

– Rajendra Wakchaure
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Helpful for Research Work

I am pursuing PhD and regularly following this unique magazine which helps me a lot with regard to genuine information and data which is very helpful for research work. I am thankful to all members of Yojana.

– Vikash Kumar Verma
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Union Budget 2021

In the first Budget speech of a free and independent India, the then Finance Minister R.K. Shanmukham Chetty had said, "*If the economy of this country is to be placed on a sound footing and maintained in a healthy condition, it is of the utmost importance to increase internal production…We have therefore to fall back on our own resources.*"

The Union Budget 2021-22 too lays emphasis on making the country self-reliant. While presenting the budget document, the Finance Minister emphasised that Budget proposals will further strengthen the Sankalp of Nation First, Doubling Farmer's Income, Strong Infrastructure, Healthy India, Good Governance, Opportunities for Youth, Education for All, Women Empowerment, and Inclusive Development.

Resonating with the vision of Aatmanirbhar Bharat, the Budget is laid on the six pillars of Health and Well-being, Physical & Financial Capital, and Infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and R&D, and Minimum Government and Maximum Governance.

There is substantial increase in investment in health infrastructure and a new centrally-sponsored scheme, in addition to the National Health Mission, PM Aatmanirbhar Swasth Bharat Yojana was announced which aims to develop capacities of primary, secondary, and tertiary care health systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases. To address the nutrition needs–Supplementary Nutrition Programme and the Poshan Abhiyan–and launch the Mission Poshan 2.0, the Government aims to adopt an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts.

Jal Jeevan Mission (Urban) will be launched for universal water supply in all 4,378 Urban Local Bodies with 2.86 crore household tap connections, as well as liquid waste management in 500 AMRUT cities. Also, to tackle the burgeoning problem of air pollution, it was proposed to provide an amount of Rs. 2,217 crore for 42 urban centres with a million-plus population in this budget.

The Finance Minister said that for a USD 5 trillion economy, manufacturing sector has to grow in double digits on a sustained basis and manufacturing companies need to become an integral part of global supply chains, possess core competence and cutting-edge technology. To achieve all of the above, PLI schemes to create manufacturing global champions for an Aatmanirbhar Bharat, have been announced for 13 sectors. This initiative will help bring scale and size in key sectors, create and nurture global champions and provide jobs to youth.

On the infrastructure front, more than 13,000 km length of roads have been awarded under the Bharatmala Pariyojana project, and by March 2022 another 8,500 kms is to be awarded to complete an additional 11,000 kms of national highway corridors. Two new technologies i.e., 'MetroLite' and 'MetroNeo' will be deployed to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.

Under the pillar of Inclusive Development for Aspirational India, Agriculture and Allied sectors, farmers' welfare and rural India, migrant workers and labour, and financial inclusion were predominantly covered with a slew of measures.

Keeping the vision of the National Education Policy in mind, 15,000 schools will be qualitatively strengthened and 100 new Sainik Schools to be set up in partnership with NGOs/private schools/states. It was also proposed to set up a Higher Education Commission of India, as an umbrella body having four separate vehicles for standard-setting, accreditation, regulation, and funding.

Under the last of the six pillars of the Budget, it was proposed to take a number of steps to bring reforms in Tribunals for speedy delivery of justice and to take further measures to rationalise the functioning of Tribunals. On Fiscal position, it was underlined that the pandemic's impact on the economy resulted in a weak revenue inflow. Once the health situation stabilised, and the lockdown was being slowly lifted, the Government spending was ramped up so as to revive domestic demand and that the Government plans to continue the path of fiscal consolidation. The Union Budget seeks to further simplify the Tax Administration, Litigation Management and ease the compliance of Direct Tax Administration. The indirect proposal focuses on custom duty rationalisation as well as rationalisation of procedures and easing of compliance. Senior Citizens were provided relief in filing of income tax returns, reduced time limit for income tax proceedings announced, setting up of the Dispute Resolution Committee, faceless ITAT, relaxation to NRIs, increase in exemption limit from audit and relief for dividend income.

A new world order seems to be emerging post-Covid-19 pandemic and India will have a leading role therein. The Economic Survey 2020-21 highlights the crucial role of investments in social infrastructure in economic growth and the government's commitment towards investment in social sector in order to bring overall improvement in socio-economic indicators and achieving the Sustainable Development Goals. However, it does not miss to remind that Covid-19 has raised unprecedented health challenges posing unique policy dilemmas. The budget proposals aimed to lay a renewed thrust on promoting the principle of 'minimum government, maximum governance' as well as improving the ease of doing business and ease of living. ❑

Finance Commission

N K Singh

The concept of Finance Commission is embedded in the constitutional history of this country. In a sense, it is even older than our Constitution. The debates of the Constituent Assembly are replete with instances of differences and divergence of opinion on the modalities for the sharing of the resources between the Union and the States. It is in this context that in 1949, an interim Finance Commission was appointed under the chairmanship of C.D. Deshmukh to consider the distribution of resources between the Union and the States.

The constitution of the Finance Commission is governed by Article 280 of the Constitution, which spells out, in conjunction with other provisions, the manner and modality for the management of the finances of the Union and the States as well as the principles for governing the divisible resources. After the interim Commission, the first Finance Commission was constituted on November 22, 1951 and was chaired by K.C. Niyogi. Thereafter, there have been fifteen Finance Commissions. I was privileged to be its Chairman with four distinguished members.

The Fifteenth Finance Commission (FC-XV) was constituted by the President under Article 280 of the Constitution on November 27, 2017. The title of the report 'Finance Commission in Covid Times', submitted to the President for the period 2021-26, itself speaks of the onerous task it had in hand when the pandemic had significantly impacted the economy and shrunk the overall pie of resources. The Union government, in its action taken report on the commission's report tabled in Parliament on February 1, 2021 accepted most of the recommendations.

The Finance Commission transfers are made under Articles 270, 275 and 280 of the Constitution, which provides a mechanism for sharing of taxes and revenues vertically between the Centre and states; and horizontally among all states. Fifteenth Finance Commission was additionally tasked with reviewing and commenting on the design of fiscal principles for various grants that are typically provided alongside revenue shares. It was also asked to consider performance-based incentives to support and motivate the efforts of State and/or local governments–the "appropriate level of government"–in a variety of policy areas. Another unique ToR given to it included recommending funding mechanism for defence and internal security.

The Commission from its very conception faced multiple challenges including the difference in opinion on the use of the population census of 2011 to allay the fears of certain efficient States that they would be penalised for efficient demographic management. Besides, there were other issues like non-lapsable defence fund and use of certain parameters for performance incentives which have been fairly addressed in this report.

The Finance Commission has been described as the balancing wheel in the Constitution because it is designed to correct the structural and inherent imbalances between the resources and the expenditure of the Union and the States. The correction of this imbalance would constitute the basis for a fair vertical devolution.

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Vertical Transfer: Approach and Logic

The Constitution empowered both the Union and the States to raise revenues from different sources of taxation and also assigned responsibilities to incur expenditure through subjects in three lists–Union List, State List and Concurrent List–in the Seventh Schedule. By Constitutional design, this distribution has assigned higher and more buoyant taxation and resource raising powers to the Union Government whereas higher responsibilities for incurring expenditure have been assigned to the States. For example, in 2018-19, the Union Government raised 62.7 per cent of the aggregate resources raised by both the Union and States, whereas the States spent 62.4 per cent of the aggregate expenditure of the Union and the States. There is thus a structural vertical imbalance which necessitates orderly transfer of resources from the Union to the States. This imbalance between revenues and expenditure responsibilities forms the basis of a fair vertical devolution.

The Fifteenth Finance Commission, in its final report, recommended this devolution to beat 41 per cent. This will maintain the predictability and stability of resources, especially during the pandemic. This vertical devolution is in line with the recommended share in our first report as well as with the devolution of the FC-XIV. As compared to FC-XIV, this Commission has only made the required adjustment of about 1 per cent due to the changed status of the erstwhile State of Jammu and Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, as the resources for these Union territories will now be provided by the Union government. This level of vertical transfers will allow appropriate fiscal space for the Union as well to meet its demands as well as maintain an adequate level of unconditional resources to the States.

Horizontal Distribution

Horizontal devolution of taxes is mainly driven by considerations of need, equity and performance. However, balancing equity and efficiency is never an easy exercise. The diverse nature of this country with States at different levels of development and having complex characteristics related to their history, geography, economy and sociology impact their revenues and

expenditures. Additional financial resources are certainly needed to help a state develop, but the ability to effectively use those resources is undoubtedly more crucial, and is a distinctive feature visible across States.

Considering these factors, Fifteenth Finance Commission has tried to harmonise the principles of expenditure needs, equity and performance in determining the criteria for horizontal sharing by broadly assigning appropriate weightages. The Commission has given the criterion for horizontal distribution of taxes, see Table 1.

Table 1: Criterion Recommended by Fifteenth Finance Commission for Horizontal Distribution of Taxes

Criteria	Weight (per cent)
Population	15.0
Area	15.0
Forest & Ecology	10.0
Income Distance	45.0
Tax & Fiscal Efforts	2.5
Demographic Performance	12.5
	100

As is clear from basic logic, population, area and forest and ecology represents the need-based principle, while income distance criterion represents an equity-based principle. In addition to these criteria, this Commission has used tax and fiscal efforts and demographic performance as a performance criterion to allay the fears of the more efficient States in the country.

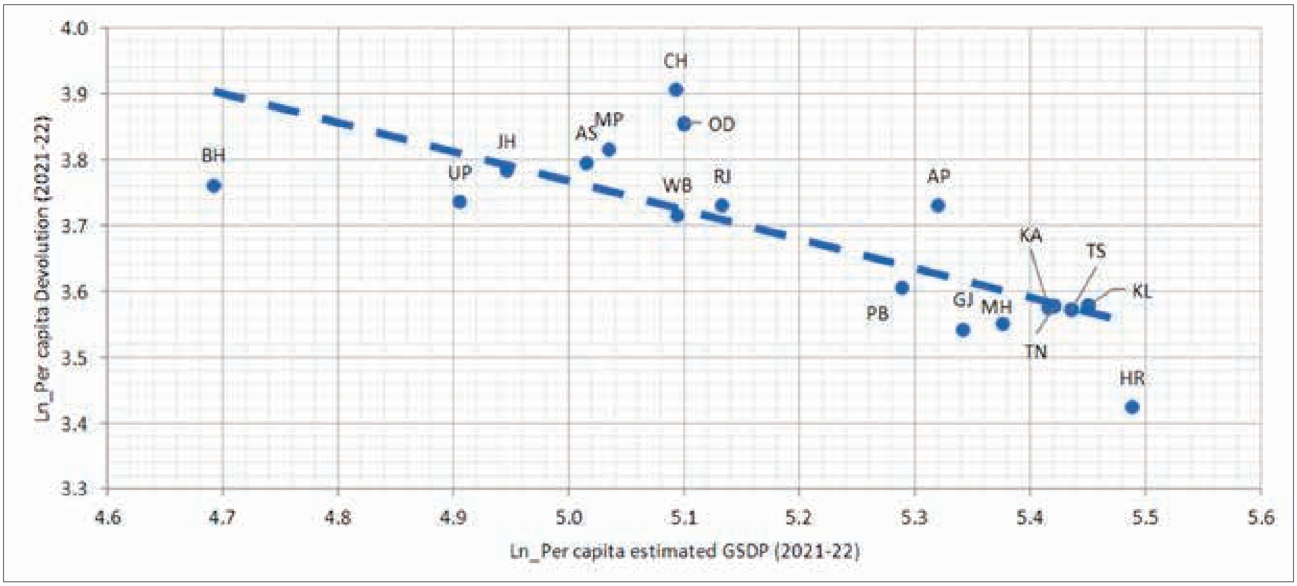


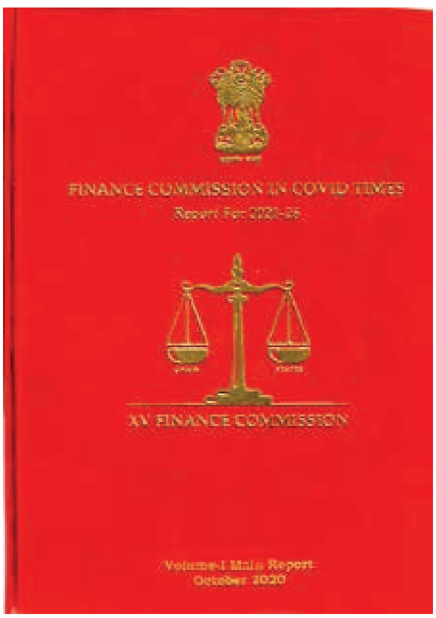
Chart 1: Chart Depicting States with Per Capita GSDP and Per Capita Devolution

It may be noted that all Finance Commissions since sixth one, used the population data of the 1971 Census as per their ToR, while recommending their awards. Fifteenth Finance Commission was mandated by its ToR to use the population data of the most recent Census, after four decades. This had issue of seriously changing the resource allocation to few States which may have rocked the boat beyond repair for some of them. Besides, a sudden use of the latest Census data will be unfair to States which have performed well on the national objective of demographic management. At the same time, the ToR of this Commission, itself mandated us to incentivise to States for the efforts and progress made in moving towards the replacement rate of population growth. Hence, use of demographic performance as a criterion has addressed these issues.

Nevertheless, the allocations to States have been fairly equitable as shown in Chart-1. The chart depicting twenty States show that we recommended relatively higher per capita tax devolution to States with lower per capita income. This clarifies that the overall allocation to States as recommended by the Commission is progressive.

Grants-in-aid

After the distribution of the net proceeds of taxes, the second core function entrusted to the Finance Commission is to determine the principles which should govern grants-in-aid, assess the needs of States in relation to such norms developed and applied to both revenue effort and desirable levels of expenditure and thereafter recommend grants in specific sums.



The Commission has recommended five different categories of grants:

a. Revenue deficit grants,
b. Grants for local governments,
c. Grants for disaster management,
d. Sector-specific grants, and
e. State-specific grants.

Similar grants have been recommended by Commissions in the past. The overall size of the grants, as a proportion of total transfers, varied from 26.1 per cent under the Sixth Finance Commission (FC-VI) to7.7 per cent under the FC-VII. FC-XV recommended grants aggregating to Rs. 10,33,062 crore, which is 19.65 per cent of total recommended transfers to States.

The Commission believed that revenue deficit grants will allow States time to adjust to changes in the pattern of tax devolution recommended by Finance Commissions based on the evolving patterns of their assessed needs, ability and performance. Besides, grants-in-aid are more directly targeted and equalises the standards of basic social services to some extent. Some of these grants have been linked with performance-based criteria that seek to promote some sectors in furtherance of national goals. Also, attaching performance criteria to fiscal transfers may enhance transparency, accountability, provide feedback on improving policy formulation and implementation and lead to better monitoring of expenditures.

Revenue Deficit Grants

It is evident that no formula-based horizontal devolution can meet the needs of each of the twenty-eight States whose cost disabilities and fiscal capabilities are so vastly different from each other. Therefore, the Commission has recommended an allocation of 1.92 per cent of the gross revenue receipts of the Union as revenue deficit grants to specific States. The revenue deficit grants aggregate to Rs. 2,94,514 crore, with gradual tapering off during the award period.

Local Government Grants

The total size of the grant to local governments recommended by the Commission is Rs. 4,36,361 crore for the period 2021-26. Of these total grants, Rs. 8,000 crore is performance-based grants for incubation of new cities and Rs. 450 crore is for shared municipal services. A sum of Rs. 2,36,805 crore is earmarked for rural local bodies, Rs. 1,21,055 crore for urban local bodies and Rs. 70,051 crore for health grants through local governments.

Urban local bodies have been categorised into two groups, based on population, and different norms have been used for flow of grants to each, based on their specific needs and aspirations. Basic grants are proposed only for cities/towns having a population of less than a million. For Million-Plus cities, 100 per cent of the grants are performance-linked through the Million-Plus Cities Challenge Fund (MCF).

For rural local bodies, the FC-XV allocations cover all the three panchayati tiers–village, block and district–as well as the Excluded Areas exempted from the purview of Part IX and Part IX-A of the Constitution.

The rural-urban distribution gradually increases in favour of the urban local bodies from 67:33 in 2021-22 to 65:35 by 2025-26. The tilt reflects India's ongoing rapid urbanisation. The urban share of total population went up from 28 per cent in 2001 to 31 per cent in 2011 and is even higher now.

The local bodies grants focus on national priorities. The grants to local bodies, both rural and urban (less than a million category), contain a mix of basic, tied as well as performance grants such as sanitation, solid waste management and ease of breathing in the metro cities. The efficient smooth functioning and accountability of local bodies have been plagued by:

1. Absence of timely recommendations of State Finance Commissions and suitable actions thereon,
2. Lack of readily accessible and timely accounts, and
3. Inadequate mobilisation of property tax revenues.

Finance Commissions in the past have drawn attention to these issues, but with limited success. The FC-XV has put them as entry-level conditions for availing the grants.

Disaster Management Grants

While assessing disaster management grants, the Commission recommended Mitigation Funds to be set up at both the national and State levels, in line with the provisions of the Disaster Management Act. The Mitigation Fund should be used for those local level and community-based interventions which reduce risks and promote environment-friendly settlements and livelihood practices. For SDRMF, it has recommended a total corpus of Rs. 1,60,153 crore for States for disaster management for the duration of 2021-26, of which the Union's share is Rs. 1,22,601 crore and States' share is Rs. 37,552 crore.

Other Sector-specific and State-specific Grants

> **The Fifteenth Finance Commission was constituted by the President under Article 280 of the Constitution on November 27, 2017. The title of the report 'Finance Commission in Covid Times', submitted to the President for the period 2021-26, itself speaks of the onerous task it had in hand when the pandemic had significantly impacted the economy and shrunk the overall pie of resources.**

Under the category of sector-specific grants, the Commission has also recommended performance-based grants and incentives for sectors like health, education, agriculture, PMGSY roads, judiciary, statistics and aspirational districts and blocks.

The Commission laid special focus on health sector while doing a detailed analysis of health expenditure and related facilities and infrastructure in various States. The health sector still faces critical challenges like low investment, sharp inter-State variations in the availability of health infrastructure and health outcomes and supply side problems of doctors, paramedics and inadequate number of healthcare centres. Accordingly, it recommended total grants-in-aid support to the health sector over the five year award period aggregating to Rs.1,06,606 crore which is 10.3 per cent of the total grants-in-aid recommended by the Commission. The Government of India, in its budget of 2021-22 has laid special emphasis on the health sector.

Also, the Government in its action taken report, has stated that it will take due consideration of these grants while formulating centrally-sponsored schemes.

A summary of all grants recommended by the Commission are given in Table-2:

Table-2

S.N.	Grant Components	2021-26
1.	**Revenue Deficit Grants**	294514
2.	**Local Governments Grants**	436361
3.	**Disaster Management Grants**	122601
4.	**Sector-specific Grants**	129987
i	*Sectoral grants for Health*	*31755*
ii	*School Education*	*4800*
iii	*Higher Education*	*6143*
iv	*Implementation of Agricultural Reforms*	*45000*
v	*Maintenance of PMGSY Roads*	*27539*
vi	*Judiciary*	*10425*
vii	*Statistics*	*1175*
viii	*Aspirational Districts and Blocks*	*3150*
5.	**State-specific**	49599
	Total	**1033062**

All grants outlined in 1-3 have been fully accepted in the action taken report of the Union Government. Those in respect of sector-specific grants in the action taken report would be subsumed under the centrally-sponsored schemes or other initiatives of the central government. It is significant in this context that the Finance Minister announced that based on the recommendations of the Fifteenth Finance Commission, the entire pattern, allocation and design of the centrally-sponsored schemes and the central outlays are being restructured to make expenditure more purposeful. In respect of the state-specific grants, the action taken report indicates that these would be given in-depth consideration based on the availability of fiscal resources.

Defence Fund

Keeping in view the extant strategic requirements for national defence in the global context, the Commission re-calibrated the relative shares of Union and States in gross revenue receipts by reducing its grants component by 1 per cent. This will enable the Union to set aside resources for the special funding mechanism that has been proposed in the report. It has also been recommended that the Union Government may constitute in the Public Account of India, a dedicated non-lapsable fund, Modernisation Fund for Defence and Internal Security (MFDIS). The total indicative size of the proposed MFDIS over the period 2021-26 is Rs. 2,38,354 crore. This recommendation has been accepted by the government.

The principles of a non-lapsable fund has been accepted by the government—this is an important landmark considering that the defence forces have for long argued in favour of greater stability and predictability of finances for meeting their capital expenditure. The Commission has suggested a financing modality, which the central government will examine further. However, the constitution of a non-lapsable fund would make a significant difference in addressing the issue of adequacy of capital expenditure both for defence and internal security. In the formula given by the Finance Commission, whereas Rs. 40,000 crore per annum would be available for defence, Rs. 10,000 crore per annum would be available for home ministry to upgrade paramilitary forces. Finally, Rs. 1,000 crore per annum has been recommended as Jawan Welfare Fund given the enormous sacrifices of India's armed and paramilitary forces.

Conclusion

While making its recommendations, the Commission went through widespread stakeholder consultations including Union Government, State governments, local bodies, trade bodies, political parties and economists. It also took inputs from experts through its advisory council, international and national organisations, think-tanks, high-level group on health sector etc. As the Commission faced the unprecedented challenge of making projections and recommendations under the most uncertain circumstances, it consistently tried to balance the views of these stakeholders to achieve efficient, equitable, inclusive solutions in this extremely diverse country.

