

## E-JOURNAL FOR THE MONTH OF FEBRUARY 2021

### UNION BUDGET 2021-2022



#### INTRODUCTION

**According to Article 112 of the Indian Constitution, the Union Budget of a year, also referred to as the Annual Financial Statement, is a statement of the estimated receipts and expenditure of the government for that particular year.**

The Union Budget of India for 2020–2021 was presented by the Finance Minister, Nirmala Sitharaman on 1 February 2020, as her second budget. This is the second budget of Narendra Modi-led NDA government's second term. The Economic Survey for 2019–2020 was released on 31 January 2020, a day before the budget. Before the budget speech the report of the 15th Finance Commission was tabled by the Finance Minister.

The central ideas of the Budget are "Aspirational India, Economic development, A Caring Society". These three broad themes are connected by governance that is corruption free and a financial sector that is clean and sound.

Finance Minister Nirmala Sitharaman read out a Kashmiri poem during the budget speech in the Parliament, a Tamil Poet by Thiruvalluvar and a verse from the Sanskrit work Raghuvamsam as well as a French phrase. Some of the aims announced were "improving digital governance, physical quality of life, disaster resilience and social security reach". At 2 hours and 41 minutes, the budget speech was the longest ever delivered by a Finance Minister of India. Nirmala Sitharaman is also only the second woman to present the budget for a second time after Indira Gandhi.

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.

The Budget 2020-21, we could not have imagined that the global economy, already in throes of a slowdown, would be pushed into an unprecedented contraction.

We could not have also imagined then that our people as those in other countries would have to endure the loss of near and dear ones and suffer hardships brought about due to a health crisis. The risk of not having a lockdown was far too high.

Within 48 hours of declaring a three-week-long complete lockdown, the Prime Minister announced the Pradhan Mantri Garib Kalyan Yojana, valued at ₹2.76 lakh crores— this provided, free food grain to 800 million people, free cooking gas for 80 million families for months, and cash directly to over 400 million farmers, women, elderly, the poor and the needy.

Even as a large section of citizens stayed home, milk, vegetable, and fruit-suppliers, health and sanitary workers, truck drivers, railways and public transport workers, bank employees, electricity workers, our *annadatas*, police, firemen, and the armed forces, all had to go about their work as normal, but with the additional anxiety of the virus hanging over them. Finance Minister expressed her heartfelt gratitude to these men and women, for how they were able to carry out their work and duty, to provide for the nation's basics, over those crucial months.

The government, led by the Prime Minister, stretched its resources to deliver for most vulnerable sections of our society – the poorest of the poor, the Dalit's, Tribal, the elderly, the migrant workers, and our children. The PMGKY, the three ANB packages, and announcements made later were like five mini-budgets in themselves.

The Atma Nirbhar Packages accelerated our pace of structural reforms. Redefinition of MSMEs, Commercialization of the Mineral Sector, Agriculture and Labor Reforms, Privatization of Public Sector Undertakings, One Nation One Ration Card, and Production Linked Incentive Schemes are some of the notable reforms carried out during this period and Financial Inclusion are the others.

Honorable Prime Minister launched the vaccination drive by crediting and thanking our scientists. We are ever grateful for the strength and rigor of their efforts. Having said that, we are all reminded time and again that our fight against COVID-19 continues into 2021. This Budget provides every opportunity for our economy to raise and capture the pace that it needs for sustainable growth. 2021 is the year of many important milestones for our history. He also mention a few of these: It is the 75<sup>th</sup> year of Independence; 60 years of Goa's accession to India; 50 years of the 1971 India-Pakistan War; it will be the year of the 8th Census of Independent India; it will also be India's turn at the BRICS Presidency; the year for our Chandrayaan-3 Mission; and the HaridwarMahaKumbh.