Notwithstanding challenging times, the Commission believes that the distribution of resources between the Union and the States and for the third tier of government have been addressed in a manner which is fair, reasonable, rational and equitable. In this sense, indeed, it represents a continuation of the legacy of trust—the trust which it has inherited from its very inception in a tentative way in 1949 with an unbroken record.

It seems apt to quote Marcus Aurelius, Meditations - *'Never let the future disturb you. You will meet it, if you have to, with the same weapons of reason which today arm you against the present.'* ❑

Towards Aatmanirbhar Bharat

Dr Ajay Bhushan Pandey

The Budget has envisioned to propel India's growth trajectory and V-shaped recovery through asset monetisation, disinvestment, spending in public health and public infrastructure, thereby creating jobs and necessary demand. The Budget proposals deliver progressively on the promise of Aatmanirbhar Bharat besides creating an environment of competition, innovation and delivery of economic growth towards benefits of all, especially for the poor and marginalised sections of the society.

Budget 2021-22 is a reformative budget towards a quantum leap into the future in the trying times of Covid-19 pandemic. The government has been addressing the challenges posed by the once-in-a-century pandemic through a series of packages – each one no less than a mini budget. Instead of taking an incremental approach in the Budget this time, the Government was determined to take a quantum leap towards its twin objectives to achieve a USD 5 trillion economy by 2024 and an *Aatmanirbhar Bharat* to accomplish India's growth despite serious fiscal challenges.

Since March last year, when the Covid-19 pandemic started in India leading to a nationwide lockdown for more than 100 days, the human capital and economy were hit badly. The people of India faced an unprecedented calamity. The Government was keeping a close watch on the situation and the pandemic, and was responding in a phased manner sector-to-sector, section-to-section through numerous measures to control and mitigate the impact of pandemic on Indian populace and the economy.

The Government brought out various packages under *Aatmanirbhar Bharat* and PM's *Garib Kalyan* packages which included relief measures for households such as in-kind (food; cooking gas) and cash transfers to senior citizens, widows, disabled, women Jan Dhan Account holders, farmers; insurance coverage for workers in the healthcare sector; and wage increase for MGNREGS workers and support for building and construction workers, collateral free loans to self-help groups, reduction in EPF contributions, employment provision for migrant workers, etc. Hence, this budget may be considered as the budget-in-continuation to the mini-budgets (packages) that positively rebutted the impact of Covid-19 pandemic.

The Government through its Budget 2021-22 has resolved its focus on fiscal transparency and directional change to stimulate faster economic growth. On the one hand, it addresses core welfare issues like health and well-being which are very critical in the pandemic/post-pandemic time and on the other hand, it defines dynamic roadmap along with potential course of action to propel economy with disinvestment, privatisation of two PSU Banks and one General Insurance Company, assets monetisation, huge spend on infrastructure to create capital assets, jobs and demands so much so that no one is left behind in the journey of development post pandemic.

It carves out the Government's strategy to trigger a virtuous cycle of economic growth and envisions the constructive role of the private sector. With assets monetisation, it also spells the Government's considered

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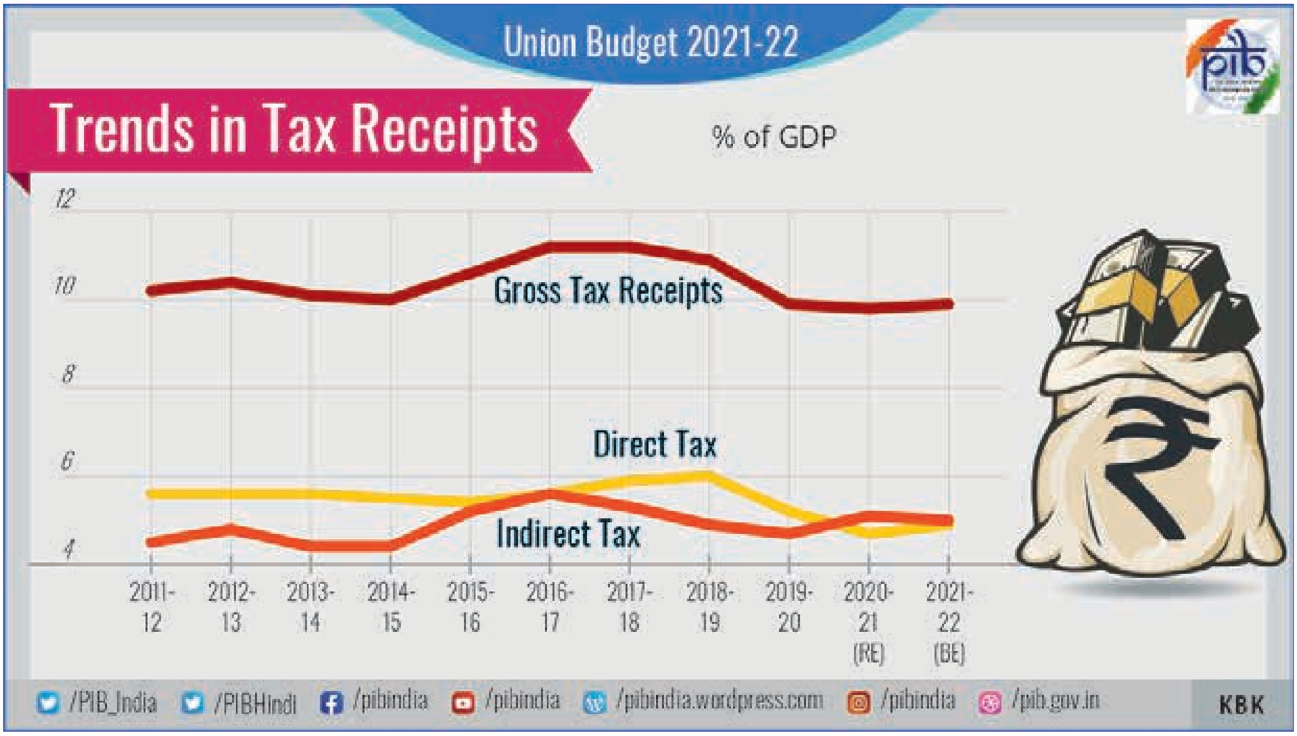

commitment on infrastructure spending to create new assets, jobs and demands for core industry products so that their multiplier effect would help the economy as a whole. The Budget further enhances the ease of doing business and assures more simplification of compliance and other process reforms to generate additional ease of living.

Also, this budget which is the first ever paperless budget has many unique features including realistic revenue projection, no tax rates tweaking and transparent fiscal accounting. It acknowledges the fiscal deficit situation and draws a map to tackle the same. The Budget persuades liberalisation of FDI in insurance and rationalises financial sector regulation. To provide tax stability which is the mainstay to attract investment and thrust economic growth with demand, the Budget avoids tinkering of tax rates. Without increasing any tax burden on the taxpayers, it introduces a cess, just by adjusting a few duties, to fund Agricultural Infrastructure and Development besides agriculture market reforms which are the need of the hour.

The budget underlines the Government's resolve to be an enabler, a facilitator and a catalyst to provide opportunities for entrepreneurs and industry performers to play their role in an effective and efficient manner in a competitive economic environment and show their prowess to the world as global economic leaders. Following the principle of *Minimum Government-Maximum Governance*, the government has laid the roadmap for disinvestment and privatisation wherein the government's role will be confined to the minimum and in strategic sectors. With these objectives, the Budget 2021-22 focuses on further reforms to encourage private investments and inclusive growth.

It carves out the Government's strategy to trigger a virtuous cycle of economic growth and envisions the constructive role of the private sector. With assets monetisation, it also spells the Government's considered commitment on infrastructure spending to create new assets, jobs and demands for core industry products so that their multiplier effect would help the economy as a whole.

This pandemic year posed severe crisis circumstances. The Government has gone digital and brought in landmark changes and structural reforms in tax administration and compliance processes, both for direct and indirect taxes to further enhance the ease of compliance for the taxpayers.

Besides making the income tax department a department-in-dialogue with taxpayers that listens, trusts, believes and handholds them with new 26AS, pre-filled returns, quick refunds, etc., the Government introduced the faceless system in assessment, appeal and now even in dispute resolution. The aim was to establish a platform for *Transparent Taxation - Honoring the Honest* and thereby provide *Faceless Assessment* to all taxpayers with its launch on August 13, 2020, except in cases of serious frauds and money laundering, etc. Now income tax assessment is being done in a faceless manner without any physical interface as the age-old colonial era territorial tax administration system is replaced by a faceless system consisting of randomly chosen virtual teams with dynamic jurisdiction.

Under this new system, a taxpayer can be assessed by an officer located anywhere in the country irrespective of his geographical location. Out of the first lot of 58,319 legacy cases final scrutiny assessment orders in 31,433 cases have been issued through the faceless system. In 94 per cent of cases, the explanation of the taxpayer was accepted and no additional tax or penalty was imposed. Out of 1,32,814 new cases, final scrutiny assessment orders in 17,399 cases have been issued so far. For the first time Taxpayers' Charter is issued to reflect certain principal commitments of the Income Tax department towards the taxpayers.

Also, Faceless Appeal, launched on September 25, 2020, provides a fully faceless procedure for appeals in tax dispute matters pending before the Commissioner (Appeals) and imparts greater efficiency, transparency and accountability by eliminating the interface, optimising utilisation of the resources and introducing an appellate system with dynamic jurisdiction in which appeal shall be disposed of by one or more Commissioner (Appeals). It allows taxpayers to file their documents in an electronic mode and save themselves from the hassles of physical visits to the Department. There was a pendency of almost 4.6 lakh appeals at the level of the Commissioner (Appeals) and out of this, about 4.08 lakh appeals, i.e., about 88.7 per cent of the total appeals is being handled under the Faceless Appeal mechanism. Out of which in 3,15,467 cases, hearing notices have been issued and 3,640 orders have been passed so far.

> **The Budget persuades liberalisation of FDI in insurance and rationalises financial sector regulation. To provide tax stability which is the mainstay to attract investment and thrust economic growth with demand, the Budget avoids tinkering of tax rates.**

Similarly in Indirect Taxes, Customs and GST, various process reform leading to ease of compliance have been introduced like validated input tax statement, e-invoice system, NIL returns with SMS, quarterly return and monthly payment for small taxpayers, pre-filled editable GST return, staggering of returns filing, enhancement of capacity of GSTN system, etc., which is using technology to provide convenience to genuine taxpayers.

Following are the highlights of Budget 2021-22 in respect of Indirect and Direct Taxes:

Indirect Taxes

In Budget 2021-22, there have been focused reforms in the domain of indirect tax administration. Indirect taxes are a reliable barometer to gauge the condition of the industrial base of the economy.

Goods and Services Tax (GST)

Towards making GST compliance easier and more effective, a number of changes have been made by way of amendments through the Finance Bill, 2021. A mandatory requirement of getting annual accounts audited and reconciliation statements has been removed.

Further, it has been provided that interest on delayed payment of GST shall be charged only on net cash liability with effect from the July 1, 2017. These measures would facilitate the trade considerably.

Certain measures have been taken to improve compliance. It is being prescribed that the input tax credit shall be allowed only when the details have been furnished by the supplier in the statement of outward supplies. Other measures include validity of provisional attachment for a period, zero-rating on payment of IGST only in specified cases and linking it to the receipt of foreign remittances, and certain other changes have been made in the provisions relating to seizure and confiscation. These changes shall come into effect from a date as would be announced in due course.

Following the principle of Minimum Government-Maximum Governance, the government has laid the roadmap for disinvestment and privatisation wherein the government's role will be confined to the minimum and in strategic sectors.

The Government has focused on improving compliance. Unscrupulous traders are being identified through extensive application of deep analytics and artificial intelligence. Special drives have been launched to put a curb on misuse of input tax credit and clandestine clearance of goods and services. Around 292 arrests were made. The results have been encouraging. In January 2021, the GST collection stood at historic high of almost Rs 1.2 lakh crore.

As per the budget announcement, further measures would be discussed in the GST Council to streamline GST, particularly for removal of distortions like inverted duty structure.

Customs

As regards customs duty, *Aatmanirbhar Bharat* has been the guiding principle. The import duty rate structure has been meticulously calibrated to ensure adequate availability of raw materials to meet the requirements of the manufacturing sector. Spirited initiatives of various ministries to encourage domestic manufacturing through various Phased Manufacturing Programmes (PMP) and Performance Linked Incentive (PLI) Schemes are laudable. These schemes have been bolstered through a well-planned and far-sighted taxation glide-path which complements and encourages the setting up of domestic industry. Due to focused efforts in this direction, the electronics products manufacturing sector has taken off in a remarkable manner.

A new provision in Customs law to prescribe that all conditional exemptions, unless otherwise specified or varied or rescinded, given under Customs Act shall come to an end on March 31, falling immediately two years after the date of such grant or variation. More than 400 existing exemptions shall also be reviewed by August 2021 with extensive stakeholder consultation.

Several measures have been announced in the budget for facilitating the trade. Legislative changes have been proposed so as to mandate filing of bills of entry before the end of day preceding the day of arrival of goods. Moreover, it is also proposed to allow the specified amendments by importer/exporter on self-amendment basis.

Legislative changes have been proposed to encourage paperless processing; it is proposed to recognise the use of a common portal to serve notice, order, etc., and the portal to act as a one-point digital interface for the trade to interact with the Customs. Significant changes have also been announced in respect of trade remedial measures for securing national economic interest against surge in imports, dumping of goods or export of subsidised goods to India by circumventing the trade.

The budget also proposes a cess to be called Agriculture Infrastructure and Development Cess (AIDC). This cess has been proposed on import of specified goods as well as a duty of central excise on petrol and diesel. To ensure that imposition of cess does not lead to additional burden in most of these items on the consumer, the BCD rates have been lowered. It shall be used to finance the improvement of agriculture infrastructure and development projects.

Customs duty rates have been calibrated with the twin objectives of making raw material available at lower cost to the domestic manufacturer and also for enhanced integration of India in the Global Value chain. It has been the Government endeavour to progressively export value added products.

In sectoral highlights, the duties on metals (steel) have been significantly rationalised. This was necessitated as iron and steel prices have risen sharply in the last six months. MSMEs and other user industry has been severely hit and sought relief. The customs duty has also been rationalised on iron and steel scrap and copper scrap.

Further, anti-dumping duty and countervailing duty on certain steel products have been temporarily revoked till September 30, 2021. In significant changes in textiles sector duty structure has been rationalised on the nylon chain on the lines of the polyester and viscose chains. The customs duty rates on chemicals have been calibrated to remove inversions and for encouraging domestic value addition.

Gold and silver presently attract a basic customs duty of 12.5 per cent. Prices of precious metals have risen sharply since the duty was raised from 10 per cent to 12.5 per cent in July, 2019. The duty on gold has been reduced by more than 2 per cent in the budget. Far reaching changes in duty rates has been made in other sectors, namely, New and Renewable energy.

Customs duty rates have been reviewed to benefit the domestic value addition by MSME units. Certain long-standing exemptions on items that could be manufactured locally by MSME have been withdrawn. Similarly, certain key changes have been made for the benefit of farmers. Import duty is being raised on raw cotton and cotton waste from nil to 10 per cent, raw silk and silk yarn from 10 per cent to 15 per cent. End-use based concession is being withdrawn on denatured ethyl alcohol.

This pandemic year posed severe crisis circumstances. The Government has gone digital and brought in landmark changes and structural reforms in tax administration and compliance processes, both for direct and indirect taxes to further enhance the ease of compliance for the taxpayers.

Direct Taxes

The direct tax proposals this year have introduced procedural simplification. The time-limit for re-opening of assessment has been reduced from the earlier 6 years to 3 years. The discretion in the re-opening of scrutiny has been done away with and replaced with a system-flagged approach.

For small taxpayers, who found the costs and time involved in the appeal procedures debilitating, a Dispute Resolution Committee has been constituted. Such taxpayers can approach the Dispute Resolution Committee for final settlement of their cases once they are served the draft assessment order.

Further, the Appellate Tribunal has also been made faceless and free of

territorial jurisdiction while the Settlement Commission has been abolished.

A number of relief measures have been rolled to give respite to taxpayers. The senior citizen pensioners who are 75 years of age or above having only pension and interest income have been exempt from the requirement of filing an income tax return if the full amount of tax payable has been deducted by the paying bank.

The rules for taxation of the retirement benefits payable by another country in the case of NRIs have also been aligned with the payee country to avoid undue hardship to them.

Special focus has been given by the government to further the goal of Housing for All. The deduction on loans taken to purchase an affordable house has been extended by a year. Further, the deduction on profits of the developers and builders engaged in the construction of such affordable housing as well as affordable rental housing has also been extended to March 2022.

The Government is also mindful of the need to increase the number of doing business in India and spurring investment. With this objective, relaxation has been provided to the criteria for claiming exemption by the Sovereign Wealth Funds, Pension Funds, etc. The relaxation includes prohibition on loans or borrowings, restriction on commercial activities, direct investment in entity owning infrastructure, etc., so that more and more investment can come in. At the same time, relaxation has also been given to expand the business activities in the Gujarat International Finance Tec (GIFT) City, Ahmedabad.

The Budget has envisioned a progressive quantum leap forward to propel India's growth trajectory and V-shaped recovery through asset monetisation, disinvestment, spending in public health and public infrastructure, thereby creating jobs and necessary demand. It is transparent and realistic in its approach and clearheaded on the path, the potentials and the projections. I am sure that the Budget proposals will deliver progressively on the promise of *Aatmanirbhar Bharat* besides creating an environment of competition, innovation and delivery of economic growth towards benefits of all, especially for the poor and marginalised sections of the society. ❑


DIAS
ONLINE BATCHES
START FROM
10th Feb. 2021
CHEMISTRY
(Optional)
Online Classes
By Dr RK Singh
PHYSICS
(Optional)
Online Classes
By Vajpayee Sir
MATHS (Optional)
Online Classes
By DP Vajpayee & Team
GS FOUNDATION / MODULAR
By DIAS TEAM
✓ Course commences
GS Module 3 CPG by Dr SK Jha &
GS Module 5 Economy
by A. Baidyanathan
✓ Entire course in 8 modules
✓ Entire Syllabus Course
in 10 Modules, 6 Months
150 classes, Includes Test
Series
✓ Admission can be taken
by Paying Rs. 10,000/-
OFFLINE GUIDANCE PROGRAMMES FOR
CSE-2022 COMMENCES FROM 15TH MARCH
DELHI INSTITUTE FOR ADMINISTRATIVE SERVICES
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18, PUSA ROAD, KAROL BAGH, NEW DELHI - 110005

YE-1531/2021

Conditional Borrowings

Dr Sajjan S Yadav
Suraj Kumar Pradhan

The Finance Minister has once again nudged States to undertake reforms in areas which matters to the citizens the most in the budget speech for 2021-22. This year, she has announced an incentive of additional borrowing of 0.50 per cent of the State Gross Domestic Product (GSDP) to the States for reforms in the power sector.

Grant of reform-linked additional borrowing limits to States was first announced in May, 2020 with the twin objective of pushing reforms and providing States the much-needed financial resources to fight the Covid-19 pandemic.

The financial year 2020-21 will be known in the history as the year of the Covid-19 pandemic that unfolded into an unprecedented nationwide lockdown in the country. The restrictions were aimed at containing the spread of the virus and alleviate pressure on the health systems.

Almost a year down the line, the global community, including the World Health Organization, is hailing India's remarkable perceptiveness and alacrity in tackling the pandemic. A holistic approach and decisive actions of our leadership has helped save precious human lives and mitigated the plight of Indians.

Not only did India tackle the pandemic well, she has also extended medical and other assistance to more than 150 countries.

It's well-known that the pandemic had indeed dealt a severe blow to the revenue collection of the governments, hampering their ability to respond to the challenges thrown up by it. To successfully overcome the formidable economic challenges, the Prime Minister had announced a series of economic stimulus packages and gave the clarion call of sustaining 'Aatmanirbhar Bharat' (a self-reliant India).

An important component of the 'Aatmanirbhar Bharat Abhiyaan' packages was an increase in the net borrowing limit of States for 2020-21 by two per cent of GSDP. The step made available additional financial resources to the tune of Rs. 4,27,302 crore to the States, easing their highly stressed fiscal situation and giving them more headroom to meet their spending needs.