## **What was the theme of Union Budget 2020 to 2021?**

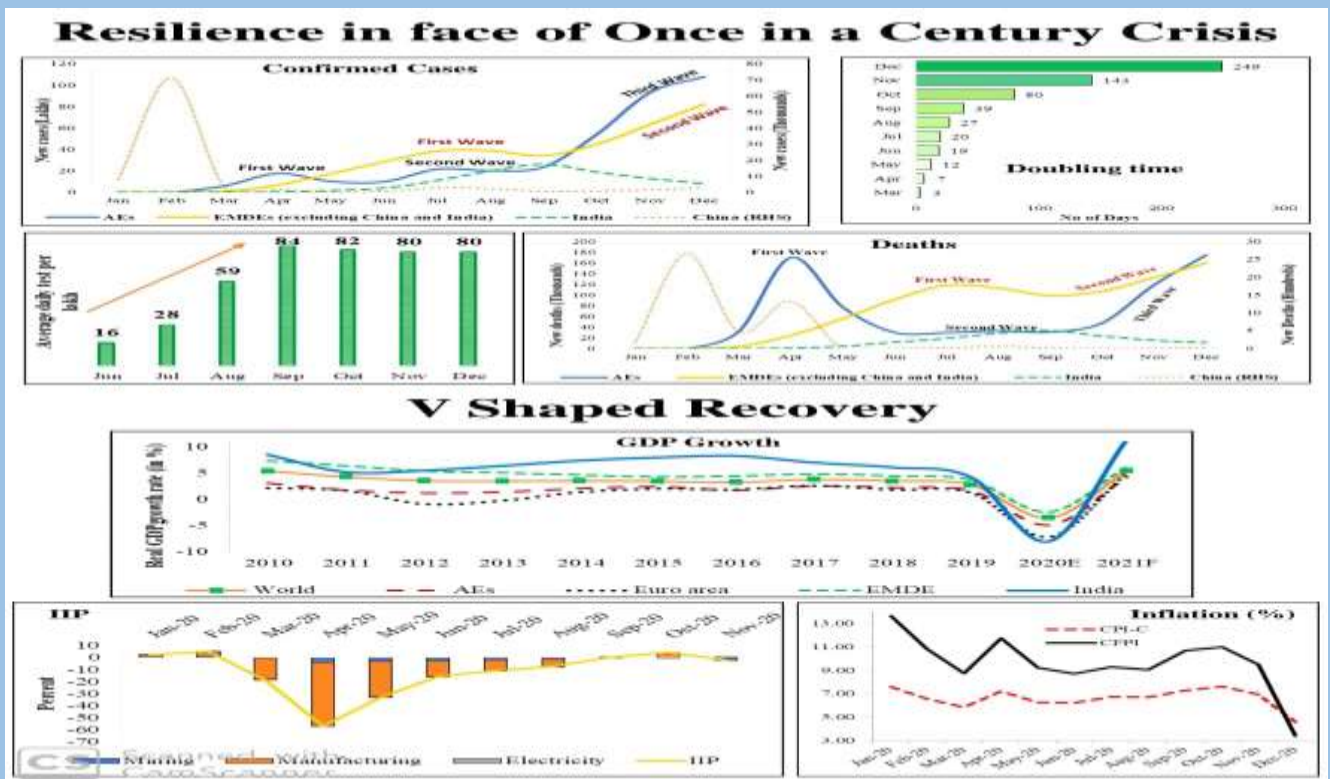
The budget is woven around three prominent themes: Aspirational India in which all sections of the society seek better standards of living, with access to health, education and better jobs. Economic development for all, indicated in the Prime Minister's exhortation of “SabkaSaath, SabkaVikas, SabkaVishwas”.

## **Objectives of Budget-2021**

The budget highlights 16-action points which cover almost all aspects of the agriculture and allied activities sector.

- There remains a high disconnect between the agricultural output and low farmer income due to supply bottlenecks.
- The budget aims to provide support for an end-to-end value chain and puts emphasis on warehouse storage and development. Significant attention has been given to the development of the blue economy and through that, India's coastal regions.
- The move to create a cold supply chain, and launching refrigerated coaches with the help of Indian Railways is a welcome move towards improving the shelf-life of perishable produce. This budget recognizes the need to keep pace with frontier technologies.
- Service sectors constitute a major share of the economy and these steps are sure to boost growth in these areas, especially the IT services.
- Reallocation of Resources: There are various economic activities which the private sector does not find profitable as a result of which it fails to achieve the desired social objectives. The government has to interfere in these sectors through the budget. A few examples of such sectors are health, education, infrastructure etc.
- Reduction of Inequality: Since the 1990s, there has been growth in inequality of income and wealth in India. The taxes and subsidies in the Union budget can be used to reduce this inequality.
- Reduction in Poverty: Though India has emerged as an economic superpower in the past few decades, the poverty level rate remains high. The Union Budget must consist of strategies and programmes to alleviate poverty through various schemes and programmes.
- Management of Public Sector Enterprises: In the mixed economy model adopted in India, the government owns some public sector enterprises such as railways, electricity etc. The budget must have policies for the optimum operation of these public sector enterprises.
- Economic Stability: Low unemployment, high economic growth and low inflation must be sought to be achieved by the policies outlined in the budget.

- Reducing Regional Disparities: There exists much regional disparity in development in India. While some urban areas have emerged as engines of growth, hinterlands are lagging far behind. The budget must have policies to ensure inclusive development to bridge the divide.
- Focusing on rebuilding India, this is a very positive budget for the industry as the PLI scheme will accelerate growth and encourage global manufacturing companies to create large-scale employment in production and allied areas like product development.
- The Union Budget aids the Government of India to analyze the problems of the past fiscal year and accordingly bring out solutions that will result in the fast and all-inclusive economic growth of our country.

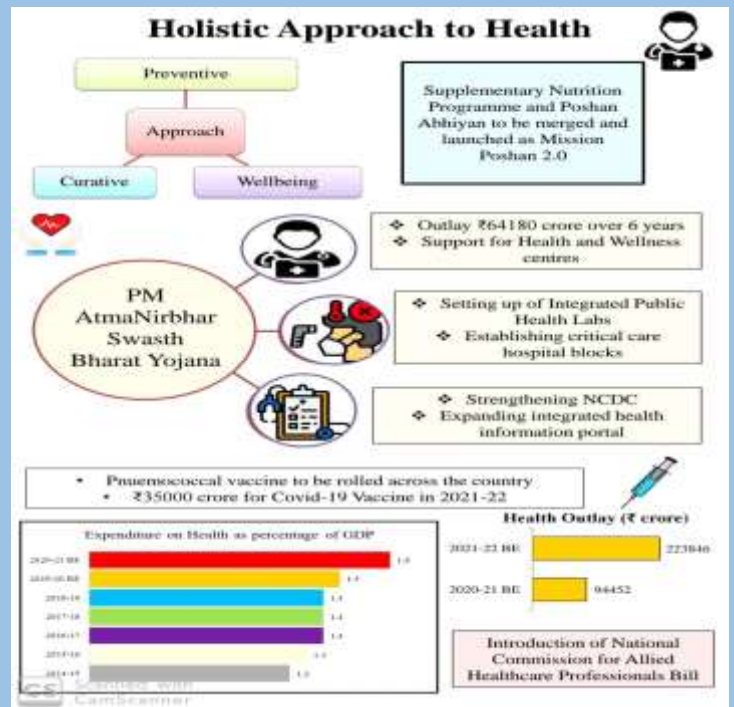


### Highlight of Union Budget 2021-22

1. Health and Wellbeing
2. Physical & Financial Capital, and Infrastructure
3. Inclusive Development for Aspirational India
4. Reinvigorating Human Capital
5. Innovation and R&D
6. Minimum Government and Maximum Governance

## HEALTH AND WELLBEING:

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



- ♦ Vaccines: Rs. 35,000 crores for COVID-19 vaccine in BE 2021-22

The Made-in-India Pneumococcal

Vaccine to be rolled out across the country, from present 5 states – to avert 50,000 child deaths annually

### ♦ Health Systems

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

- 9 Bio-Safety Level III laboratories

◆ Nutrition:

Mission Poshan 2.0 to be launched

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

◆ Universal Coverage of Water Supply:

Rs. 2,87,000 crores over 5 years for Jal Jeevan Mission (Urban) – to be launched with an aim to provide:

- 2.86 crores household tap connections
- Universal water supply in all 4,378 Urban Local Bodies
- Liquid waste management in 500 AMRUT cities

◆ Swachh Bharat/Swasth Bharat:

Rs. 1,41,678 crores over 5 years for Urban Swachh Bharat Mission 2.0. Main interventions under this scheme is