Borrowing by States in India is guided by provisions of Article 293 of the Constitution. States are permitted to borrow within the territory of India against the security of the Consolidated Fund of the State, subject to the limit fixed by the Legislature of the State. However, according to Article 293(3), if a State is yet to repay any central loan extended to the State by the Government of India or

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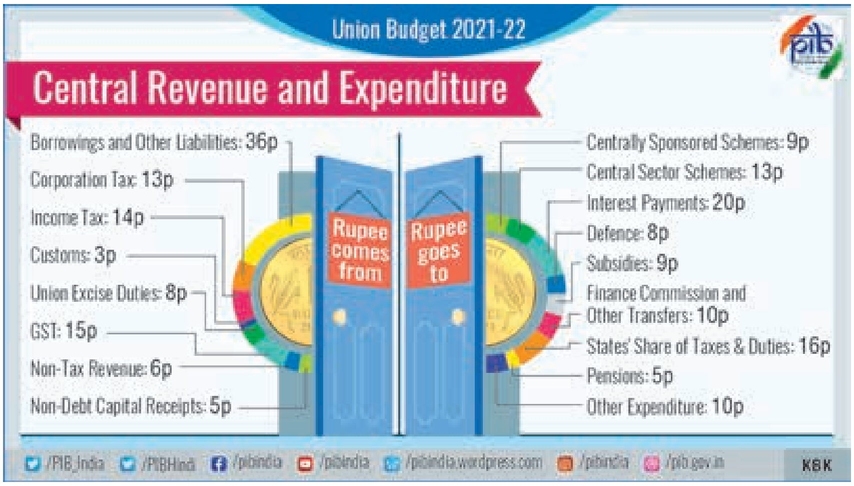

Union Budget 2021-22

Central Govt Expenditure

Budget Estimates for 2021-22 (in ₹ crore)

Grand total 34,83,236

Pension	1,89,328	External Affairs	18,155	Scientific Departments	30,640
Defence	3,47,088	Finance	91,916	Social Welfare	48,460
Major Subsidies	3,35,361	Health	74,602	Tax Administration	1,31,100
Agriculture & Allied Activities	1,48,301	Home Affairs	1,13,521	Transfer to States	2,93,302
Commerce & Industry	34,623	Interest	8,09,701	Transport	2,33,083
Development of North East	2,658	IT and Telecom	53,108	Union Territories	53,026
Education	93,224	Planning and Statistics	2,472	Urban Development	54,581
Energy	42,824	Rural Development	1,94,633	Others	87,528

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by its predecessor Government, it has to obtain consent of the Government of India before raising any such loan. Based on the recommendations of the Finance Commission, the central government had fixed the net borrowing ceiling of States for the year 2020-21 at three per cent of GSDP.

Although the socio-economic situation had justified the raising of additional debt of two per cent by the States, hedging for future debt sustainability was equally important. Therefore, to alleviate the ill-effects of the current additional borrowings, half of the additional borrowing permissions were used as an instrument to nudge the States to push reforms in various citizen-centric areas.

After detailed deliberations, four areas were identified for undertaking the much-needed reforms–implementation of 'One Nation One Ration Card' system, reforms to promote ease of doing business, local bodies and public utilities reforms and reforms in the power sector. The Department of Food and Public Distribution (DFPD), Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Housing and Urban Affairs (MoHUA), and Ministry of Power (MoP) were respectively designated to certify completion of stipulated reforms and recommend grant of permission for additional borrowings from the bond market.

Each area was assigned equal weightage and an incentive of additional borrowing ceiling of 0.25 per cent of the GSDP was linked to completion of reforms in each sector. Initial deadline to complete the reforms was December 31, 2020 for 'One Nation One Ration Card' and 'Ease of Doing Business' reforms, January 15, 2021 for 'Urban Local Body/Public Utility Reforms' and January 31, 2021 for 'Power Sector Reforms'. However, to induce more States to tread the reform path, it was subsequently decided to consider a State eligible for reform-linked benefits, if the recommendation from the nodal ministry is received by February 15, 2021.

Availability of a huge financial incentive of additional borrowings of Rs. 53,413 crore in each sector made the reform path lucrative to the States, which were woefully short of resources with a dwindling tax collection, even as demand for expenditure was moving northwards. Moreover, due care was taken to make the desired reform actions specific, measurable and feasible.

Although the socio-economic situation had justified the raising of additional debt of two per cent by the States, hedging for future debt sustainability was equally important. Therefore, to alleviate the ill-effects of the current additional borrowings, half of the additional borrowing permissions were used as an instrument to nudge the States to push reforms in various citizen-centric areas.

One Nation One Ration Card

Concerted efforts of DFPD have led to increase in seeding of Aadhaar numbers in beneficiary data of the National Food Security Act (NFSA) and other welfare schemes. This had enabled biometric authentication of beneficiaries through electronic point of sale (e-PoS) devices installed at Fair Price Shops (FPSs). It had also prepared the ground for nationwide portability of ration card and realising the dream of 'One Nation One Ration Card' (ONORC).

Table-1: Reforms Completed and Additional Borrowing Permissions Granted

	State	No. of Reforms Completed	Names of Reforms Completed	Additional Borrowing Permission Granted (Rs. in crore)
1	Andhra Pradesh	4	ONORC, EDB, ULB, Power (partial)	9,090
2	Assam	1	EDB	934
3	Goa	1	ONORC	223
4	Gujarat	1	ONORC	4,352
5	Haryana	2	ONORC, EDB	4,292
6	Himachal Pradesh	1	EDB	438
7	Karnataka	2	ONORC, EDB	9,018
8	Kerala	2	ONORC, EDB	4,522
9	Madhya Pradesh	4	ONORC, EDB, ULB, Power (partial)	8,542
10	Meghalaya	1	ULB	75
11	Odisha	1	EDB	1,429
12	Punjab	1	EDB	1,516
13	Rajasthan	3	ONORC, EDB, ULB	8,193
14	Tamil Nadu	2	ONORC, EDB	9,626
15	Telangana	3	ONORC, EDB, ULB	7,524
16	Tripura	1	ONORC	148
17	Uttar Pradesh	1	ONORC	4,851
	Total			**74,773**

'One Nation One Ration Card' is a technology-driven reform which enables beneficiaries of NFSA and other welfare schemes to get their entitled monthly quota of food grains from any e-PoS-enabled FPS of their choice, anywhere in the country. The reform especially empowers the migratory population like labourers, daily wagers, urban poor like ragpicker, street dwellers, temporary workers in organised and unorganised sectors, domestic workers etc., who frequently change their dwelling place to be self-reliant in food security. The reform also enables the States in better targeting of beneficiaries, elimination of bogus/duplicate/ineligible card holders resulting in enhanced welfare and reduced leakage.

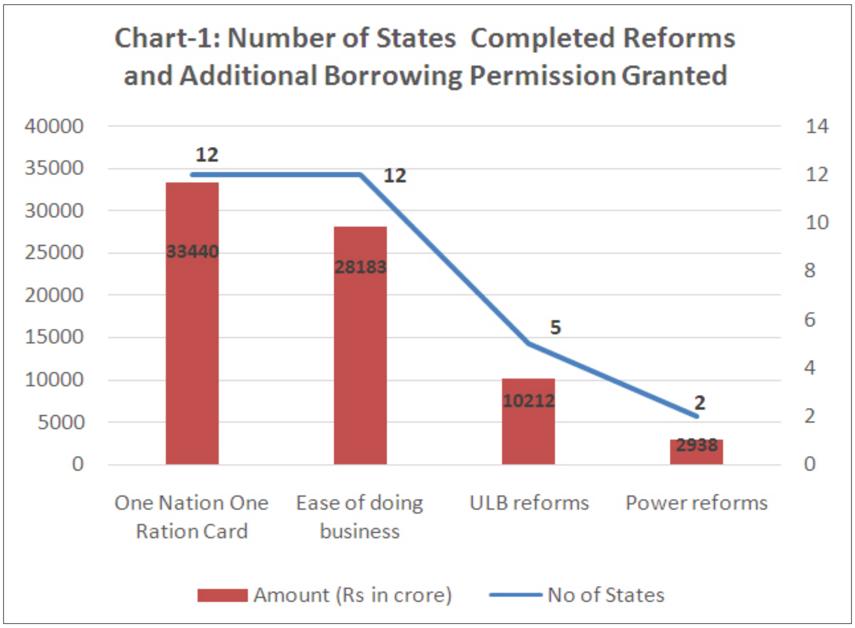
'One Nation One Ration Card' is a technology-driven reform which enables beneficiaries of NFSA and other welfare schemes to get their entitled monthly quota of food grains from any e-PoS-enabled FPS of their choice, anywhere in the country. The reform especially empowers the migratory population like labourers, daily wagers, urban poor like ragpicker, street dwellers, temporary workers in organised and unorganised sectors, domestic workers etc., who frequently change their dwelling place to be self-reliant in food security.

The yardsticks for assessing completion of this reform are seeding of Aadhaar number of 95 per cent of the beneficiaries in the database, and automation of 100 per cent FPS in the State by installing e-PoS devices.

Till February 8, 2020, DFPD has certified that 12 States have completed the 'One Nation, One Ration Card' reform. Accordingly, the Department of Expenditure has granted permission to these States to borrow an additional amount of Rs. 33,440 crore. For State-wise amount of the additional borrowing permitted, see Table-1.

Ease of Doing Business

Healthy business environment is essential for economic growth of a nation. Ease of doing business (EDB) serves as an important indicator for investment-friendly business climate in the country. Improvements in business environment in turn attract



investment leading to faster future growth of the economy. Therefore, ease of doing business was identified as one of the areas for reforms. It aims at making the processes simpler and transparent, reduce the timelines for various regulatory approvals and eliminate physical interface between the department and the business. The reforms stipulated in this category are:

i. Completion of first assessment of 'District Level Business Reform Action Plan'.

ii. Elimination of the requirements of renewal of registration certificates, approvals, and licences obtained by businesses.

iii. Implementation of a computerised central random inspection system wherein allocation of inspectors for statutory inspections is done centrally, the same inspector is not assigned to the same unit in subsequent years, prior inspection notice is provided to the business owner, and inspection report is uploaded on the website within 48 hours of inspection.

DPIIT has certified that till February 8, 2021, a total of 12 States have completed the ease of doing business reforms. These States have been granted permission to mobilise an additional amount of Rs. 28,183 crore from the bond market. For State-wise amount of the additional borrowings permitted, see Table-1.

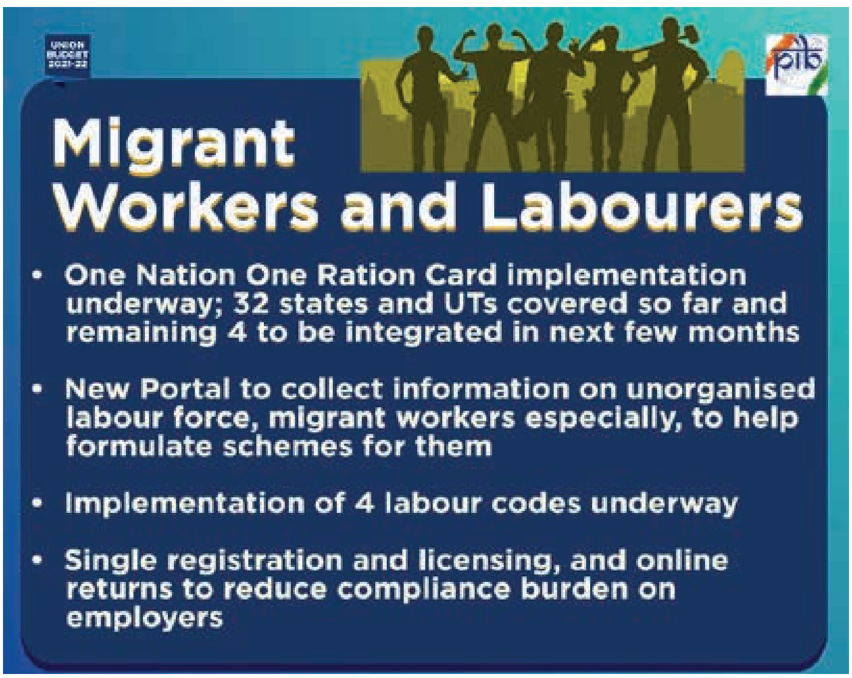
Urban Local Bodies/Utilities Reforms

A financially sound local body that is working effectively enhances the quality of life of the citizens. Reforms in the Urban Local Bodies (ULBs) are aimed at their financial strengthening to enable them to provide better public health and sanitation services, and create a good civic infrastructure. To get the endorsement of MoHUA for completion of this set of reforms, a State must achieve the following:

i. Notify (a) floor rates of property tax in ULBs which are in consonance with the prevailing circle rates (i.e. guideline rates for property transactions) and (b) floor rates of user charges in respect of the provision of water-supply, drainage and sewerage which reflect current costs/past inflation.

ii. Put in place a system of periodic increase in floor rates of property tax/user charges in line with price increase.

By February 8, 2021, MoHUA has confirmed completion of these reforms by five States. Acting on the recommendation of MoHUA, the Department of Expenditure has granted permission to these States to mobilise an additional amount of Rs.10,212 crore through open market borrowings. For State-wise amount of the additional borrowing permitted, see Table-1.



Governance Reforms

The Treasury Single Account (TSA) System will be extended for universal application from 2021-22 enabling autonomous bodies to directly draw funds from the Government's account, saving interest costs

On the recommendation of the 15th Finance Commission, Govt has undertaken a detailed exercise to rationalise and bring down the number of Centrally Sponsored Schemes to consolidate outlays for better impact

To further streamline the 'Ease of Doing Business' for cooperatives, Govt will set up a separate administrative structure for them

Power Sector Reforms

Power Sector reforms stipulated by the Ministry of Finance aim at reducing losses, and creating a transparent and hassle-free provision of power subsidy to farmers. They also aim at improving the health of power distribution companies by alleviating their liquidity stress in a sustainable manner. States have been asked to undertake three reforms in the power sector and incentive for completing each reform has been prescribed:

i. 0.05 per cent of GSDP for reduction in Aggregate Technical & Commercial losses in the State as per prescribed targets.

ii. Another, 0.05 per cent of GSDP is allowed for reduction in the gap between Average Cost of Supply and Average Revenue Realisation (ACS-ARR gap) in the State as per prescribed targets.

iii. Finally, 0.15 per cent of GSDP of the State on introduction of Direct Benefit Transfer (DBT) to all farmers in the State in lieu of free/subsidised electricity. For this, the State government has to frame a scheme for transfer of cash and implement the scheme in at least one district by December 31, 2020.

By February 8, 2021, Ministry of Power has reported that two States, Andhra Pradesh and Madhya Pradesh, have achieved the reforms in the power sector partially. Both the States have initiated DBT to the farmers in lieu of free/ subsidised electricity. Acting on the recommendation of the MoP, the Department of Expenditure has allowed these two States to borrow an additional amount of Rs. 2,938 crore from the bond market.

Linking the grant of additional borrowing permissions by the Government of India to the States to reforms in various citizen-centric sectors has motivated the States to undertake reforms. Many States have even issued Ordinances to fast track the reforms. The move will not only help States to maintain a sustainable debt path, but has also started bringing benefits to the citizens.

Progress of reforms has been heartening. Till February 8, 2020, 17 States have completed reforms in at least one of the four identified citizen-centric areas. The Department of Expenditure, Ministry of Finance has issued them additional reform-linked borrowing permission of Rs. 73,773 crore. Moreover, the reforms have gained momentum now. It is expected that many more States will join the club before cut-off date of February 15, 2021 and the rest will follow the reform path in 2021-22. ❑

FORM IV

Statement about ownership and other particulars about Journal **Yojana (English)** to be published in the first issue **every year** after the last day of **February**.

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6	Name and addresses of individuals who own the newspaper and partners or shareholders holding more than one per cent of the total capital	Wholly owned by Ministry of I&B Government of India, New Delhi- 110001

I, Monideepa Mukerjee, hereby declare that the particulars given above are true to the best of my knowledge and belief.

Date: 05.02.2021

Monideepa Mukerjee
(Signature of Publisher)

Enabling the Social Sector

Prof Sachin Chaturvedi

The Budget is the introduction of several measures for extending inclusive development strategies. Schemes across health, education and infrastructure reflect this priority of inclusion and growth for all. Presented in a difficult setting of post-pandemic scenario, the Finance Minister has demonstrated a unique approach of providing a vision for long-term growth rather than mere annual account of expenditure.

Budget is an instrument to convey not only the monetary allocations through fiscal provisions but it also reflects the national development priorities and growth strategies. This year the Budget has emerged as a unique initiative to address several of these expectations. Presented in a difficult setting of post-pandemic scenario, the Finance Minister has demonstrated a unique approach of providing a vision for long-term growth rather than mere annual account of expenditure. Another unique feature of this Budget is the introduction of several measures for extending inclusive development strategies. Schemes across health, education and infrastructure reflect this priority of inclusion and growth for all.

With the enhanced expenditure in the current Budget, the proposals and substantial expenditure has given the clear expansionary push that the economy requires. It is interesting and satisfying to note the proposed increase in the capital expenditure to Rs. 5.54 lakh crore, which would be 34.5 per cent higher than last year. This indeed is a bold move as capital expenditure is actually a move for future and this Budget has, in this way, opened vistas for long-term growth rather than short-term crisis management alone. Budgetary allocations in different sectors for 2021-22 and previous years are shown in Table 1 & 2. In a way, the Budget has created more avenues for opening new vistas of growth in labour-intensive sectors.

Health

Health and well-being is the first pillar among the six pillars that the Finance Minister has stressed upon. Budgetary allocation of Rs. 2,23,846 crore for this sector as against Rs. 94,452 crore last year marks a growth of 137 per cent. In particular, the Finance Minister has emphasised the need to cover holistic healthcare: preventive, curative and well-being. The PM Aatmanirbhar Swasth Bharat Yojana, with an outlay of Rs. 64,180 crore over six years focuses on emergency response and preparedness with the objective of strengthening the health system. It provided the endurance that one needs with such programmes. Most importantly, the focus is not just on Covid-19 management but also on disease burden as a whole and addressing infrastructure deficit that one very often comes across. The budgetary allocation of Rs. 35,000 crore for vaccines is proposed to cover around 50 crore people at an estimated cost of Rs. 700 per person for administering

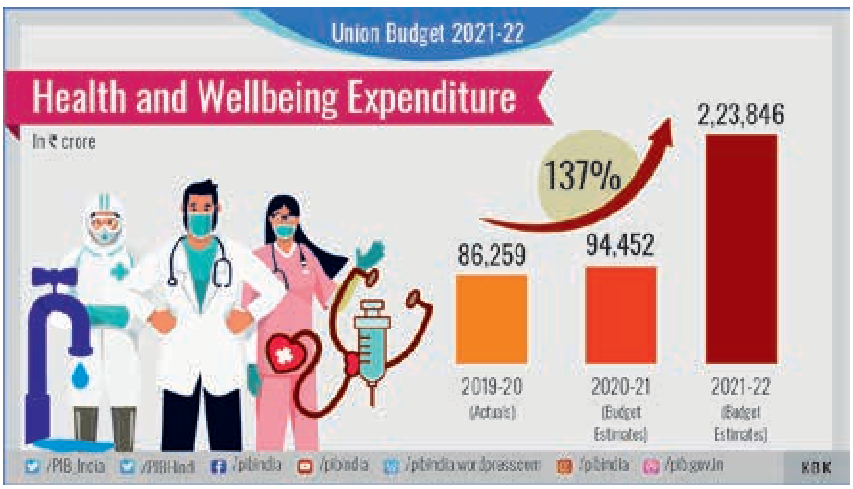

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Table 1: Health and Well-being in the Budget 2021-22 (Rs. Crore)

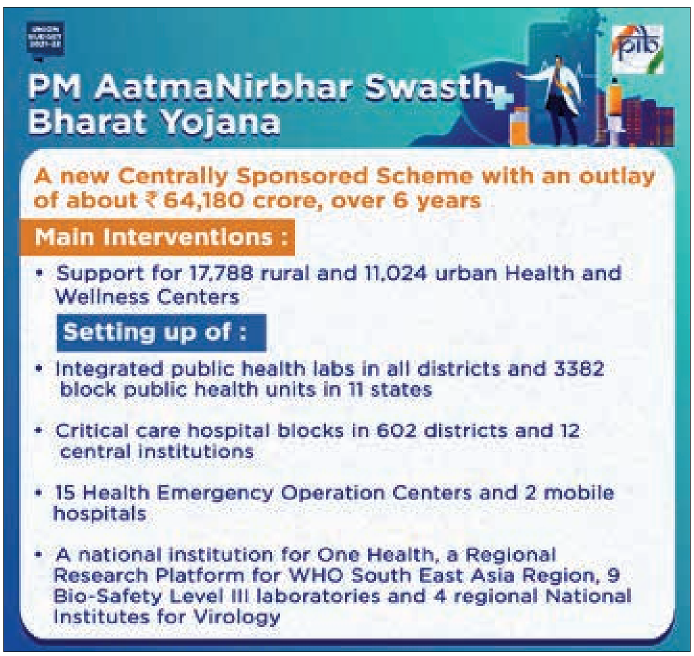
	Actuals (2018-19)	Actuals (2019-20)	Budget Estimates (2020-21)	Budget Estimates (2021-22)	Per cent change in 2021-22 BE over 2020-21
Ministry of Health and Family Welfare					
Department of Health and Family Welfare	52954	62397	65012	71269	+9.6
Department of Health Research	1728	1934	2100	2663	+26.8
Ministry of AYUSH	1554	1784	2122	2970	+40
Sub Total		66115	69234	76902	+11
COVID vaccination		-	-	35000	-
Department of Water and Sanitation	18412	18264	21518	60030	+179
National Nutrition Mission (Poshan Abhiyan)	2622	1880	3700	2700	-27
Jal Jeevan Mission	5484.15	10030	11500	50011	+334.9
Total	**82754.15**	**162404**	**175186**	**301545**	

***Source**: Author's compilation from Union Budget of various years, Government of India*

both doses. The universal coverage for Covid vaccine would require much greater budgetary resources for which the Finance Minister has kept the option open.