- Complete faecal sludge management and waste water treatment
- Source segregation of garbage
- Reduction in single-use plastic
- Reduction in air pollution by effectively managing waste from construction-and-demolition activities
- Bio-remediation of all legacy dump sites

◆ Clean Air:

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

◆ Scrapping Policy:

Voluntary vehicle scrapping policy to phase out old and unfit vehicles 1' Fitness tests in automated fitness centers:

- After 20 years in case of personal vehicles
- After 15 years in case of commercial vehicles



## PHYSICAL AND FINANCIAL CAPITAL AND INFRASTRUCTURE:

◆ Production Linked Incentive scheme (PLI) Rs. 1.97 lakh crores in next 5 years for PLI schemes in 13 Sectors

- To create and nurture manufacturing global champions for an AatmaNirbhar Bharat
- To help manufacturing companies become an integral part of global supply chains, possess core competence and cutting-edge technology
- To bring scale and size in key sectors
- To provide jobs to the youth

◆ Textiles

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

◆ Infrastructure

National Infrastructure Pipeline (NIP) expanded to 7,400 projects. Around 217 projects worth 1.10 lakh crores completed

Measures in three thrust areas to increase funding for NIP:

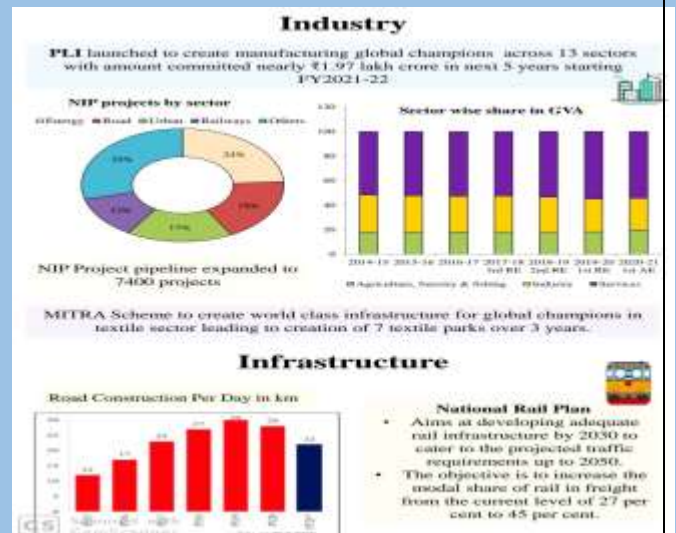
- i. Creation of institutional structures
- ii. Big thrust on monetizing assets
- iii. Enhancing the share of capital expenditure

i. Creation of Institutional Structures: Infrastructure Financing:

- i. Rs. 20,000 crores to set up and capitalize a Development Financial Institution (DFI) – to act as a provider, enabler and catalyst for infrastructure financing
- ii. 5 lakh crores lending portfolio to be created under the proposed DFI in 3 years
- iii. Debt Financing by Foreign Portfolio Investors to be enabled

ii. Big Thrust on Monetizing Assets

- National Monetization Pipeline to be launched
- Important asset monetization measures:



- 5 operational toll roads worth Rs. 5,000 crores being transferred to the Nativity
- Transmission assets worth Rs. 7,000 crores to be transferred to the PGCILInvIT
- Dedicated Freight Corridor assets to be monetized by Railways, for operations and maintenance, after commissioning
- Next lot of Airports to be monetized for operations and management concession
- Other Core Infrastructure Assets to be Rolled Out Under the Asset Monetization Programme:
  - Oil and Gas Pipelines of GAIL, IOCL and HPCL
  - AAI Airports in Tier II and III cities
  - Other Railway Infrastructure Assets
  - Warehousing Assets of CPSEs such as Central Warehousing Corporation and NAFED
  - Sports Stadiums

### iii. Sharp Increase in Capital Budget

- Rs. 5.54 lakh crores capital expenditure in BE 2021-22 – sharp increase of 34.5% over Rs. 4.12 lakh crores allocated in BE 2020-21
- Over Rs. 2 lakh crores to States and Autonomous Bodies for their Capital Expenditure.
- Over Rs. 44,000 crores for the Department of Economic Affairs to provide for projects/programs/departments exhibiting good progress on Capital Expenditure

### ◆ Roads and Highways Infrastructure

- Rs. 1,18,101 lakh crores, highest ever outlay, for Ministry of Road Transport and Highways – of which Rs. 1,08,230 crores is for capital
- Bharatmala Pariyojana:
  - Under the Rs. 5.35 lakh crores Bharatmala Pariyojana, more than 13,000 km length of roads worth Rs. 3.3 lakh crores awarded for construction:
  - 3,800 km have already been constructed
  - Another 8,500 km to be awarded for construction by March 2022
  - Additional 11,000 km of national highway corridors to be completed by March 2022
- Economic Corridors being Planned:
  - Rs. 1.03 lakh crores outlay for 3,500 km of NHs in Tamil Nadu
  - Rs. 65,000 crores investment for 1,100 km of NHs in Kerala
  - Rs. 25,000 crores for 675 km of NHs in West Bengal



- Over Rs. 34,000 crores to be allocated for 1300 km of NHs to be undertaken in next 3 years in Assam, in addition to Rs. 19,000 crores works of NHs currently in progress in the State
- Flagship Corridors/Expressways:
  - Delhi-Mumbai Expressway – Remaining 260 km to be awarded before 31.3.2021
  - Bengaluru-Chennai Expressway – 278 km to be initiated in the current FY; construction to begin in 2021-22
  - Kanpur-Lucknow Expressway – 63 km expressway providing an alternate route to NH 27 to be initiated in 2021-22
  - Delhi-Dehradun economic corridor – 210 km to be initiated in the current FY; construction to begin in 2021-22
  - Raipur-Vishakhapatnam – 464 km passing through Chhattisgarh, Odisha and North Andhra Pradesh, to be awarded in the current year; construction to start in 2021-22
  - Chennai-Salem corridor – 277 km expressway to be awarded and construction to start in 2021-22
  - Amritsar-Jamnagar – Construction to commence in 2021-22
  - Delhi-Katra – Construction will commence in 2021-22
- Advanced Traffic Management System:
  - Speed radars
  - Variable message signboards
  - GPS enabled recovery vans will be installed

#### ◆ Railway Infrastructure

Rs. 1,10,055 crores for Railways of which Rs. 1,07,100 crores are for capital expenditure

- National Rail Plan for India (2030): to create a future ready“ Railway system by 2030 100% electrification of Broad-Gauge routes to be completed by December, 2023. Broad Gauge Route Kilometers (RKM) electrification to reach 46,000 RKM, i.e. 72% by end of 2021. Western Dedicated Freight Corridor (DFC) and Eastern DFC to be commissioned by June 2022, to bring down the logistic costs – enabling Make in India strategy
- Additional Initiatives Proposed: The Sonnagar-Gomoh Section (263.7 km) of Eastern DFC to be taken up in PPP mode in 2021-22; and Future dedicated freight corridor projects.
- East Coast corridor from Kharagpur to Vijayawada
- East-West Corridor from Bhusaval to Kharagpur to Dankuni
- North-South corridor from Itarsi to Vijayawada.

- Measures for passenger convenience and safety: Aesthetically designed Vista Dome LHB coach on tourist routes for better travel. High density network and highly utilized network routes to have an indigenously developed automatic train protection system, eliminating train collision due to human error

#### ◆ Urban Infrastructure

Raising the share of public transport in urban areas by expansion of metro rail network and augmentation of city bus service Rs. 18,000 crores for a new scheme, to augment public bus transport: Innovative PPP models to run more than Rs. 20,000 buses. To boost automobile sector, provide fillip to economic growth, create employment opportunities for our youth. A total of 702 km of conventional metro is operational and another 1,016 km of metro and RRTS is under construction in 27 cities ‘Metro Lite’ and ‘MetroNeo’ technologies to provide metro rail systems at much lesser cost with similar experience in Tier-2 cities and peripheral areas of Tier-1 cities. Central counterpart funding to:

- a. Kochi Metro Railway Phase-II of 11.5 km at a cost of Rs. 1957.05 crores
- b. Chennai Metro Railway Phase –II of 118.9 km at a cost of Rs. 63,246 crores
- c. Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of Rs. 14,788 crores
- d. Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of Rs. 5,976 crores and Rs. 2,092 crores respectively.