There is also a proposal to establish critical care hospitals and five regional branches of the National Centre for Disease Control (NCDC). Digitalisation of the health sector especially an Integrated Health Information Portal (IHIP) for all states and Union Territories would assume importance. Apart from allocation for vaccines, the health issues are also linked with access to clean water (Jal Jeevan Mission) and nutrition. The idea to merge Supplementary Nutrition Programme (SNP) and Poshan Abhiyan and launch the Mission Poshan 2.0 focussing on 112 aspirational districts merits attention. For access to water, Rs. 50,000 crore has been earmarked under Jal Jeevan Mission (JJM) covering 2.86 crore household tap connections for five years. It is worth noting that JJM has got a jump of almost 335 per cent this year. In addition, access to clean air and Swachh Bharat Mission with the same framework has been envisaged with the budgetary allocation of Rs. 2,87,000 crore for liquid waste management in 500 AMRUT cities. Similarly, Rs. 2000 crore has been provided to 42 urban centres for reducing air pollution and enhancing the quality of air.

The budgetary allocations for AYUSH Ministry and health research have gone up by 40 per cent and 25 per cent respectively. With growing focus



on AYUSH and holistic health management, there is a proposal to set up integrated public health labs in all districts and 3,382 blocks public health units in 11 States. A sum of Rs. 2,970.30 crore is allocated to Ministry of AYUSH which is an increase of 40 per cent of the corresponding Rs. 2,122.08 crore of the current fiscal allocation. With allocation of Rs. 4000 crore for the National Medicinal Plants Board (NMPB), Budget has given clear indication for backward integration projects dealing with medicinal and aromatic plants. However, health system crucially depends on strengthening national institutions catering to detection and cure. It is important to evolve mechanisms for better coordination among various agencies.

Education

Reinvigorating human capital is another important pillar of this Budget. In 2021-22 education sector has received a boost of Rs. 93,224 crore, out of which Rs. 54,873.66 crore are for school education and Rs.38,325.15 crore for higher education. With target of implementing the National Educational Policy 2020, Ministry of Human Resource Development is likely to get greater support for rationalising

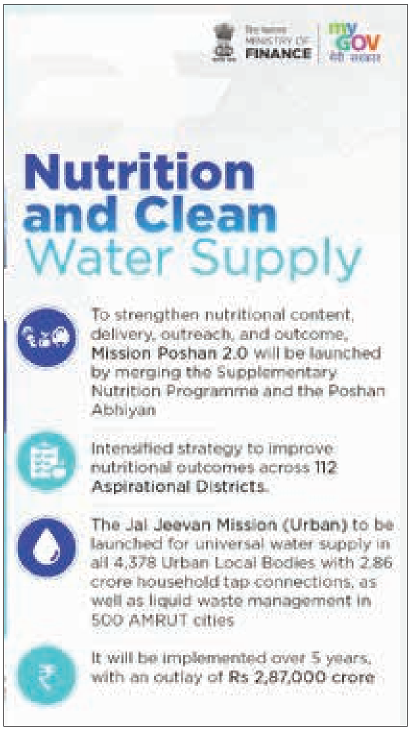
Table 2: Budgetary Allocations in Various Years (Rs. Crore)

Sectors/Sub-Sectors	1990-91	2000-01	2010-11	2013-14	2014-15	2015-16	2016-17 (R.E.)	2017-18 (B.E.)
Social Security and Welfare (NP)	2448	8282	41902	39343	42976	135866	158775	162683
Development Expenditure	74000	236096	1064432	1479739	1550194	772605	2246275	2496930
1. Railways	1632	3269	18385	27072	30121	35008	46155	55000
2. Posts & Telecommunication	409	769	274	269	150	335	249	336
3. Social & Community Services	30972	114006	495105	712535	723357	755496	969976	1095986
4. Education, Art & Culture	17378	63756	248790	320040	356854	401440	4755888	523292
5. Scientific Services & Research	1348	4245	17811	19720	21319	25634	29090	32602
6. Medical & Public Health and Water Supply & Sanitation	6564	24360	86510	120757	134374	159733	211513	237855
7. Family Welfare	933	2826	15528	21533	16331	17596	19570	22817
8. Housing	766	4156	21521	29079	22071	24263	40373	48047
9. Urban Development	771	3816	29700	42707	45467	56928	92713	108901
10. Broadcasting	606	977	1646	2162	2454	2806	3207	3404
11. Labour & Employment	732	2079	6431	11020	10792	12638	16237	19593
12. Relief on account of Natural Calamities (P)	0	19	45	369	1265	724	566	762
13. Social Security & Welfare (P)	1435	6625	57627	94812	96362	37313	49399	62691
14. Others	346	1146	9397	14096	16068	16423	31422	36021

***Source**: Author's compilation from Budget documents, Ministry of Finance, Government of India* regulation and encouraging quality education to multiple partnership. The suggestion of identifying 15,000 schools for qualitative change and converting them as exemplar schools is a novel step.

The Budget has also announced partnership with NGOs and private sectors for setting up of 100 Sainik Schools in different States. Similarly, in the tribal areas 750 Eklavya Model Residential Schools are to be set up at a cost of Rs. 38 crore, with Rs. 48 crore in difficult areas. The National post-metric scholarship scheme for students from scheduled caste till 2025-26 with allocation of Rs. 35,219 crore is a significant step. In this paradigm, human skills is adequately emphasised with the possible partnership with Japan and United Arab Emirates for new skills for the workforce in those countries.

Schemes like the National Digital Educational Architecture (NDEAR) and the National Initiative for School Heads and Teachers for Holistic Advancement (NISHTHA) are actually gearing up the system towards what is enshrined in the Sustainable Development Goal (SDG)4: from quantitative to qualitative education. These programmes have been given sufficient funding for such a transition. Usage of technology in schools and in their administration would strengthen the prospects for effective implementation of new education policy.



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The Finance Minister has also reemphasised the commitment of the government to establish a Higher Education Commission (HEC). This umbrella body with four verticals would undertake standard setting, accreditation, regulation, and the funding of higher educational institutions.

Infrastructure

There are several important forward-looking initiatives launched in this year's budget. Setting up of a Development Finance Institution (DFI), a much-awaited decision is one among those. Higher capital expenditure of Rs. 1.08 lakh crore for building highways is an important initiative. The total allocation for the highways is Rs. 1,18,101 lakh crore, which is up by 28 per cent from Rs. 91,823 crore in 2020-21. The railways and roads have attracted a huge attention of the government. Road projects in couple of States have also received enhanced attractions; strengthening the focus on National Infrastructure Pipeline (NIP) launched last year. Various steps are announced by the Finance Minister for supporting NIP including creation of institutional structures, monetisation of assets and finally by enhancing the share of capital expenditure in Central and State budgets. ❑

A Booster Shot for Economic Growth

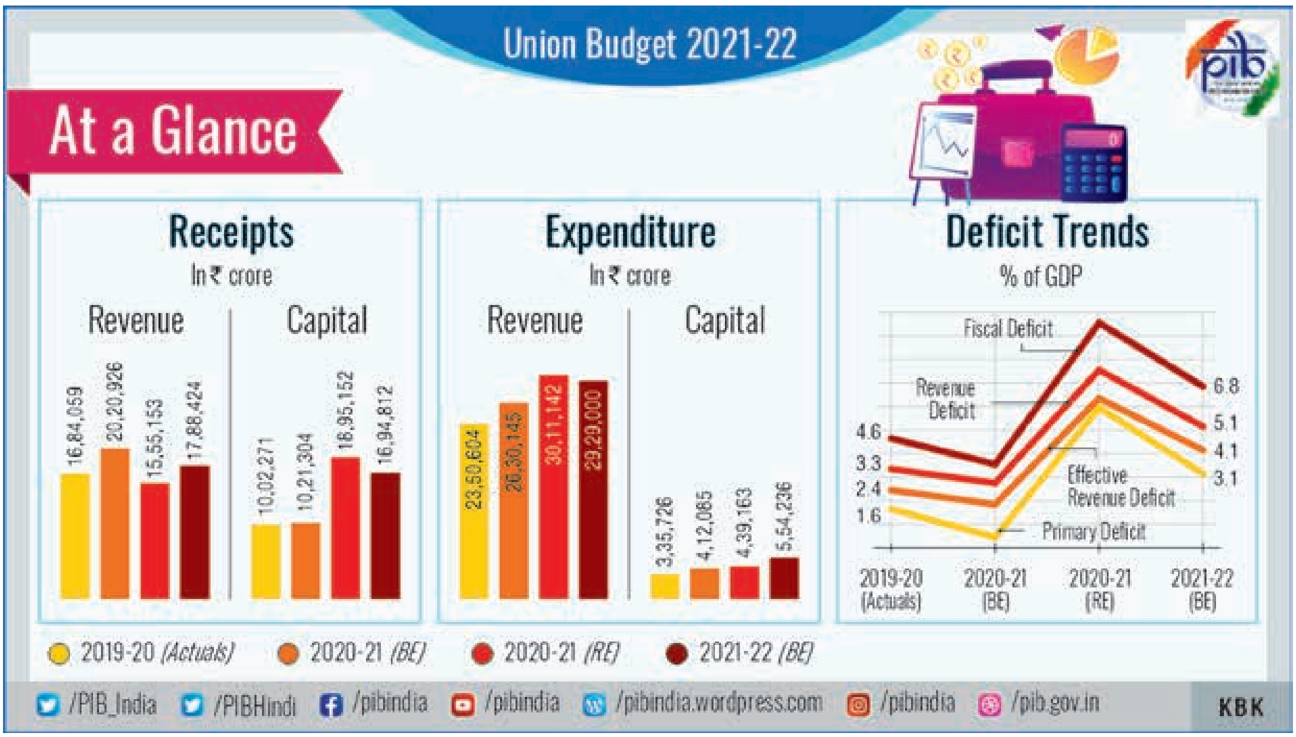
Dilip Chenoy

The budget proposals laid a renewed thrust on promoting the principle of 'minimum government, maximum governance' as well as improving the ease of doing business and ease of living in the country. Union Budget 2021-22 has brought in a new sense of optimism in the country, triggering hopes of better economic prospects going ahead.

At a time when the economy is just coming out of a grave crisis and is still facing the after-effects of the same, many were looking to the government to spur growth. There was hope on one hand that policies and programmes announced by government would create a conducive environment with adequate opportunities for each segment of the society to be able to contribute to the best of their abilities towards nation-building. The expectation on the other hand was that the government would ensure that the needs and aspirations of its citizens are met through such opportunities and any residual gaps are plugged through direct interventions. All looked to the Budget 2021 to address these hopes and expectations.

The annual budget of the country is a good indicator of economic management by the government. And from that perspective, India's Union Budget 2021-22 has been outstanding. It is meticulous, inclusive, transparent and growth-oriented, reflecting government's commitment towards transformation of Indian economy, making it fundamentally strong and self-reliant. It has fulfilled many expectations and brought in hope.

The pandemic has brought to forefront the need for



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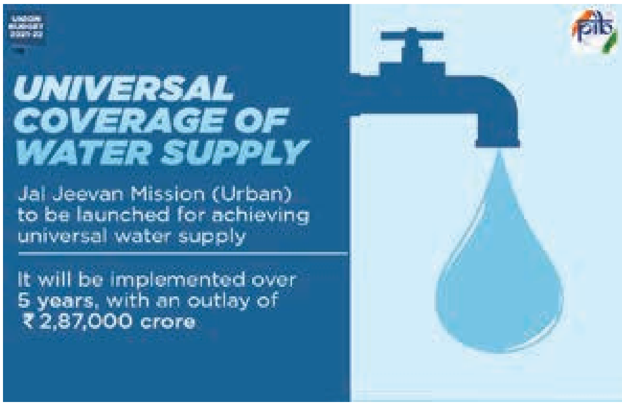


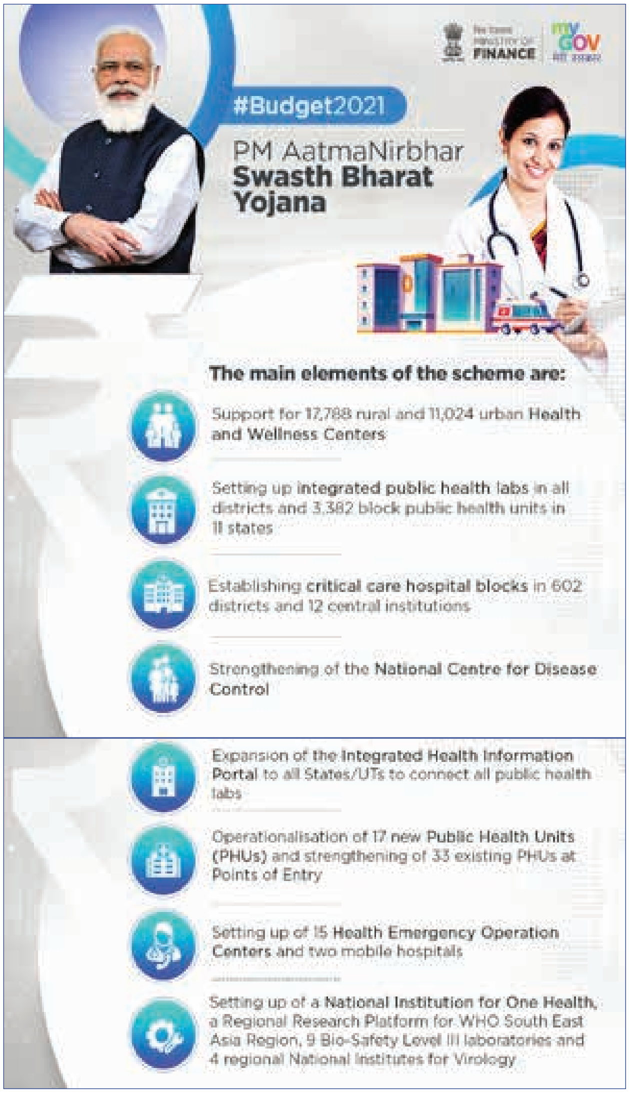
strengthening our healthcare systems, right from health infrastructure to medical education to research and development. The significant outlay on health and well-being sectors in this budget is a huge positive. The launch of Aatmanirbhar Swasth Bharat Yojana will strengthen primary, secondary, and tertiary healthcare infrastructure and create new institutions, addressing huge gaps in healthcare facilities in the country. This is a significant investment for the well-being of citizens of India.

Further, initiatives announced towards cleaner environment namely Urban Swachh Bharat 2.0 Mission, Jal Jeevan Urban Mission and Mission Poshan 2.0 will also contribute towards better health and well-being of people. Commitment of Rs. 35,000 crore for Covid-19 vaccine will give a fillip to the on-going immunisation program, which is extremely important for not only protecting lives but also for ensuring quick economic recovery.

There has been equal emphasis on immediate recovery as well as medium-term growth. By prioritising growth over fiscal considerations, the budget has paved way for faster economic recovery.

The second major takeaway from the budget is the impetus given to growth. There has been equal emphasis on immediate recovery as well as medium-term growth. By prioritising growth over fiscal considerations, the budget has paved way for faster economic recovery. A huge thrust has been laid on capital expenditure, with both physical and social infrastructure seeing a big push. This should help in reviving consumption and investment cycle. Higher public investment in infrastructure projects is expected to crowd-in private investments and will also create several jobs, leading to improved demand. Besides logistics infrastructure, the government has also announced establishment of 7 Mega Investment Textiles Parks, which is expected to encourage greater exports and create more jobs in this labour-intensive sector.

There has been a continued focus on agriculture, which is welcome. Steps have been taken to enhance productivity, bring efficiency in agri-supply chain and also to augment farmers' income. This is in continuation of the agriculture reforms introduced by the government last year. By linking 1000 more mandis with e-NAM and availability of Agriculture Infrastructure Fund for augmenting infrastructure facilities of APMC, continuous efforts are being made to strengthen the farm ecosystem. These steps will help to integrate the national agriculture supply chains and facilitate upgradation of marketing infrastructure. To promote the idea of 'more crop per drop', micro-irrigation corpus has been doubled. This will ensure efficient water use, which is extremely critical today for sustainable growth of this sector.



The introduction of 22 additional perishable crops under 'Operation Green Scheme' will also help in increasing productivity and quality standards and enable greater exports of perishables from the country. Enhanced agriculture credit target will help in meeting the financing needs of the farmers.

In the realm of the financial sector, many reform-oriented measures have been announced. The decision to privatise two public sector banks and one public sector insurance company underlines government's commitment to limit its presence even in the strategic sectors and give a larger role to be played by the private sector.

To further release capital for growth and strengthen the banking system, FICCI for long has been advocating the need to set up a National Asset Management Company. The government's announcement to set up an Asset Reconstruction and Asset Management Company is a timely step. The aftermath of pandemic is expected to deteriorate balance sheet of banks and such a mechanism will help banks to unlock stuck capital and use it for more productive purposes. The additional Rs. 20,000 crore for recapitalisation of Public Sector Banks will also lend support to meet the credit requirements in the near term.

FICCI also welcomes the announcement of setting up of Development Finance Institution with seed money of Rs. 20,000 crore, targeting a lending portfolio of Rs. 5,00,000 crore over the next 3-4 years for financing the planned infrastructure outlay. The increase in FDI limit in insurance is another bold step that will bring in more capital into the system. The budget aims at making capital markets and financial sector to be the catalyst for growth revival and growth acceleration.

The budget proposals also laid a renewed thrust on promoting the principle of 'minimum government, maximum governance' as well as improving the ease of doing business and ease of living in the country. Union Budget 2021-22 has brought in a new sense of optimism in the country, triggering hopes of better economic prospects going ahead. ❑

Strengthening the Agriculture Sector

Dr Jagdeep Saxena

The budget provisions for agriculture and allied sectors are set to energise the sector with substantial investments in building agricultural infrastructure. In addition to this, the money in the hands of farmers through the MSP regime will keep the momentum seen during the Covid times. Through this budget, the Government is also eyeing a paradigm shift in agriculture, 'from a rural livelihood sector to a modern business enterprise'.

In pursuance to its commitment for doubling the farmers' income by 2022, Government of India rolled out its budget for fiscal 2021-22 with welfare of farms and farmers at the core. Remarking on the budget, the Prime Minister said, "At the heart of this budget are the villages, our farmers". 'To strengthen the agriculture sector in the country, a lot of emphasis has been laid on increasing the income of farmers', he added. The Finance Minister while presenting the budget announced several agricultural reforms and reiterated the commitment of Government for welfare of farmers along with development of agriculture and allied sectors. Agriculture and its subsidiaries demonstrated exemplary resilience amid Covid-19 pandemic by clocking a growth rate of 3.4 per cent (at constant prices, 2020-21) whereas other economic sectors performed negatively. Despite many adversities due to Covid-19 induced lockdown, the total food production in the country is estimated at 296.65 million tonnes during 2019-20 (as per fourth advance estimates). Excellent outputs in agriculture enhanced share of agriculture in GDP to almost 20 per cent for the first time in last 17 years (Economic Survey, 2020-21). Much of the credit for such gains goes to critical interventions initiated during distress period under 'Aatmanirbhar Bharat' package. The Union Budget further accelerates, strengthens and reaffirms agricultural reforms with renewed thrust on allied sectors.

MSP, Mandis and Markets

The two key departments under Ministry of Agriculture and Farmers' Welfare- Department of Agriculture, Co-operation and Farmers' Welfare and Department of Agricultural Research and Education, have been allocated a total amount of Rs. 1,31,531.19 crore mainly to run and fund centrally-sponsored schemes. Dispelling many apprehensions on MSP, the FM said, 'The MSP regime has undergone a sea change to assure price that is at least 1.5 times the cost of production across all commodities'. During 2020, Government had announced the increased MSP for all mandated kharif and rabi crops for marketing season 2020-21. Return to farmers over their cost of production was assured to be at least 50 per cent, however, for wheat the return was highest (106 per cent) followed by rapeseed and mustard (93 per cent), gram and lentil (78 per cent). Steps were taken to push up procurement at next level by increasing number of procurement centres with due facilitation to farmers. Consequently, the number of wheat growing farmers that were benefitted rose to 43.36 lakhs in 2020-21 as compared to 35.57 lakhs in 2019-20. For paddy, the number of farmers benefitted increased from 1.24 crore in 2019-20 to 1.54 crore in 2020-21.