#### ◆ Power Infrastructure

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

#### ◆ Ports, Shipping, Waterways:

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

#### ◆ Petroleum & Natural Gas:

Extension of Ujjwala Scheme to cover 1 crores more beneficiaries

- To add 100 more districts to the City Gas Distribution network in next 3 years
- A new gas pipeline project in J&K

- An independent Gas Transport System Operator to be set up for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis

#### ◆ Financial Capital

- ❖ A single Securities Markets Code to be evolved
- ❖ Support for development of a world class Fin-Tech hub at the GIFT-IFSC
- ❖ A new permanent institutional framework to help in development of Bond market by purchasing investment grade debt securities both in stressed and normal times
- ❖ Setting up a system of Regulated Gold Exchanges: SEBI to be notified as a regulator and Warehousing Development and Regulatory Authority to be strengthened
- ❖ To develop an investor charter as a right of all financial investors
- ❖ Capital infusion of Rs. 1,000 crores to Solar Energy Corporation of India and Rs. 1,500 crores to Indian Renewable Energy Development Agency
- ❖ Increasing FDI in Insurance Sector: To increase the permissible FDI limit from 49% to 74% and allow foreign ownership and control with safeguards
- ❖ Stressed Asset Resolution: Asset Reconstruction Company Limited and Asset Management Company to be set up
- ❖ Recapitalization of PSBs: Rs. 20,000 crores in 2021-22 to further consolidate the financial capacity of PSBs
- ❖ Deposit Insurance: Amendments to the DICGC Act, 1961, to help depositors get an easy and time-bound access to their deposits to the extent of the deposit insurance cover.

Minimum loan size eligible for debt recovery under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 proposed to be reduced from Rs. 50 lakhs to Rs. 20 lakhs for NBFCs with minimum asset size of Rs. 100 crores

#### ◆ Company Matters

To decriminalize the Limited Liability Partnership (LLP) Act, 2008. Easing Compliance requirement of Small companies by revising their definition under Companies Act, 2013 by increasing their thresholds for Paid up capital from “not exceeding Rs. 50 Lakh” to “not exceeding Rs. 2 Crores” and turnover from “not exceeding Rs. 2 Crores” to “not exceeding Rs. 20 Cr”.

#### ◆ Promoting Start-Ups and Innovators by Incentivizing The Incorporation of One Person Companies (OPCS):

- Allowing their growth without any restrictions on paid up capital and turnover
- Allowing their conversion into any other type of company at any time,

- Reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and
- Allowing Non Resident Indians (NRIs) to incorporate OPCs in India.
- Introduction of alternate methods of debt resolution and special framework for MSMEs
- Launch of data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0 in 2021-22

#### ◆ Disinvestment and Strategic Sale

- ❖ Rs. 1,75,000 crores estimated receipts from disinvestment in BE 2020-21
- ❖ Strategic disinvestment of BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited etc. to be completed in 2021-22.
- ❖ Other than IDBI Bank, two Public Sector Banks and one General Insurance company to be privatized
- ❖ IPO of LIC in 2021-22
- ❖ New policy for Strategic Disinvestment approved; CPSEs except in four strategic areas to be privatized
- ❖ NITI Aayog to work out on the next list of CPSEs to be taken up for strategic disinvestment
- ❖ Incentivizing States for disinvestment of their Public Sector Companies, using central funds
- ❖ Special Purpose Vehicle in the form of a company to monetize idle land
- ❖ Introducing a revised mechanism for ensuring timely closure of sick or loss making CPSEs