Amid many speculations on future of Agriculture Produce Market Committee (APMC) mandis, Government

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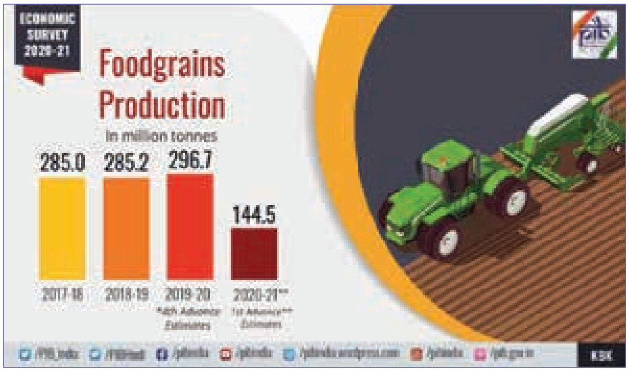
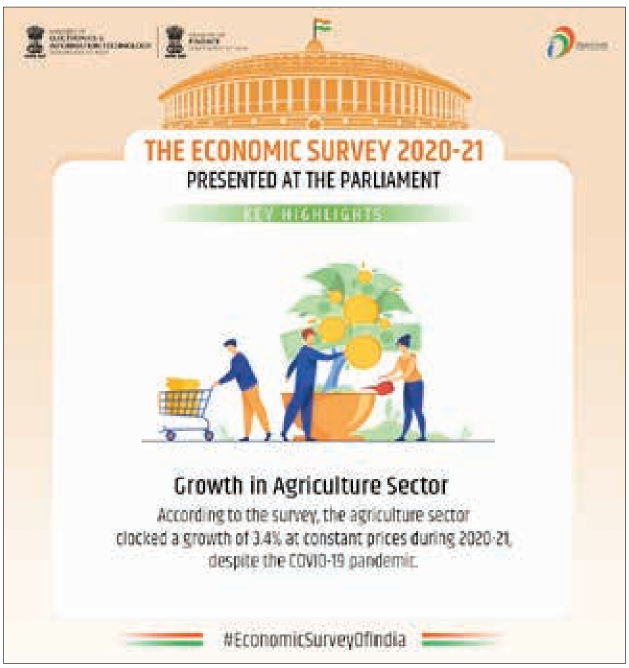


signaled its intention by announcing, 'the agriculture infrastructure fund would also be made available to APMCs for augmenting their infrastructure facilities.' Additionally, an increase was announced in allocation to the Rural Infrastructure Development Fund from Rs. 30,000 crore to Rs. 40,000 crore. This fund will help creation of agri-infrastructure mainly to support farm-gate processing and post-harvest facilities to reduce farm-to-farm wastage. Provision of the Agricultural Infrastructure Development Cess of Rs. 2.5 per litre on petrol and Rs. 4.0 on diesel will further add to the kitty to meet development targets. To facilitate and extend the benefits of online trading to farmers, it is proposed to integrate 1,000 more mandis with e-NAM, the electronic National Agricultural Market of India. It's a pan-India electronic trading portal which links the existing APMC mandis across the country to bring transparency and competitiveness in the agricultural market. So far, around 1.68 crore farmers are registered and Rs. 1.14 lakh crore of trade value has been carried out through e-NAM. Nearly, 175 agricultural commodities are being traded on the platform with better price discovery and higher gains. To provide support to farmers when prices of agri-produce is low in the market, the FM proposed to enlarge scope of 'Operation Greens' scheme. Currently, the scheme is applicable to tomatoes, onions and potatoes (TOP) only, but now 22 perishable products will also be brought under the ambit of the scheme. Under the scheme, as a short-term price stabilisation measure, there is a provision for 50 per cent subsidy on cost of transportation and storage for evacuation of surplus production from producing area to the consumption centres during the glut situations. Transport subsidy has been allowed on any fruit and vegetable through any rail service provided by Indian Railways.

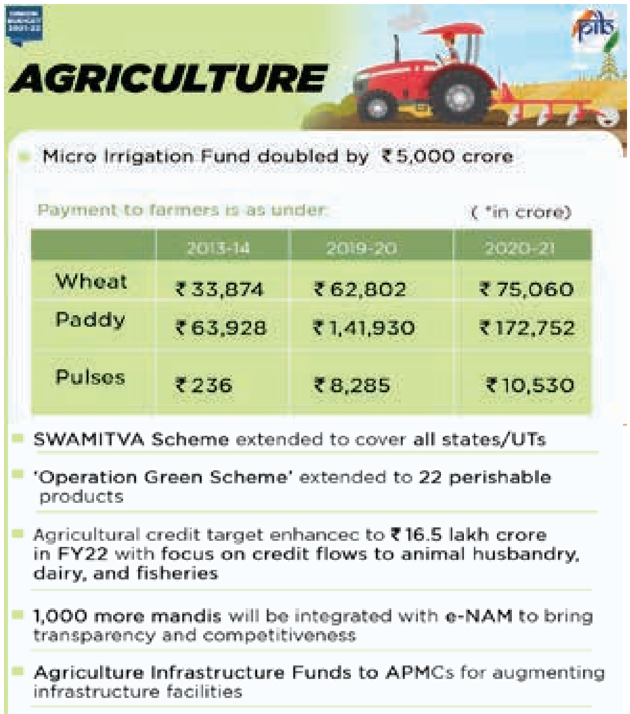
Amid many speculations on future of Agriculture Produce Market Committee (APMC) mandis, Government signaled its intention by announcing, 'the agriculture infrastructure fund would also be made available to APMCs for augmenting their infrastructure facilities.'



Credits, Corpus and Caring

Timely and adequate credit to resource constrained small and marginal farmers is fundamental for the success of farming activities and welfare of farmers. The agricultural credit flow for 2020-21 was fixed at Rs. 15 lakh crore and till November 30, 2020 a sum of Rs. 79.73 lakh crore was disbursed. Government has enhanced the agricultural credit target to Rs. 16.5 lakh crore in the proposed budget. 'We will focus on ensuring increased credit flows to animal husbandry, dairy and fisheries', the FM added. In the previous budget, a provision to include livestock sector in Kisan Credit Card was passed targeting 1.5 crore dairy farmers. As of mid-January, 2021, over 44,000 KCCs have been issued to fishers and fish farmers with over four lakh applications at various stages of issuance. Due to its many benefits, micro-irrigation is being promoted in farms with subsidies for which a corpus of Rs. 5,000 crore was created under NABARD. To support increasing demand, Government has proposed to double it by augmenting it by another Rs. 5,000 crore.

Early this year, the Prime Minister launched a unique scheme, the Survey of Villages and Mapping with Improvised Technology in Village Areas (SVAMITVA) to provide a record of right to property. The scheme lets villagers use their property as a financial asset for taking institutional loans and other financial benefits. So far, there are 1.80 lakh property owner-ship cards. The scheme was introduced for six states initially, but in the current budget its extension to all States and Union Territories is proposed.



Financing Fisheries and Allied Sectors

In the present budget, Animal Husbandry and Dairying sector has been allocated a sum of Rs. 3,289 crore, which is 18 per cent increase as against the revised budget estimate for 2019-20. With this higher allocation, Government has reinforced its intent that dairy plays a stellar role in uplift of economy, especially in rural areas, and is critical in realising the goal of doubling farmers' income. India is the second largest fish producing country in the world with 7.58 per cent share in global production. With an all-time high fish production of 14.16 million metric tons during 2019-20, this sector sustains income of over 28 million people, majority of which belong to marginalised and vulnerable communities. In its continuous efforts to modernise and make fishing sector more profitable, the Government has now proposed substantial investments in the development of fishing harbours and fish landing centres. In the initial phase, five major fishing harbours will be developed at Kochi, Chennai, Vishakhapatnam, Paradip and Petuaghat, as hub of economic activity. Apart from marine fisheries, inland fishing harbours and fish landing centres will also be developed along the banks of major rivers and waterways.

Seaweeds farming is a sunrise sector with potential to transform lives of coastal communities. Earlier, India was not very keen to cultivate seaweeds though it is bestowed with a coastline of more than 7500 km and over 800 species of seaweeds. But now, its economical potential is recognised as a renewable source of food, energy, chemicals and most importantly as source of medicines. Given the rising global demand for seaweed-derived products, the Government intends to support seaweed cultivation by proposing to establish a Multipurpose Seaweed Park in Tamil Nadu. It will provide large-scale employment and additional incomes.

Overall, budget provisions for agriculture and allied sectors are set to energise the sector with substantial investments in building agricultural infrastructure. In addition to this, the money in the hands of farmers through the MSP regime will keep the momentum seen during the Covid times going in agriculture. Covering allied sectors and important thematic areas will surely work towards inspirational agenda of the Government. Through this budget, the Government is also eyeing a paradigm shift in agriculture, 'from a rural livelihood sector to a modern business enterprise.' ❑

Budget provisions for agriculture and allied sectors are set to energise the sector with substantial investments in building agricultural infrastructure. In addition to this, the money in the hands of farmers through the MSP regime will keep the momentum seen during the Covid times going in agriculture.

DO YOU KNOW?

What is MSP?

Minimum Support Price (MSP) is the guaranteed price of notified crops as declared by the Government of India for public procurement purpose. It acts as a safety net to farmers by protecting their business interest from the uncertainties of market due to various natural and market forces. Government of India notifies MSP for 23 'Kharif' and 'Rabi' crops at the start of each cropping season that include selected commercial crops as well. The group comprises seven cereals (paddy, wheat, maize, sorghum, pearl millet, barley and ragi), seven oilseeds (groundnut, rapeseed, mustard, soybean, sesamum, sunflower, safflower and nigar seed), and four commercial crops (copra, sugarcanes, cotton and raw jute). Under Indian conditions, crop production often fluctuates affecting market prices vis-à-vis prospect of the particular crop in next sowing season. For example, in case of crash of prices due to over production (glut), farmers become reluctant for sowing the crop in the next year. It may affect the supply with many consequences. To counter such situations, MSP is fixed by the Government which infuses confidence in farmers despite turnarounds in prices.

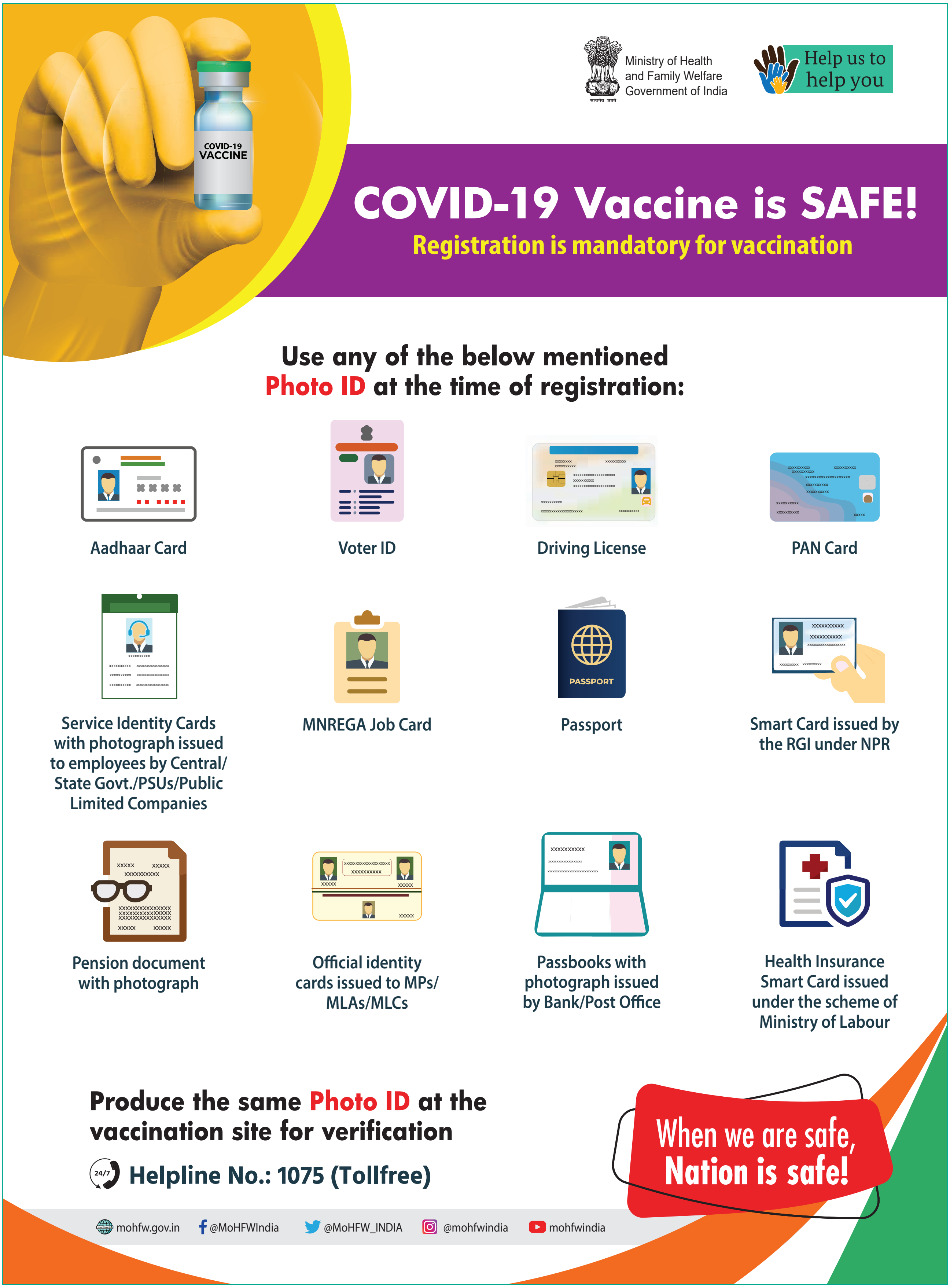
MSP is fixed by the Government of India on the recommendations of the Commission for Agricultural Costs and Prices (CACP) which is a statutory body. CACP submits its recommendations to the Government in the form of price policy reports twice a year separately for Kharif and Rabi seasons. The Union Government considers the report, takes view of the states Governments and also deliberates on the overall demand and supply situation in the country to take the final call on fixing MSPs. Post-harvesting, the Government procure crops from farmers at the MSP across APMC mandis and procurement centres.

The National Commission on Farmers, headed by Prof. M. S. Swaminathan, had recommended in 2006 that MSPs must be at least 50 per cent more than the cost of production. To calculate cost of production, the Commission suggested three criteria:

- A2 - It includes cost of various inputs, such as seeds fertilizers, labour, fuel, irrigation etc.
- A2+FL - It includes cost of unpaid family labour in A2 parameters.
- C2 - It includes the implied rent on land and interest on capital assets over and above A2+FL.

Government implemented the recommendation during the marketing season of 2018-19 by fixing MSPs over and above the at least 50 per cent of the cost of production. Currently, the CACP reckons only A2+FL cost for calculation of MSP. However, C2 costs are used as a benchmark reference costs to see if the recommended MSPs cover these costs in some of the major producing states.

MSP regime was introduced in India in 1966-67 under which MSP for wheat was fixed for the first time at Rs. 54 per quintal. As the country was celebrating the Green Revolution during 1960s, the Indian Government realised that the farmers needed incentives to grow food grains. Otherwise, they would not opt cultivation for wheat and paddy which were labour-intensive and didn't fetch lucrative prices. Introduction of MSP was a successful move that made India self-reliant in food grain production. ❑


COVID-19 VACCINE
Ministry of Health and Family Welfare Government of India
Help us to help you
COVID-19 Vaccine is SAFE!
Registration is mandatory for vaccination
Use any of the below mentioned Photo ID at the time of registration:
Aadhaar Card
Voter ID
Driving License
PAN Card
Service Identity Cards with photograph issued to employees by Central/State Govt./PSUs/Public Limited Companies
MNREGA Job Card
PASSPORT
Passport
Smart Card issued by the RGI under NPR
Pension document with photograph
Official identity cards issued to MPs/MLAs/MLCs
Passbooks with photograph issued by Bank/Post Office
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Budget for Infrastructure

G Raghuram

The budget has moved in the direction of not only recognising the importance of infrastructure for the much-needed economic growth at a national level, but also being more realistic of the requirements of wise and effective spending on infrastructure.

The Union Budget 2021-22 has a welcome focus on infrastructure, being part of one of the six pillars–Physical and Financial Capital, and Infrastructure. The infrastructure allocations have gone up substantially. The capital allocation has gone up by over a third of the previous year's allocation to Rs. 5.5 lakh crore in keeping up with the plans of the National Infrastructure Pipeline (NIP).

The NIP envisages a capital spend of over Rs. 100 lakh crore over six-year period, 2019-20 to 2024-25, with 39 per cent to come from the Centre, that is about Rs. 40 lakh crore. With the spends being less than average over the past two years, partly also affected by the pandemic depression, the big challenge would be the ability to catch up over the next three years. In terms of scope, the NIP includes over 20 sectors and has recently been enhanced to 7400 projects. While allocations may not be an issue, the ability to spend wisely and effectively is what needs attention.

In keeping with the appreciated trend towards transparency in the budget, it would be useful if information on status of multiyear schemes like the NIP is presented along with the budgetary allocations. Otherwise, just absolute numbers or even a year-on-year comparison which take the maximum attention for reporting does not present the full picture.

The maximum allocation is for the Roads sector (Rs. 1,18,101 crore), where over the years, the framework for effective investments have improved. While the class of roads may not easily attract PPPs in the Build-Operate-Transfer (BOT) mode (like expressways and road segments where traffic volumes may not be commercially viable), the Hybrid-Annuity-Model (HAM) and Toll-Operate-Transfer (TOT) models have been more successful. Further, the government is in a position to monetise significant road

assets of the National Highways Authority of India (NHAI), where there is now a clear assessment of toll revenues. As an aside, after many fits and starts over the past few years, the e-tolling (FASTag) is finally falling into

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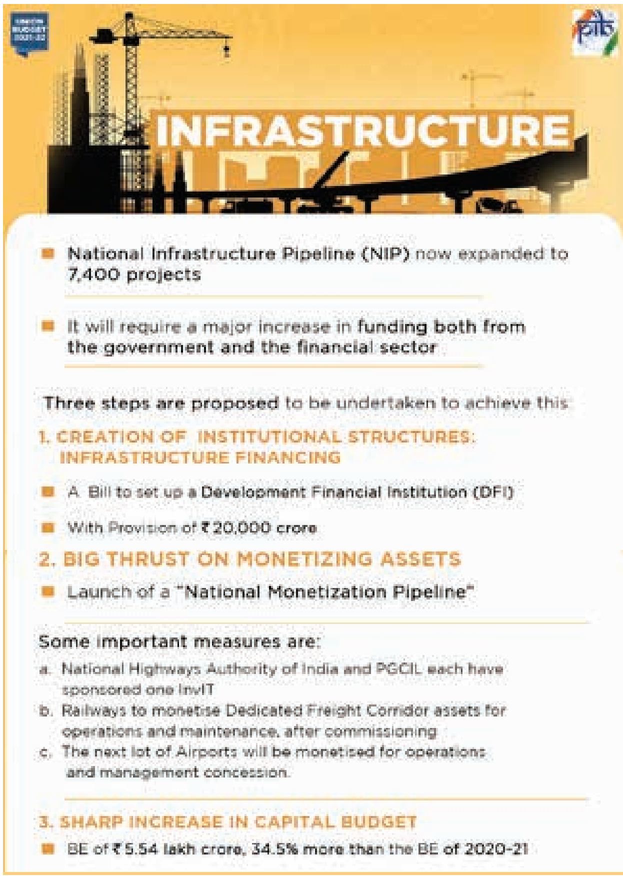

place, saving significant waits at toll booths. This alone would reduce the resistance to tolling that tended to rear its head up on many occasions. Another important outcome of the investments in the road capacity improvement is the increase in the average kilometers per day that trucks travel, resulting in not only better asset utilisation, but also faster and increasingly more reliable delivery times.

The next level of allocation at Rs. 1,07,100 crore is for the Railways, which is expected to have a total capital outlay of over Rs. 2,00,000 crore, including internal and extra-budgetary external resources. Investments in Railways are driven both by capacity creation and customer centricity. Capacity creation is the easier one, though affected by land acquisition, and in some instances, environmental clearance. The Dedicated Freight Corridor (DFC) and the Bullet Train, two of the big-ticket projects, have been delayed on account of land acquisition. The challenge in customer centricity is to be able to leverage PPPs with appropriate policy reforms. The container train operations, one of the domains in which private parties were brought in, have not, even after more than a decade, yielded outcomes anywhere near what was envisaged. Lack of a level playing field with the Indian Railways' (IRs') subsidiary, CONCOR, has been one of the reasons. A recent initiative of attracting private play into passenger train operations presents an uncertain picture of its attractiveness. A sorely lacking reform is the structural need of an empowered regulator in the Railways sector, to give better transparency in the currently bundled roles of IR as the policy maker, operator, monopoly supplier, sometimes monopsonic customer, and regulator.

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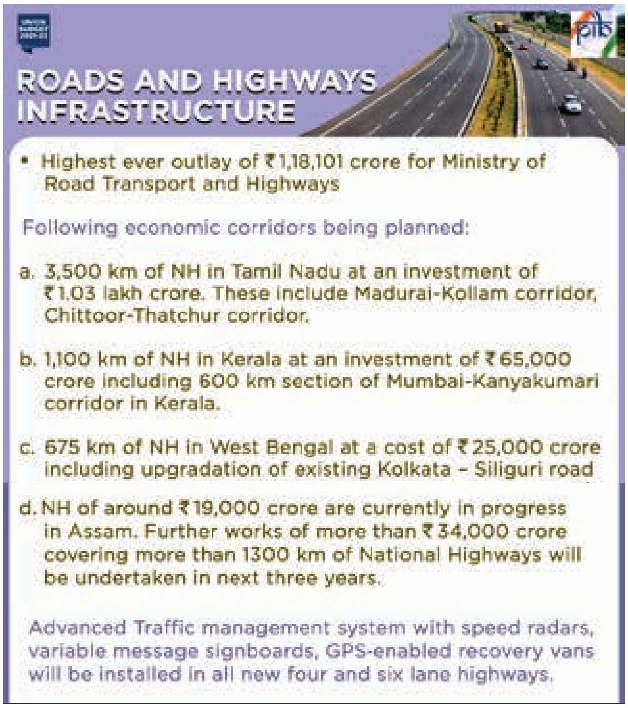
However, to the credit of the Indian Railways (IR), there has been a slow and steady push towards opening-up to the private sector in various domains, including locomotive manufacturing, wagon manufacturing, special freight train operations and freight terminals. The pandemic period, when passenger trains did not operate, was used as a breather to experiment and evolve reforms. Critical construction, lack of which created speed restrictions, was taken up to improve the speeds, and thus the throughput. Overall, the real challenge for IR is how to give comfort to private partners who can bring in the much-required agility and focus on customer centricity. This is a critical direction, since various reports including the recently launched draft National Rail Plan (NRP) visualise not only arresting the declining rail share of traffic, but reversing it, in the interest of climate impact and energy efficiency. In the freight segment, increasing the rail share from the current under 30 per cent to at least 45 per cent by 2050 is envisaged.