#### ◆ Government Financial Reforms

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

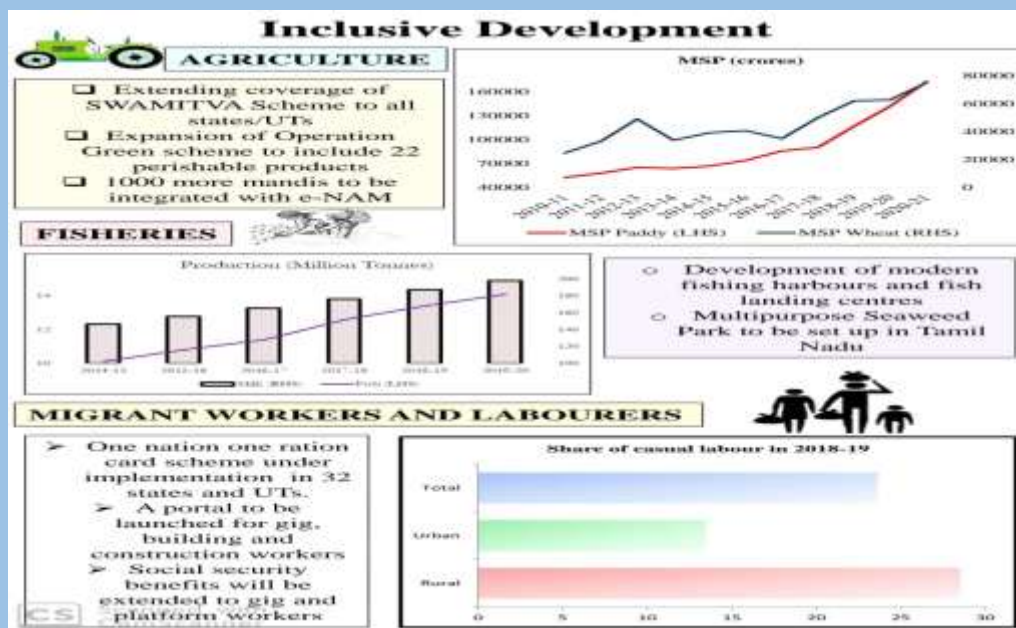
#### ◆ Agriculture:

- ❖ Ensured MSP at minimum 1.5 times the cost of production across all commodities.
- ❖ With steady increase in the procurement, payment to farmers increased as under:  
(in Rs. crores)

	2013-14	2019-20	2020-21
Wheat	Rs. 33,874	Rs. 62,802	Rs. 75,060
Rice	Rs. 63,928	Rs. 1,41,930	Rs. 172,752

Pulses	Rs. 236	Rs. 8,285	Rs. 10,530
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- ❖ SWAMITVA Scheme to be extended to all States/UTs, 1.80 lakh property-owners in 1,241 villages have already been provided cards
- ❖ Agricultural credit target enhanced to Rs. 16.5 lakh crores in FY22 – animal husbandry, dairy, and fisheries to be the focus areas
- ❖ Rural Infrastructure Development Fund to be enhanced to Rs. 40,000 crores from Rs. 30,000 crores
- ❖ To double the Micro Irrigation Fund to Rs. 10,000 crores
- ❖ ‘Operation Green Scheme’ to be extended to 22 perishable products, to boost value addition in agriculture and allied products
- ❖ Around 1.68 crores farmers registered and Rs. 1.14 lakh crores of trade value carried out through e-NAMs; 1,000 more mandis to be integrated with e-NAM to bring transparency and competitiveness.
- ❖ APMCs to get access to the Agriculture Infrastructure Funds for augmenting infrastructure facilities



◆ **Fisheries:**

Investments to develop modern fishing harbors and fish landing centers – both marine and inland 5 major fishing harbors – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat to be developed as hubs of economic activity