In the container train operator segment, the privatisation of CONCOR is on the anvil, to creating a level playing field. This first step of reassessing the land provided by IR for terminals from subsidised rates to market rates is happening. CONCOR is already rationalising its terminals, by closing some of them and returning the land, and increasing the terminal tariff at those it wishes to retain.

Urban transport has been given a strong focus, not only with allocations for extension of metro lines in major cities, but also for Metrolite and Metroneo projects and for bus transportation. While a metro line costs Rs. 300 crore per kilometer, the Metrolite is about Rs. 180 crore per kilometer and the Metroneo is Rs. 70 crore per kilometer. With these technologies, India will have a full range of mass transit technologies, starting from the conventional bus to the Bus Rapid Transit System (BRTS), Metrolite, Metroneo, the Metro and the Regional Rail Transit System. Such a range is required, for a diverse urban



economy like India, not only to support suburban areas of tier one cities, but also to bring in mass transit options in tier two and tier three cities.

The budget had a significant mention of the telecom sector where money have been allocated to complete the Bharat Net project, which envisages broadband connectivity to all the gram panchayats of the country. This is a much delayed project. Hopefully, the Rs. 9000 crore allocation should enable completion. There is also an allocation to the Ministry of Defence for improving their network and equipment which will enable vacating their spectrum for potential commercial use.

Though there was no explicit mention of the ports and shipping sector, there is an ongoing programme in this sector called Sagarmala. There is also a recent visioning exercise called the Maritime India Vision for 2030 that provides a roadmap for significant growth in this sector.

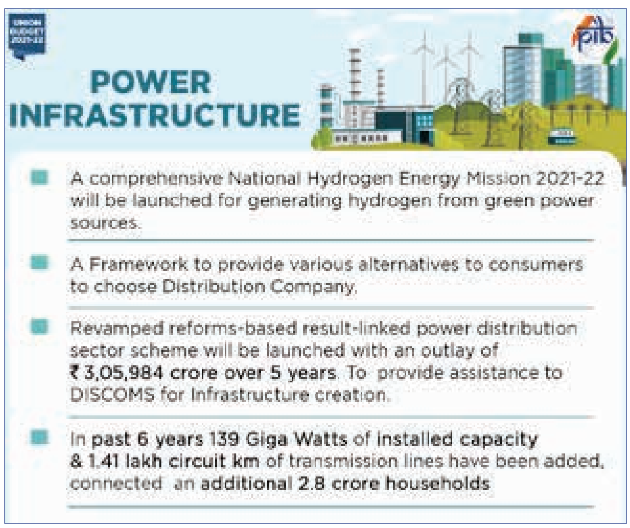
Another major allocation has been for the Electricity sector, to enable better performance at the Discoms level. This has been stated as an amount of Rs. 3 lakh crore to be spent over 5 years. (Here, the amount quoted by the FM is as a scheme presumably because the details that would determine the specific allocation for this year has not yet been finalised).

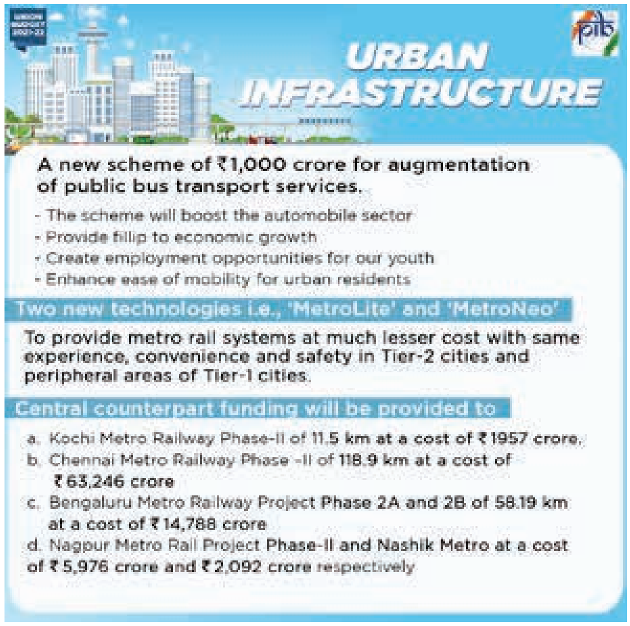
A welcome ringfenced allocation is for the Agri infrastructure sector. This comes through a cess that is being levied on fuel. While it will not affect the price of fuel to the end customer, a price which already includes more than half towards taxes and duties, it raises a Centre vs State issue. The government has reduced duties on fuel and transferred it as a cess amount. While duties are shareable with the state, cesses are not. Agri infrastructure in India is still less than desirable, simply on the account that post-harvest agricultural losses are significant.

Other sectors of infrastructure that found special mention were upgradation of some fishing harbours, the water supply schemes in urban local bodies, and bringing in PPPs in more existing airports. Though there was no explicit mention of the ports and shipping sector, there is an ongoing programme in this sector called Sagarmala. There is also a recent visioning exercise called the Maritime India Vision for 2030 that provides a roadmap for significant growth in this sector.

Another aspect of the budget is the focus on institutional reform. A new infrastructural Developmental Financial Institution (DFI) is being setup with an allocation of Rs. 20,000 crore. While this is a welcome move, we need to learn from the lessons of the earlier institutions that were setup or catalysed by the government. These include IL&FS (which today is under serious charges of misgovernance), IDFC (which after having evolved into a bank, has diluted its intended development focus) and IIFCL.

The government has also set up a 'bad' bank, including an Asset Reconstruction Company (ARC) and an Asset Management Company (AMC) for taking care of non-performing assets. This is a much-required step, especially since infrastructure assets are one of the primary causes of non-performing assets. Along the same lines, it would be useful to think of a company which would take over assets (under-construction or completed) during a legal dispute that restrains further activity, and maintains them until settlement. Given the





number of such disputes, such maintenance will prevent substantial value erosion.

Strategic disinvestment and asset monetisation have received significant attention in the budget, not only as a means to raise revenues for government, but also to bring in private sector efficiency. Public sector companies targeted in the infrastructure sector include Air India, Shipping Corporation of India, CONCOR, Pawan Hans and BPCL. Disinvestment may not be as easy as just stating the intent, given the experience with Air India. Apart from a significant prior preparation, expectations may have to be sobered. Asset monetisation in the infrastructure sector is focused on leveraging airports of the Airports Authority of India, roads of the National Highways Authority of India, transmission lines of the Power Grid Corporation of India, warehouses of the Central Warehousing Corporation, segments of the Dedicated Freight Corridor Corporation of India, pipelines and other assets of some of the companies in the petroleum sector. These are steps in the right direction, since they will unlock value of significant assets (including land) that have been created by the government.

The budget highlighted a long-term policy of the government that has significant implications for the infrastructure sector. Stated as the Public Sector Enterprises Policy, it classified various sectors as Strategic and Non-Strategic. Strategic sectors would have 'bare minimum' presence of public sector enterprises, while all central public sector enterprises in the non-strategic sectors will be privatised.

In this context, the budget highlighted a long-term policy of the government that has significant implications for the infrastructure sector. Stated as the Public Sector Enterprises Policy, it classified various sectors as Strategic and Non-Strategic. Strategic sectors would have 'bare minimum' presence of public sector enterprises, while all central public sector enterprises in the non-strategic sectors will be privatised. The infrastructure domains in the 'strategic' classification include Transport, Telecommunications, and Energy (Power, Petroleum and Coal). The import of this policy may have been lost amidst the din of the many budget announcements.

While there has been a lot on infrastructure in this budget, the focus on 'Atmanirbharta' through research and development needs more attention. As an example, most advancements in rail or mass transit technologies continue to be imported. It is time to develop a vision where not only India can develop such technologies, but even be a source of exports. The development of the T18 train set demonstrated our capabilities in one domain. A large domestic market is a competitive advantage for exports. We have proved this in as important a matter as the Covid vaccine. The budget did provide Rs. 50,000 crore for the National Research Foundation to strengthen the 'overall research ecosystem'. Structures have also been put in place earlier to create 'specialised professionals' and focus on research through universities set up in the infrastructure sectors. It will take time and nurturing to realise their impact.

Overall, the budget has moved in the direction of not only recognising the importance of infrastructure for the much-needed economic growth at a national level, but also being more realistic of the requirements of wise and effective spending on infrastructure. However, real outcomes can further be realised only by attention to detail and capacity for implementation. ❑

Maintaining Momentum: Education Sector

Dr K D Prasad
Nikhil Kant

This article discusses the governmental adherence towards educational reforms demonstrated in the Union Budget 2021-2022 amidst the unprecedented challenges posed by Covid-19 pandemic. When the higher priorities are being set on making all possible efforts to overcome the fallouts of Covid-19 which can significantly affect budgetary outlay to different sectors and cause derailment of many human developmental gains, maintaining the momentum of educational reforms initiated in preceding years is critical. Union Budget 2021, against this backdrop, has lived up to this expectation despite minor reduction in allocation to education sector.

When the Union Finance Minister was presenting the Budget 2020, a series of reforms were proposed with far-reaching effects aiming to boost the Indian economy. No one had an inkling of what the country was going to face in the year ahead due to the unprecedented onset of the Covid-19 pandemic. Budget 2020 was structured on the overall theme of 'Ease of Living' as its basic tenet.

Moving a step forward, the FM has presented Budget 2021 focusing on six pillars–Health and Well-Being, Physical and Financial Capital and Infrastructure, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and R&D, Minimum Government and Maximum Governance–for the purpose of energising Indian economy recently battered by the pandemic.

This Budget showcases the efforts of India intended to bounce back from the fallout of the pandemic which are reflected amply in the articulations of the FM in her budget speech that *"the preparation of this Budget was undertaken in circumstances like never before. We knew of calamities that have affected a country or a region within a country, but what we have endured with Covid-19 through 2020 is sui generis."* She further added, *"In these trying times, when many economies are struggling to revive, our people and our industry have exhibited remarkable resilience."*

On February 1, 2021, India woke up to witness the presentation of its first digital Budget. While it can be debated whether behind this was the intention to push Digital India campaign or the impact of Covid-19, the first-ever digital-only Budget was not only the first of its kind presented in the Indian Parliament but also had allocation of Rs. 3,768 crore for making the upcoming census as India's first ever digital census. These transformative steps have been lauded by the industries and more particularly the tech industry considering it as the government's 'pro-growth' vision towards achieving self-reliance and self-sustenance. Indian economy was in dire need of a Budget which could help convert these challenges and into growth opportunities in the post-pandemic phase.

The Economic Survey 2020-21 highlights the crucial

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role of investments in social infrastructure in economic growth and the government's commitment towards investment in social sector in order to bring overall improvement in socio-economic indicators and achieving SDGs. However, it does not miss to remind that Covid-19 has raised unprecedented health challenges posing unique policy dilemmas. Consequently, this Budget has witnessed substantial increase in the investments on health infrastructure. The Budget has come at a time when despite the fact that health sector needed the most attention and maximum allocation, there was no sector which was not looking out for extra budgetary support. Education sector too, in the first Budget presented after the announcement of the National Education Policy (NEP), was in need of greater allocation for its implementation.

The significance of NEP has been underlined by the FM who said in her Budget speech that NEP has had 'good reception'. NEP reminds that over the next decade India can be the country with the highest young population in the world, and the future of this country is to be determined by its ability to provide high-quality educational opportunities to them. India, which boasts to have the highest in the world a total over 250 million school going students and roughly 500 million population in the age category of 5-24 years, sees huge demand and opportunities available in education sector. The articulations of the Prime Minister that the Union government has *"taken the approach of widening new opportunities for growth, new openings for our youth, a new high to human resources, develop new regions for infrastructure, walking towards technology and bring new reforms in this Budget"*, highlight appropriately the significance of human resource for the development of India.

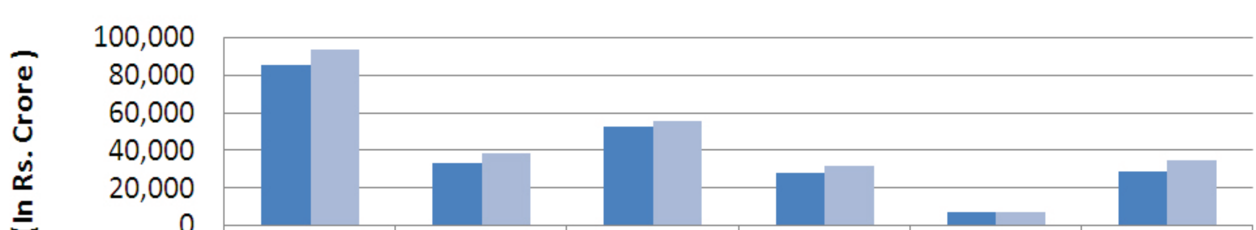
India is expected to become the country with the largest working-age population by 2030 requiring literacy, job and life skills. With the intentions to equip the Indian workforce with the skill-sets matching the demands of different industries and employers, this Budget has rightly proposed amendment in NATS.

However, India, having had witnessed continuous increment in Budget allocation towards the education sector in the preceding three years, could see the Budget proposing allocation of Rs. 93,224 crore. This allocation is less by Rs. 6,087 crore (-6.1 per cent) than last year which had seen a rise of 5.9 per cent. Out of this, the allocation to department of higher education is Rs. 38,350 crore against Rs. 39,467 crore last year, and the allocation to the school education and literacy department is Rs. 54,874 crore against Rs. 59,845 crore last year. The cut in expenditure is visible in the schemes such as 'Samagra Shiksha Abhiyan' which saw slashing of allocation to Rs. 31,050.16 crore from the previous year's allocation of Rs. 38,750 crore,

and 'National Scheme for Incentive to Girls for Secondary Education' where allocation decreased by Rs. 100 crore.

Although this Budget might appear to have made lesser allocation towards education sector than previous year, the allocation of Rs. 93,224 crore to education sector in this Budget actually has seen the rise of Rs. 8,135 crore which is 9.6 per cent more than the revised estimates of Rs. 85,089 crore last year. Similarly, the allocation of Rs. 38,351 crore to higher education has witnessed the rise of Rs. 5,451 crore which is 16.6 per cent more than the revised estimates of Rs. 32,900 crore last year; and the allocation of Rs. 54,873 crore to school education has witnessed the rise of Rs. 2,684 crore which is 5.1 per cent more than the revised estimates of Rs. 52,189 crore last year (See Figure 1 & Figure 2 for more information).

India is expected to become the country with the largest working-age population by 2030 requiring literacy, job and life skills. With the intentions to equip the Indian workforce with the skill-sets matching the demands of different industries and employers, this Budget has rightly proposed amendment in the initiative viz. the National Apprenticeship Training Scheme (NATS) originally launched in 2016. The amendment aims at boosting apprenticeship opportunities for Indian youth. The focus of the Budget on the improvement of the employment opportunities in the higher education is reflected in the higher allocation for NATS so that post-education apprenticeship training to engineering graduates and diploma holders could be provided. The allocation of Rs. 500 crore to the NATS has seen the rise of Rs. 325 crore, 186 per cent more than



	Education	Higher Education	School Education and Literacy	Samagra Shiksha	Kendriya Vidyalaya Sangathan	National Education Mission
2020-21 (RE)	85,089	32,900	52,189	27,957	6,438	28,244
2021-22 (BE)	93,224	38,351	54,873	31,050	6,800	34,300

Figure 1. Increased Allocation from RE 2020-21

the Budget provisions of Rs. 175 crore last year. The allocation of Rs. 3,000 crore to the flagship scheme of Ministry of Education, 'Rashtriya Uchchatar Shiksha Abhiyan (RUSA)' too has seen the rise of Rs. 2,700 crore, 900 per cent more than the Budget provisions of Rs. 300 crore last year (See Figure 3).

In addition, this Budget has proposed several new initiatives such as opening of Bharatiya Bhasha Vishwavidyalaya and Institute of Translation, Indian Knowledge System, Academic Bank of Credit, PM e-Vidya, and Multidisciplinary Education and Research Improvement in Technical Education (MERITE) in line with the recommendations in NEP, allocating a token provision in this Budget for all these initiatives. Some of the other major proposals like–setting up of a Central University in Leh, Higher Education Commission of India with four verticals to oversee standard setting-accreditation-regulation-funding, implementation of National Professional Standard for Teachers (NPST) with likely impact on roughly 9.2 million current public and private school teachers, implementation of a unique indigenous toy-based pedagogy for all levels of school education, and increasing collaboration with foreign institutions–have the potential to steer the aspirations of the people.

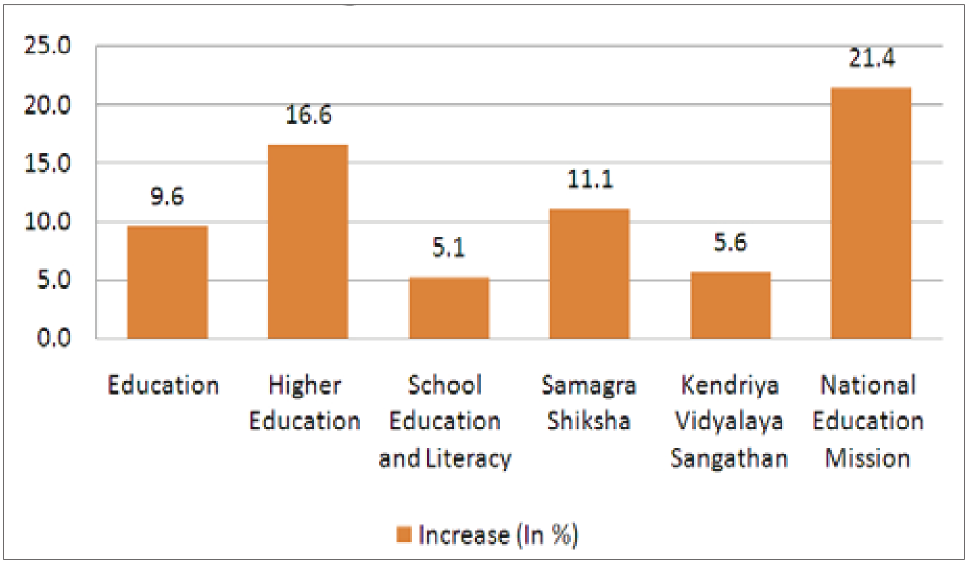


Figure 2. Percentage Increase from RE 2020-21

The allocation to research activities promises to bring a cultural shift in higher education. It is notable that quality research projects in the institutions of India can have sustainably beneficial impact for India. Rightly so, this Budget may be termed as India's 'self-reliant' Budget, which has the potential to bring several far-reaching positive changes for individuals, investors, industry and infrastructure sectors. It was in July 2019, the government had shared the aspirations of integrating the funds to the National Research Foundation (NRF), assimilating different grants given by independent ministries, for ensuring acceleration in the growth of research activities in India. An outlay of Rs. 50,000 crore over next 5 years for NRF proposed in this Budget intends to give a major boost to Innovation and R&D.

This Budget also showcases international collaborations such as an initiative with the UAE for benchmarking skilled qualifications-assessment-certifications accompanied by the deployment of certified workforce; and an Indo-Japan collaborative Training Inter Training Programme (TITP) for facilitating the transfer of Japanese industrial and vocational skills, techniques and knowledge. It is notable that investments in skilling, re-skilling and up-skilling of the huge population having lost

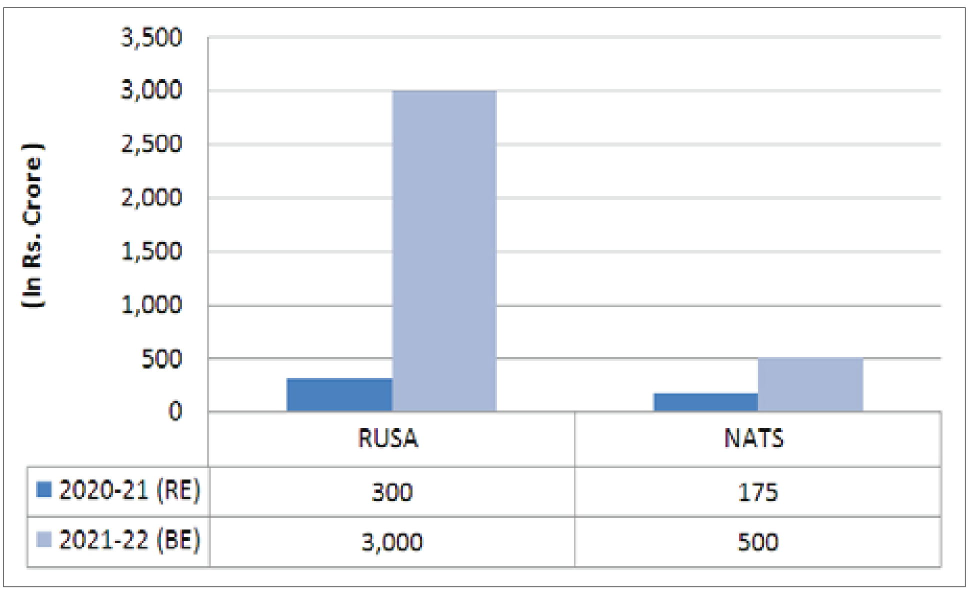


Figure 3. Huge Increase in Allocation from Previous Budget

employment in the pandemic-affected period were significant challenges before the Indian government during preparation of this Budget requiring enhanced allocation for education sector.

Kendriya Vidyalayas (KVs) are set to have enhanced funds to the tune of Rs. 6,800 crore in comparison to Rs. 5,516 crore, whereas Mid-Day Meal Scheme (MDMS) and Navodaya Vidyalayas (NVs) too are to have funds increased by Rs. 500 crore each from previous Budget. Further, increase in the allocation of Rs. 682.32 crore for both KVs and NVs and Rs. 110.08 crore for NCERT as against the revised estimates of last Budget can be a big boost to education sector. Moreover, it's a welcome step to establish 100 new Sainik Schools with the active partnership of NGOs, private schools and states.

The proposal to establish 750 new Eklavya Model Residential Schools in tribal areas for the learners of Scheduled Tribes with an aim to create a robust infrastructural facility for such learners may be extremely helpful in further enhancing the outreach of education to them. Similarly, the post-matric scholarship scheme is proposed to be revamped for the welfare of four crore Scheduled Caste learners by planning to spend Rs. 35,219 crore till 2025-26. Standardisation of Indian sign language across the country and development of national and state curriculum materials for children with the hearing impairments is also an important proposal in this Budget.

More than 15,000 schools have been proposed to be strengthened qualitatively for the purpose of incorporating the set of components prescribed in the NEP which was proposed in Budget 2020 and came into existence in July 2020. These schools are expected to become exemplar schools for handholding and mentoring other schools in their regions so that the standards envisioned in the NEP could be ensured.

The desired reforms have also been mooted in this Budget for CBSE board exams from the year 2022 in a phased manner to move away from conventional rote learning approach for school students transforming the educational system learning framework to an evolved and engaged pedagogical approach. The holistic progress card is another step taken in this Budget for providing learners with precious information related to their strength, interest areas, and required focus areas for helping them in making optimal career choices.

Further, setting up of a National Digital Educational Architecture (NDEAR) for providing support to the teaching and learning activities through the digital architecture will be of immense help in educational planning, administration and governance. More than 5.6 million school teachers are expected to be trained through National Initiative for School Heads and Teachers for Holistic Advancement (NISHTHA) in 2021-22 using digital mode.

Budget 2021 might not appear to have ticked all the boxes but it does reflect, the reiteration of the government initiatives, firm commitments and resolves to strengthen quality of education, enhance skills and improve employability.

The Prime Minister has viewed that "this Budget lays a strong foundation to the decade" and his views are supported by the Union Education Minister who has lauded this Budget as one which will give major boost to education. Maintaining the momentum created by the preceding few Budgets presented in line with the pace of the growth of Indian economy and the anticipation of India becoming the country with the largest working population in the world, this Budget has paid heed to the need of ensuring quality education and vocational skills in order to prepare Indian talent pool able to harness the global job demands.

Budget 2021 might not appear to have ticked all the boxes but it does reflect, in a veiled manner, the reiteration of the government initiatives, firm commitments and resolves to strengthen quality of education, enhance skills and improve employability. Keeping in view the significance of India's favorable demographic dividend, it appears to have ensured to maintain the momentum and demonstrate resilience against once-in-a-century crisis, despite being presented in exceptional circumstances, for continuance of educational reforms and achievement of SDGs. This will help future Budgets, hopefully to be presented in better circumstances, in not getting derailed from formulating suitable inclusive policies and proactive interventions with public participation to rebound strongly in the years ahead to help India become a $5 trillion economy and occupy a prominent position playing a leading role in the post-pandemic era. ❑

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Flattening the Climate Curve

Shreyans Jain

> *"Earth provides enough to satisfy every man's needs, but not every man's greed."*
> *– Mahatma Gandhi*

The government has signaled its approach to combat climate change by proposing a number of initiatives in the Union Budget 2021-22. A renewed focus on clean energy, disaster-resilient infrastructure, water conservation and preservation, electric mobility, and planned afforestation are a few of them. It is time all stakeholders came together to fight climate change in an integrated, comprehensive, and holistic way.

The Union Budget 2021-22 was only the fourth that followed a contraction in the economy. Unlike the previous three occasions, this budget was presented against the backdrop of an unprecedented contraction unleashed by the Covid-19 pandemic, a phenomenon not typical to India alone. Despite the temptation to attempt a spend-and-stimulate exercise and pump-up discretionary expenditure to overcome the formidable challenges posed by the pandemic, the Finance Minister used the "digital bahi-khata" to provide a calibrated fiscal and monetary support.

The Economic Survey 2020, released a week before, argued that the economy would take merely two years to reach and go past the pre-pandemic level. It offered cogent reasons to believe that India is well-poised to truly be the "land of promise and hope". Recent economic data indicates that the country has already embarked on a V-shaped path of economic recovery. This is a welcome acknowledgement of the government's efforts to prepare the foundation for sustainable growth, progress, and better quality of life for its people. It is also a testimony to the fact that the prophets of doom have been proved conclusively wrong.

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As the government puts together a new compact for enhanced actions, it is critical to ensure that it is comprehensive, balanced, equitable, and pragmatic. Therefore, it is imperative for our policymakers to leverage this phase of reconstruction and recovery by keeping sustainable development at the very core of any development strategy. In other words, there is a pressing need to align both climate and economic policies to the extent possible.

Recent economic data indicates that the country has already embarked on a V-shaped path of economic recovery. This is a welcome acknowledgement of the government's efforts to prepare the foundation for sustainable growth, progress, and better quality of life for its people.

In its Nationally Determined Contribution[1] (NDC), India has committed to following a low carbon path to progress. It has sought to reduce the emissions intensity of its GDP by 33 to 35 per cent below 2005 levels by the year 2030; achieve 40 per cent of cumulative electric power- installed capacity from non-fossil fuel sources by 2030; and enhance forest and tree cover to create additional carbon sink equivalent to 2.5 to 3 billion tons of carbon dioxide by 2030.

To achieve such ambitious targets, India's climate change actions till 2030 will require as much as USD 2.5 trillion (at 2014-15 prices). It is further estimated that the country will need around USD 206 billion (at 2014-15 prices) between 2015 and 2030 for implementing adaptation actions in agriculture, forestry, fisheries infrastructure, water resources and ecosystems. Additional investments will be needed for strengthening resilience and disaster management.

Clearly, finance is a critical enabler of India's climate change action. It has to make judicious use of its

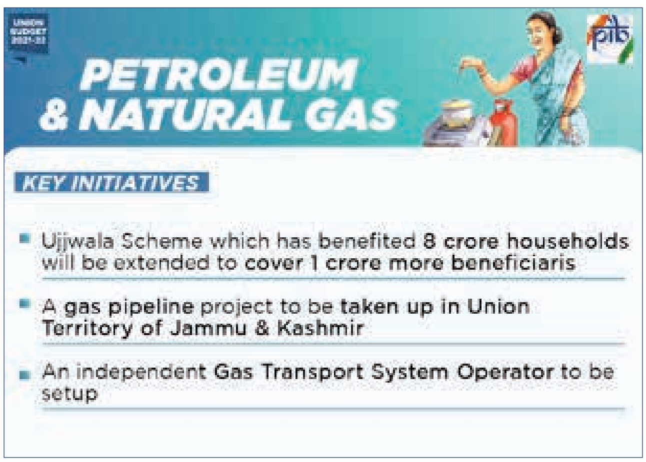

Table -1

Initiative	Key Provisions
Clean Air	The budget provides an amount of Rs. 2,217 crore for 42 urban centres with a million-plus population to tackle the menace of air pollution.
Swachh Bharat Abhiyan (Urban)	The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of Rs. 1,41,678 crore over a period of 5 years from 2021-2026. The key focus areas include: ▪ complete faecal sludge management and waste-water treatment, ▪ source segregation of garbage, ▪ reduction in single-use plastic, ▪ reduction in air pollution by effectively managing waste from construction-and-demolition activities, and bio-remediation of all legacy dump sites.
Scrapping Policy	The government announced a voluntary vehicle scrapping policy, to phase out old and unfit vehicles. Vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles. This will help in: ▪ encouraging fuel-efficient, environment-friendly vehicles, ▪ reducing vehicular pollution, and ▪ reducing the country's oil import bill.
Production Linked Incentive (PLI) Scheme	The government has committed nearly Rs. 1.97 lakh crore, over 5 years starting FY 2021-22. This will help create manufacturing global champions that: ▪ become an integral part of global supply chains, ▪ possess core competence and cutting-edge technology, and ▪ provide jobs to youth by bringing scale and size in key sectors.
Augmentation of City Bus Service	The government has proposed to launch a new scheme at a cost of Rs. 18,000 crore to support augmentation of public bus transport services. The scheme will facilitate deployment of innovative PPP models to enable private sector players to finance, acquire, operate and maintain over 20,000 buses. This will: ▪ provide fillip to economic growth, ▪ create employment opportunities for youth, and ▪ enhance ease of mobility for urban residents.
Expansion of Metro Rail Network	The government is planning to deploy two new technologies i.e., 'MetroLite' and 'MetroNeo' to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities. This will raise the share of public transport in urban areas.

scarce resources to satisfy competing demands. Therefore, effecting implementation of programmes through unique linkages, and engineering new and innovative forms of policy interventions are necessary to achieve a sustainable development path that simultaneously advances economic and environmental objectives.

The Union Budget 2021-22 captured this spirit in a number of provisions. It laid adequate emphasis on all the three pillars of sustainable development, namely, economic, social, and environmental. These budgetary provisions demonstrate the government's sensitivity and resolve to secure the future of its citizens from the adverse consequences of climate change. They are discussed in Table-1.

> **Finance is a critical enabler of India's climate change action. It has to make judicious use of its scarce resources to satisfy competing demands. Therefore, effecting implementation of programmes through unique linkages, and engineering new and innovative forms of policy interventions are necessary to achieve a sustainable development path that simultaneously advances economic and environmental objectives.**

Let the Green be Seen

The government has been undertaking a number of measures to finance the transition to a "pollution-free India with green Mother Earth and blue skies[2]". It is incentivising private sector participation to scale-up investments for a sustainable and transformational impact. A lot more, however, needs to be done.

Non-conventional/ Green Energy	The government has proposed the following: ▪ launch a Hydrogen Energy Mission in 2021-22 for generating hydrogen from green power sources, ▪ add 100 more districts in next 3 years to the City Gas Distribution network, and take up a new gas pipeline project in the Union Territory of Jammu and Kashmir, ▪ extend the Pradhan Mantri Ujjwala Yojana to cover 1 crore more beneficiaries, and ▪ provide additional capital infusion of Rs. 1,000 crore to Solar Energy Corporation of India and Rs. 1,500 crore to Indian Renewable Energy Development Agency.
Phased Manufacturing Plan	To build up domestic capacity and encourage domestic production, the government will: ▪ notify a phased manufacturing plan for solar cells and solar panels, ▪ raise duty on solar invertors from 5 per cent to 20 per cent, and on solar lanterns from 5 per cent to 15 per cent.
Power Distribution Reforms	The budget provides an outlay of Rs. 3,05,984 crore over 5 years for the launch of a revamped reforms-based result-linked power distribution sector scheme. The scheme will provide assistance to power distribution companies (DISCOMS) for: ▪ infrastructure creation including pre-paid smart metering and feeder separation, and ▪ upgradation of systems. The government will put in place a framework to give consumers alternatives to choose from among more than one DISCOM.
National Monetisation Pipeline	The government has proposed a "National Monetisation Pipeline" of potential brownfield infrastructure assets, including: ▪ transmission assets worth Rs. 7,000 crore via PGCIL InvIT, and ▪ Oil and Gas Pipelines of GAIL, IOCL and HPCL.
Micro Irrigation	The government has proposed to augment the Micro Irrigation Fund created under NABARD by doubling the corpus to Rs. 10,000 crore.
Conservation of Deep-Sea Biodiversity	The budget provides an outlay of more than Rs. 4,000 crore, over five years for the launch of a Deep Ocean Mission. This will include: ▪ exploration of living and non-living resources through deep ocean survey, and ▪ projects for the conservation of deep-sea biodiversity.
Reduced Use of Paper	In the first-of-its-kind Digital Budget, the government has allocated: ▪ Rs. 3,768 crore in the year 2021-22 to make the forthcoming Census the first "Digital Census" in the history of India, and ▪ Rs. 1,500 crore for a proposed scheme that will provide financial incentive to promote digital modes of payment.

1. Imprimis, it is necessary to put in place a mechanism to identify gaps and measure progress of the nation's climate action by building a credible monitoring and reporting system. This will help in optimal utilisation of funds and unlocking of investments at the transformational scales needed.
2. There is a need to develop a "Climate Budget Tagging[3] (CBT)" tool. This will help in identifying, classifying, weighing, and marking climate-relevant expenditures in the fiscal budget. Tagging budgetary outlays as "green" will make it easier for the government to track and review the policy implementation.
3. Recently, Vice President M. Venkaiah Naidu proposed a detailed framework-based pre- and post-Legislative Impact Assessment[4]. By incorporating a detailed account of social, economic, environmental, and administrative impact in every legislative proposal, the negative externalities certain policies can be minimised. This will not only

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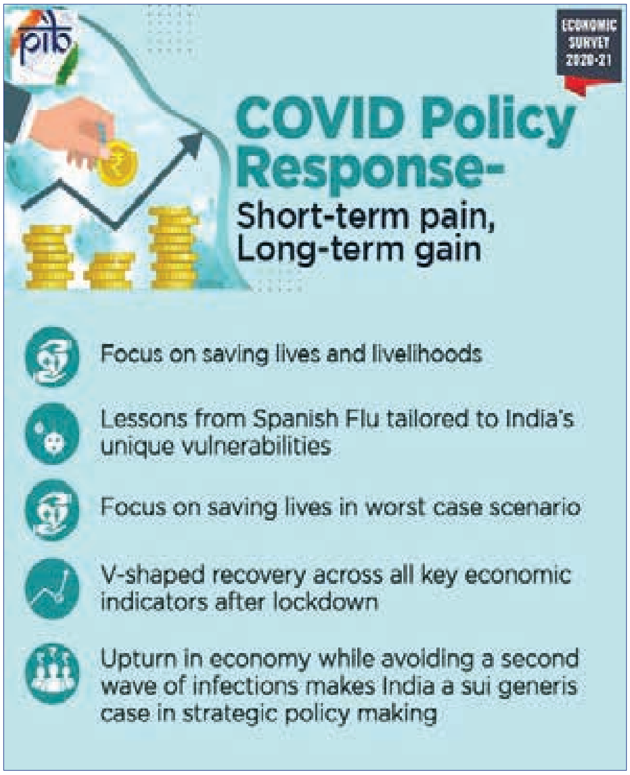

promote transparent and democratic law-making in the country, but also allow citizens to understand and debate trade-offs created by such laws even before they are formalised.

4. The President of the United States of America, Joe Biden, in his election manifesto[5] acknowledged that "our environment and our economy are completely and totally connected". He, therefore, outlined a detailed action plan – "a Clean Energy Revolution" –to address the threat posed by climate change and lead the world in addressing the climate emergency. A similar awakening among Indian politicians is the need of the hour. Not accepting electoral contributions from oil, gas and coal corporations will be a welcome step in this direction.

Towards a Greener Tomorrow

At the UN Climate Action Summit 2019, the Prime Minister, in his address to the United Nations, said, *"What is needed today is a comprehensive approach that covers everything including education, values to lifestyle and development philosophies. What we need is a global people's movement to bring about behavioral change; need, not greed is our guiding principle"*.

The government has signalled its approach to combat climate change by proposing a number of initiatives in the Union Budget 2021-22. A renewed focus on clean energy, disaster-resilient infrastructure, water conservation and preservation, electric mobility, and planned afforestation are a few of them. It is time all stakeholders came together to fight climate change in an integrated, comprehensive, and holistic way. The time to talk is over. We must act now! ❑

Endnotes

1. India's Intended Nationally Determined Contribution: Working Towards Climate Justice. The Paris Agreement (Article 4, paragraph 2) requires each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions. The implementation of NDCs effectively commences on 01.01.2021.
2. Budget 2019-20: Speech of Nirmala Sitharaman, Minister of Finance, Government of India https://www.indiabudget.gov.in/doc/bspeech/bs201920.pdf
3. CBT is a tool for monitoring and tracking of climate-related expenditures in the national budget system. It provides comprehensive data on climate-relevant spending, enabling government to make informed decisions and prioritise climate investments. For instance, in India, Gender Budgeting entails dissection of the government budgets to establish its gender differential impacts and to ensure that gender commitments are translated into budgetary commitments.
4. Press Information Bureau, Government of India (October 29, 2019) https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1589464
5. The Biden Plan for a Clean Energy Revolution and Environmental Justice https://joebiden.com/climate-plan/

EASE OF DOING BUSINESS

Foreign Direct Investment

Deepak Bagla

Investors across the globe have acknowledged India's tremendous opportunities, scope and potential. The foreign direct investment numbers in the recent years are testimony to this. The Government has undertaken extensive revisions to existing land, labour, and insolvency laws. Indian states have been at the forefront of this transformation, quick to adopt single-window systems and digitisation across all government departments; changes that are having a profound impact on the investor experience in India. These reforms are also aided by the liberal FDI regime instituted by the government even in key sectors like defence, electronics manufacturing, pharmaceuticals, and renewable energy.

It is the decisive leadership of the Prime Minister which has transformed India's investment landscape and given confidence to global investors. With record levels of foreign direct investment (FDI), rapid deployment of technology that both hand-held investors and eased supplies of mission critical goods and services, *Invest India* has been at the forefront of fulfilling his vision of safety and security while maintaining business resilience.

In recognition of its efforts in investment facilitation, and its undeterred and vital role in India's path-breaking growth story even during the pandemic, *Invest India*—the national investment promotion and facilitation agency under the Ministry of Commerce and Industry, has won the UNCTAD[1] Investment Facilitation Award 2020.

Investors across the globe have acknowledged India's tremendous opportunities, scope and potential. Despite widespread shutdowns across large economies this year, India received an unprecedented USD 35 billion in foreign investments between April and August 2020, the largest ever in the first five months of the fiscal year and 13 per cent higher than in the same period of the previous year[2]. In the financial year 2019-2020, India received FDI worth USD 73 billion, the highest ever in a single year. Invest India itself has facilitated over USD 166 billion of indicated investments and helped create more than 2.7 million new jobs since its inception. For helping unleash India's talent, creativity, and zeal amidst a global public health crisis, Invest India won the UN's coveted recognition from among 180 IPAs across the world.

It was also during this flurry of changing global

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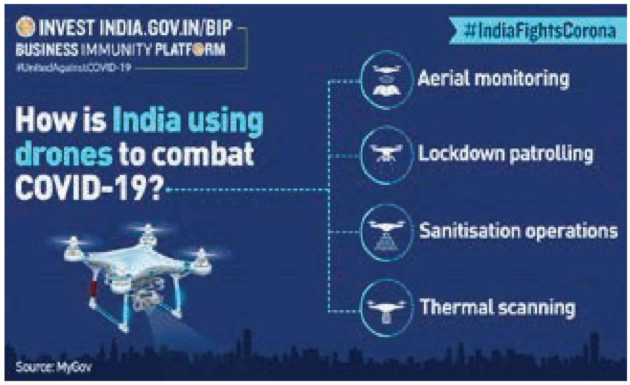

trends that Invest India, committed to PM's vision of a 'New India', launched its Business Immunity Platform (BIP). The onslaught of sudden technical difficulties and economic uncertainty did not deter from realising the aim of an efficient India. BIP was designed to inform, advise and support market players on the latest government rules, measures, and orders. Launched on March 21, 2020, the platform provided both local and foreign businesses the much-needed direction amidst evolving protocols, safety directions and lockdown limitations.

India Shines Through

The intuitive and forward thinking policies of the PM helped India stabilise itself even as the virus disrupted global businesses and established practices. The pandemic exposed vulnerabilities of highly specialised supply chains and sent companies scrambling to ensure their supplies. Even for essentials like medical devices and medicines, there were often no fallbacks. This had two important outcomes.

First, market players were forced to revaluate their business models right from sourcing the raw materials to manufacturing, shipping and last-mile deliveries. Many companies became keen to onshore supply chains or at least bring them closer to their markets. In this process, India, which rests at important nodal points geographically and commercially, sprung up as a viable alternative. With its large domestic market, vast skilled labour force and, a liberal FDI regime, India began to appear as an opportunity waiting to be explored.

Second, Indian MSMEs[4], with their quick-to-adapt businesses and frugal innovation helped India swim through the worst initial months of the Covid-19 crisis. In so doing, they exhibited the country's inherent business potential while also putting on display Indian creativity and talent. India's robust pharmaceutical industry too displayed global leadership in quick supplies of generic medicines—paracetamol and hydroxychloroquine (HCQ). A combination of these factors has contributed to making India a leading FDI destination and a foremost manufacturing hub of the world. Various policy measures adopted by the government over the last few years augment this global inclination in favour of India.

Making India Investor-Friendly

The Government is deeply committed to enhancing the ease of doing business and the ease of living in India. It has enabled key reforms, the results of which have become evident over the years. Between 2014 and 2019, India witnessed a more than two-fold enhancement in its ease of doing business measures. This also marks the onset of greater investor faith in India; increasingly the investor community has reacted positively to measures towards greater transparency. A recent survey conducted by the Confederation of Indian Industries and Ernst & Young found that India is the leading choice for future investments for more than two-thirds of the multi-national company respondents[5]. We offer a combination of market factors that few countries can boast. Aside from our large talented workforce of millions of people, very soon India will have the single largest domestic market within one set of national boundaries (our population will be 1.4 billion people by 2025).[6]

In addition, the Government has undertaken extensive revisions to existing land, labour, and insolvency laws. Indian states have been at the forefront of this transformation, quick to adopt single window systems and digitisation across all government departments; changes that are having a profound impact on the investor experience in India. These reforms are also aided by the very liberal FDI regime instituted by the government even in key sectors like defence, electronics manufacturing, pharmaceuticals, and renewable energy. As evidence of this, it is

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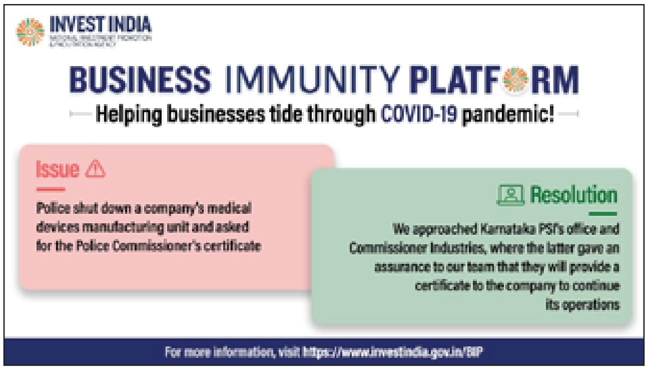

important to note that over 90 per cent of all FDI we received last year was under the automatic route, that is, it did not require government permissions. Nearly 50 per cent of those total investments came into greenfield projects further signalling the growing faith in India's future.

Our country is at an important inflection point. Every sector of our economy offers at least a billion-dollar opportunity for new and old investors alike. The investment landscape is not only tempting, but also secure. Governments both at the centre and state level have worked relentlessly to put the investor experience at the very centre of policy reform. Our competitive tax rates—15 per cent for new projects—offer unprecedented opportunity to establish both business profitability and viability. Furthermore, the Goods and Services Tax (GST) regime has brought overwhelming clarity to a tax system that was viewed as cumbersome and repelling. There is also now a land allocation system based on GIS[7]-enabled tracking which collates all industrial land resources in the country on a single platform and allows investors to explore available land across the country, providing them with all necessary details.

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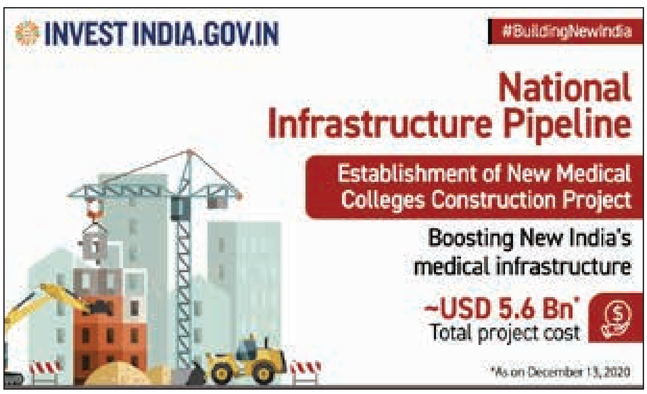
Yet more recently, the Government has expanded the highly successful Production Linked Incentives (PLI) Scheme to 13 crucial sectors to include energy, auto, textiles, pharma, and electronics, among others. This scheme, designed after extensive stakeholder collaboration, will play an important role in incentivising domestic manufacturing and upscaling of projects. The total budgetary outlay for the PLI scheme is INR 1.96 lakh crore (USD 26 billion) and on average 5 per cent of the production value is provided as an incentive. This means that the minimum production value in India as a result of the PLI schemes is expected to be around USD 520 billion within five years.

Developing a Robust Infrastructure

The PM recognises that supporting successful businesses takes more than policy and has taken measures to bridge that gap to propel us forward. Manufacturing is grounded in strong, cutting-edge and modern infrastructure. To achieve the target of a USD 5 trillion economy by 2024 and meet the demands of its entrepreneurial citizenship, India must rapidly develop and upgrade its infrastructure. The National Infrastructure Pipeline (NIP) launched in August 2020 will focus on this urgent national need. The NIP creates a fast-track institutional, regulatory



and implementation framework for infrastructure projects and benchmarks performance as per global best practices and standards. It will work towards ensuring that public infrastructure projects are efficient, inclusive, and disaster-resilient. The idea is to improve citizens' ease of living and provide equitable access to infrastructure and make economic growth more inclusive.

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India and the Path Forward

Under the ambitious and timely Aatmanirbhar Bharat Abhiyan, India is envisaged as a crucial nodal point in global supply chains, with a vast, skilled, and growing workforce and a large domestic market. Backward integration of global supply chains with local manufacturers and retailers will also provide a boost to Indian MSMEs and foster overall growth in the economy. Most crucially, Aatmanirbhar India is about resilience and decentralisation. The incentives thus provided and structures established will help us achieve the government's aim for a USD 5 trillion economy while driving all stakeholders within the country to work tirelessly towards creating one of the best business environments in the world.

With its huge population, India presents a massive opportunity in terms of demand and consumer base. With its stable macroeconomic reforms, it is also building a policy environment that will support industry and drive demand. Thus, with evolving policies, upgradation of infrastructure, easier access to clearances and a competitive tax regime, India is continuously redefining the definition of 'Ease of Doing Business'.

The pandemic has allowed India to successfully reimagine its role as a global economic force in the modern age. With its youthful outlook, dynamic energy, immense economic opportunity, and a proactive and visionary government, India is fast securing its place as an efficient, digitally-savvy, and welcoming destination for all businesses. ❑

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Diplomacy in Covid Times

Dr Rahees Singh

With the inclusion of phrases like "Forward Track", "Neighbourhood First", "Act East" and "Informal Diplomacy" in India's foreign policy, old barriers were broken resulting in adoption of India's traditional soft power as an important part of our diplomacy. India has been praised worldwide for the recent vaccine diplomacy where it is dispatching Covid-19 vaccines to the different parts of the world.

The Prime Minister established emotional contacts with the Indian community settled in far ends of the world with the help of soft power imbibed with Indian heritage like yoga and spiritualism. His idea behind this changeover was that instead of treading the values, regulations and interests formulated by other countries, India must make its own policies to suit its own values and interests. This was essential for India's self reliant (Aatmanirbhar) foreign policy in the real sense.

India Poised to Play a Major Role in World Economy

By adopting India-centric foreign policy during the last six years, we have been able to send a message to the world that India has a will and a capacity to define the priorities of the international system. From there itself, India broke many traditional barriers and prepared itself to stake its claim of "soft power of civilisation".

Today, as we talk on this topic, the world is facing the Covid-19 pandemic and is also passing through a phase of economic slowdown with an air of uncertainty. The idea of global policy idea is at such a crossroad where it is difficult to say as to who would be the focus of future world power. The way world unity seemed to be dwindling while dealing with the Covid-19 pandemic and the way international organisations appeared less-effective, a big question has come up as to whether the world would be able to move forward with the organisations, institutions and cooperation initiated during the World War II? Can we now move ahead with the concept of peaceful co-existence? And, in the present scenario, another question is raising its head

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and that is how far will India be successful in playing a decisive role in defining regulations for the international community?

India's Strengthening Position in Multilateral Institutions

India is succeeding in strengthening its position in multilateral institutions and groups. Actually, the foreign policy of India was founded according to the defined principles and values of our country; the objective was to safeguard our interests and widen those interests. During the Cold War, the world, divided in two blocks, had presented some doubts and challenges before India. Considering those India had opted for non-alignment which seemed a better option then. And after that, India's policy of non-alignment proved to be a true representative during the Cold War period.

Non-aligned movement advanced with peaceful activism during the Cold War and there had been some special achievements to its credit which the history would never forget. Fall of Soviet Union and breaking of Berlin Wall resulted in a collapse of bipolar world system, and a unipolar world system came into existence wherein America became the power centre. As such, it became necessary that India should change its traditional path and lay down a solid foundation for its foreign policy in accordance with the requirements in the new scenario. India started moving in this direction in 1990s. The then Prime Minister P.V. Narsimha Rao added a part of economic diplomacy in the traditional diplomacy which had to traverse in the direction of globalisation. After "Pokharan-2" during Vajpayee government, a new element of power got added into India's foreign policy. Thereafter, India advanced confidently and the world started thinking of India as a new nucleus of power. Today, after about 22 years of Pokharan-2, India is being acknowledged as one of the major Asian powers and as a global player.

Civilised Soft Power

If we see a special explanation contained in the pages of Indian history, it is clear that India is the geo-political nucleus of South Asia. Immediate neighbouring countries can play an effective role in making India weaker or stronger, then the gulf countries and East Asian countries which in a real sense are bordering states. PM Modi has accorded a special importance to this specific point in his foreign policy. He started his first tenure with "Diplomacy with Neighbourhood First." Under this policy, he not only tried to move ahead by taking along Bhutan, Nepal, Bangladesh, Sri Lanka and Maldives but also presented an example before the world through his "Heart to Heart Diplomacy" with Pakistan as well. It is a different tale that Pakistan did not traverse even a small distance in that direction with India. Consequently, after Pulwama, India not only gave a befitting reply to Pakistan's misadventure by carrying out a "surgical strike" in POK and also conveyed a message to the whole world that India would not desist from adopting the strategy of "physical response" against anti-India forces. Among India's neighbours, besides Pakistan, Nepal's communist regime under China's influence is continually

> 'Rafale' from France gave a new direction to Indian Air Force and the naval exercise 'Varun' concluded between the two countries strengthened the establishing of Indian presence in Indo-Pacific region. By carrying out a military exercise near Djibouti the two countries are showing that they are quite serious about their strategic partnership in the Indian Ocean.

neglecting the historical relations with India and India's sentiments but with all other neighbouring nations cooperation-based relations have been strengthened and India under its Neighbourhood Policy has been successful in moving ahead in the direction of improving connectivity, reviving of socio-religious relations, development and human assistance.

Towards Global Synergy

The Prime Minister, on one occasion, had also said that neighbours are not only those countries with whom our geographical borders meet but also those nations with whom our hearts meet. In other words, we do not want to limit ourselves now to only India Subcontinent or South Asia. With this in view, countries situated in Eastern and South East Asian regions are foremost followed by the countries of Middle East. Looking towards East, Trans-Pacific region comes first which is presently a part of Indo-Pacific Strategy.

Indo-Pacific Region

Indo-Pacific Region is sensitive not only from global strategic angle but is important for India too. In this region, on one side China is following the strategy of establishing monopolistic set-up on the strength of its defence power built on the basis of its economic strength and the US on the other side is trying to maintain its supremacy. Russia is the third player which wants to move forward on "Pivot to East" strategy. With this in mind, Russia had proposed to Japan sometime back to enter into an agreement on four controversial islands. However, Japan turned down the suggestion from Russia and now it is eyeing upon smaller countries in East Asia. Evaluating the whole situation, India is stressing on inclusive action. India has, therefore, tried to make an alliance with the US and Japan and also tried to maintain its traditional relations with Russia and China as well. For example, India played an active role in setting up the Strategic Quadrilateral (QUAD) in Indo-Pacific region on one hand and became a partner in BRICS and Shanghai Cooperation Organisation on the other hand. This is just the result of the Prime Minister's Strategic Dynamics with America and Japan in Indo-Pacific region through its Act East policy and so also attained a gateway for European market by becoming a member of Shanghai Cooperation Organisation.

Washington-Beijing-Moscow triangle has been extremely important for India's foreign policy since the very beginning. India has been incorporating changes and making amendments in its foreign policy in order to adjust to the changing equilibrium in this triangle. One of the focal points of India's foreign policy is China. The reason for this being that China keeps posing challenges before India by following an expansionist policy through countering India's power in the Indian subcontinent and keeps playing new soft power war games. There are also some reasons for China's success. Firstly, because of China's increasing military power based on its expanding economic activities in Pacific region has provided an edge over other countries of the region. The cheque-book diplomacy of China has turned the smaller countries in this region almost as its colonies on the basis of which it has been able to provide enough strength to its maritime strategy and defence bridge strategy. Secondly, success in construction of China-Pakistan economic corridor from Kashgar to Gwadar and building of Great Divide of New Maritime Silk Route to provide a practical shape in Indian subcontinent to the String of Pearls policy and Belt and Road Initiative under the Grand

India's trade and energy security is closely connected with the security of Hormuz Water Treaty and Bab-el-Mandeb strait. India has taken part in naval exercises with many gulf countries including Kuwait, Yemen, Bahrain, Saudi Arabia, Qatar, UAE and Djibouti.

Maritime Policy in the Indian Ocean. China's military misadventures in Doklam and Galwan were probably the most serious border situations since 1962. At present, tension between the two countries seems to be the most complex and difficult in the history and as of now there appears no hope of a positive response from China. In this situation, India needs to advance a few more steps towards Russia and Europe besides going towards the US.

But can we expect some special hope from Europe? Having dominated as a super power for a long era, Europe is a victim of internal contradictions. It appears to be caught in a dragnet of challenges posed by refugee problem, economic imbalance, idealism versus nationalism clash and Islamic terrorism and is in no way looking to be coming out of this complex situation. The conditions developed in Europe after the "Merkozy Effect" (Angela Merkel and Serkozy economic theory) have weakened the bonding between France and Germany and a leakage in European Union have become visible now. Brexit has shown that European Union is no more a reflection of optimum unity. Over and above this, now this message is also going out that strong phrases like "Globalisation" and "Liberalisation" which had affected not only the economy but the complete lifestyle are now gradually fading out in the category of prohibitive "taboos" and phrases like "protectionism", "nationalism", and "aggressive nationalism" and "post truth" are being re-coined to replace those phrases. Brexit represents this change. As such, there will be a need to define the relations with the European Union afresh.

So far as Britain is concerned, quite possibly the process of building "two great nations, one glorious future" would continue without any change whatsoever. Similarly with France, relations based on reciprocity were encouraged. '*Rafale*' from France gave a new direction to Indian Air Force and the naval exercise '*Varun*' concluded between the two countries strengthened the establishing of Indian presence in Indo-Pacific region. By carrying out a military exercise near Djibouti (where China is building its new military base), the two countries are showing that they are quite serious about their strategic partnership in the Indian Ocean. Germany and Nordic countries were seeing potential in India but Covid pandemic put a stop on that. Overall, there has been an initiative to strengthen the relations between India and EU but the challenge is to maintain the present pace.

Now, let us see the Middle East which has always been the nucleus of geopolitical activism but has proved to be more complex and violent during the last two decades. India has succeeded in establishing comprehensive partnership relations with the countries of this region in the previous six years. India's trade and energy security is closely connected with the security of Hormuz Water Treaty and Bab-el-Mandeb strait. India has taken part in naval exercises with many gulf countries including Kuwait, Yemen, Bahrain, Saudi Arabia, Qatar, UAE and Djibouti. During this period, the Indo-Saudi Arabia relations touched a new height which mainly was due to the major role of the

Prime Minister's personal diplomacy. Presentation of their highest civilian awards by Saudi Arabia and Bahrain to PM Modi stands a testimony to this. Saudi Arabia is not only the home of Islam and the Arab-Islamic world leader but around 2 million Indians also live in that country out of which many Indians are in higher positions.

India already has a non-military nuclear pact with Russia and she is trying to enter into NSG, MTCR, Australia group and Wassennar Arrangement. These groups regulate traditional, nuclear, biological and chemical weapons.

Earlier, India's relations with this region were limited to complex issues like NRI laborers and crude oil but now we have overcome these problems. Actually, the countries of this region know that India does not want to impose itself over any other country. India wants to maintain relations based on equality with all and that is why she is taking initiatives to improve bilateral relations with Western countries.

Inclusion of African continent in India's foreign policy is quite important. India has been following the policy of Afro-Asian Brotherhood for a long time and now except BRICS and IBSA, India has cordial relations with the African Union. But, India still needs to follow such measures as it would help the partnership of India and the African countries to benefit from the potential capabilities. From this angle PM Modi's diplomacy with the coastal countries proved to be extremely decisive, especially with Seychelles. It is also possible that Seychelles-Chabahar may emerge as an alternative to Gwadar-Djibouti Connect and India may succeed in Blue Water Diplomacy.

While studying foreign policy, this topic is of a big importance as to where does India stand in the Global Multilateral Order. If we closely observe, it will be found that between the year 2014 to the year 2020, India might have not got entry into the Nuclear Suppliers Group but in Missile Technology Control Regime Club (MTCR), India succeeded in getting entry before China.

India's membership in MTCR was its first entry in any multilateral export control system after which India would be able to purchase higher level missile technology and its joint venture with Russia would also get a boost. India already has a non-military nuclear pact with Russia and she is trying to enter into NSG, MTCR, Australia group and Wassennar Arrangement. These groups regulate traditional, nuclear, biological and chemical weapons. After the US back out from Paris Agreement of 2017, India has emerged as an example for other developing nations in this regard. India is presenting standard of environmental policies along with development requirements before them. In this direction, International Solar Alliance, headquartered in Gurugram, is very important which was launched on the initiative of PM Modi in November 2015. The objective of this alliance is to aid in implementation of Paris Climate Agreement. This is a first agreement-based international intergovernmental organisation which is fully or partly situated between Tropics of Cancer and Capricorn. In a nutshell, the traditional conventional elements of India's foreign policy have become ineffective and stress on practical initiative in external affairs has increased. The speed at which the world system is changing requires India to find answers to many questions at structured, institutional and ideological levels so that a strategy to counter and pre-empt the future challenges could be chalked out in advance. India needs to tell that she is in the process of becoming a world power and has a capability to define priority of international system. ❑

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...Continued from Cover II

Budget in Parliament. A sum of Rs. 24,435 crore has been set aside for the Women and Child Development (WCD) Ministry for the next fiscal in the Budget, a 16.31 per cent increase over the financial year 2020-21. Out of Rs. 24,435 crore, the highest amount has been allocated to the newly announced Saksham Anganwadi and Mission Poshan 2.0 scheme with Rs. 20,105 crore. Poshan 2.0 scheme, an umbrella scheme covering the Integrated Child Development Services (ICDS), Anganwadi Services, Poshan Abhiyan, Scheme For Adolescent Girls and the National Creche Scheme. Mission Vatsalya (Child Protection Services and Child Welfare Services) has been allocated Rs. 900 crore. Mission Shakti (mission for protection and empowerment of women) has been allocated Rs. 3109 crore. Mission Shakti has the following components: SAMBHAL (One Stop Centre, Mahila Police Volunteer, Women's Helpline/Ujjawala, Widow Homes, etc) and SAMARTHYA (Beti Bachao Beti Padhao, Creche, Pradhan Mantri Matru Vandana Yojana, Gender Budgeting, Research, Skilling, Training, etc). The budget of the Women and Child Development Ministry's autonomous bodies – National Institute of Public Cooperation and Child Development (NIPCCD), Central Adoption Resource Agency (CARA), National Commission for Protection of Child Rights (NCPCR), National Commission for Women and Central Social Welfare Board – have been increased in Budget 2021.

Pradhan Mantri Ujjwala Yojana

Another Budget announcement which directly benefits women is the proposal to add one crore more women under the Pradhan Mantri Ujjwala Yojana (PMUY). The scheme was launched by Prime Minister Narendra Modi on May 1, 2016, to distribute five crore LPG connections to women of Below Poverty Line families to promote a smoke-free rural India. The target was later revised to providing a free gas connection to eight crore women by March 2020. Now, the Finance Minister aims to bring one crore more women under this scheme. The government also plans to add 100 more districts in next three years to the City Gas Distribution network, which will be beneficial to urban women.

Jal Jeevan Mission (Urban)

Furthermore, the universal coverage of water supply is expected to reduce women's drudgery and time spent on household labour and care work. The Jal Jeevan Mission (Urban) aims at universal water supply in all 4,378 Urban Local Bodies with 2.86 crore household tap connections, as well as liquid waste management in 500 AMRUT cities. It will be implemented over five years, with an outlay of Rs. 2,87,000 crore.

All three schemes are set to benefit women the most given that it is women who suffer the most in the absence of these facilities.

OPPORTUNITIES IN GIG ECONOMY

For women professionals and semi-skilled workers, the gig economy, especially digital platforms, is a game changer. The flexible working norms make it easy for women to balance their traditional roles with work, though remuneration may not be that fulfilling. The extension of social security benefits to the gig economy is a path-breaking initiative that has the potential to provide flexi-work opportunities to millions of women. The Budget also indirectly recognises the fact that women will increasingly be ready to be upskilled for future work opportunities which are more likely to be in digital platforms.

Allowing Women to Work Across Sectors and in Night Shifts

The Budget proposal to let women work in all sectors and also in night shifts can boost gender diversity in workplaces, and see increased participation of women in sectors such as manufacturing and engineering.

Textile and Tea Industries: Big-time Employers of Women

With the government announcing seven Mega Investment Textiles Parks (MITRAs) and Production Linked Incentive (PLI) Scheme in the Budget, so as to enable the textile industry to become globally competitive and attract large investments, it throws open new employment opportunities for women. The announcement of Rs. 1,000 crore for the welfare of tea workers, especially women and their children in Assam and West Bengal is a welcome step given that women constitute close to 60 per cent of tea pluckers in the industry.

The need of the hour is Aatmanirbharta. The proposed Budget initiatives and investments across sectors and schemes have the potential to re-orient the lives of millions of women. An empowered women population, ready to make the most of new opportunities, is the vision of a new India. ❑

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