Multipurpose Seaweed Park in Tamil Nadu to promote seaweed cultivation

### ◆ Migrant Workers and Laborers

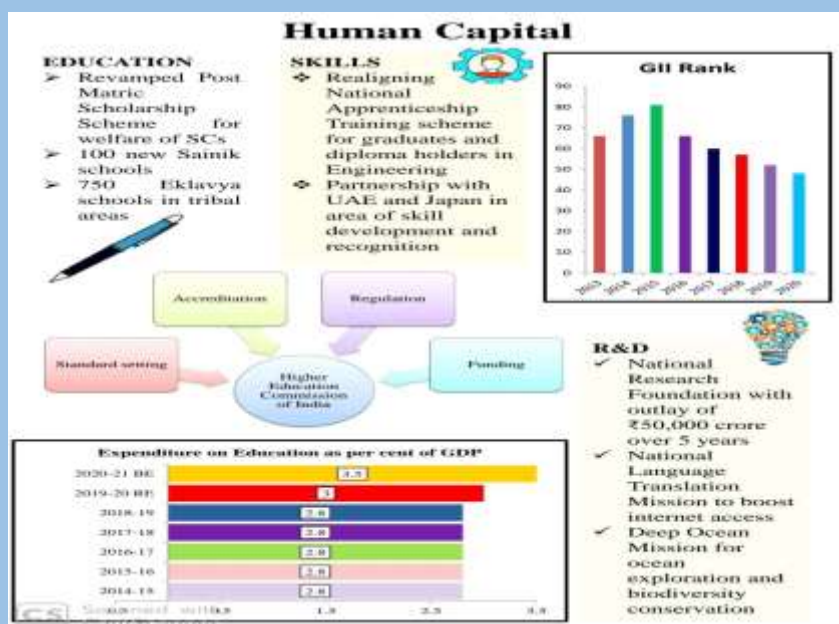
- One Nation One Ration Card scheme for beneficiaries to claim rations anywhere in the country – migrant workers to benefit the most
- Scheme implementation so far covered 86% of beneficiaries across 32 States and UTs
- Portal to collect information on unorganized labour force and migrant workers especially,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

### ◆ Financial Inclusion

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

### **REINVIGORATING HUMAN CAPITAL:**

The Finance Minister said that the National Education Policy (NEP) announced recently has had good reception, while adding that more than 15,000 schools will be qualitatively strengthened to include all



components of the National Education Policy. She also announced that 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states. She also proposed to set up a Higher Education Commission of India, as an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and



funding. For accessible higher education in Ladakh, Government proposed to set up a Central University in Leh.

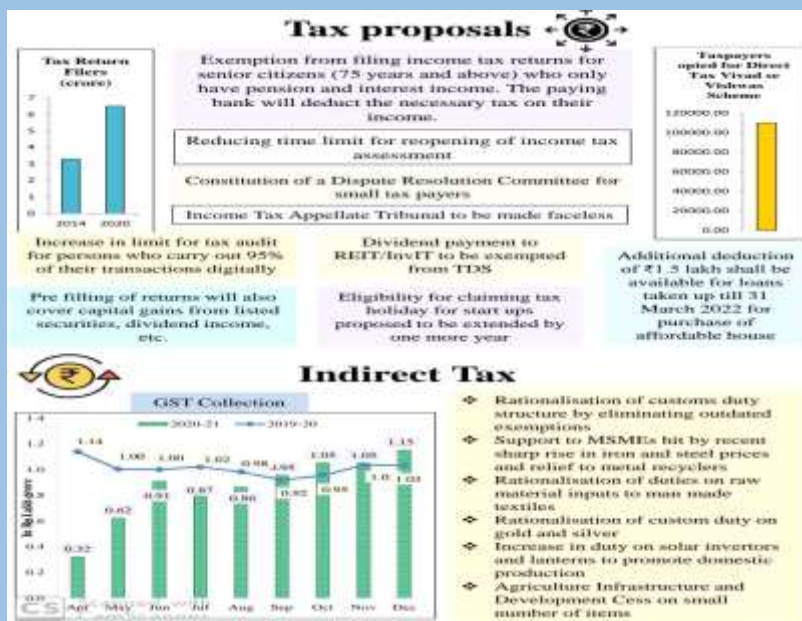
◆ Scheduled Castes and Scheduled Tribes Welfare

Government has set a target of establishing 750 Eklavya model residential schools in tribal areas with increase in unit cost of each such school from Rs. 20 crores to Rs. 38 crores, and for hilly and difficult areas, to Rs. 48 crores. Similarly, under the revamped Post Matric Scholarship Scheme for the welfare of Scheduled Castes, the Central Assistance was enhanced and allocated Rs. 35,219 crores for 6 years till 2025-2026, to benefit 4 crores SC students.

◆ Skilling

An initiative is underway, in partnership with the United Arab Emirates (UAE), to benchmark skill qualifications, assessment, and certification, accompanied by the deployment of certified workforce. The Government also has a collaborative Training Inter Training Programme (TITP) between India and Japan to facilitate transfer of Japanese industrial and vocational skills, technique, and knowledge and the same would be taken forward with many more countries.

**INNOVATION AND RESEARCH AND DEVELOPMENT:**



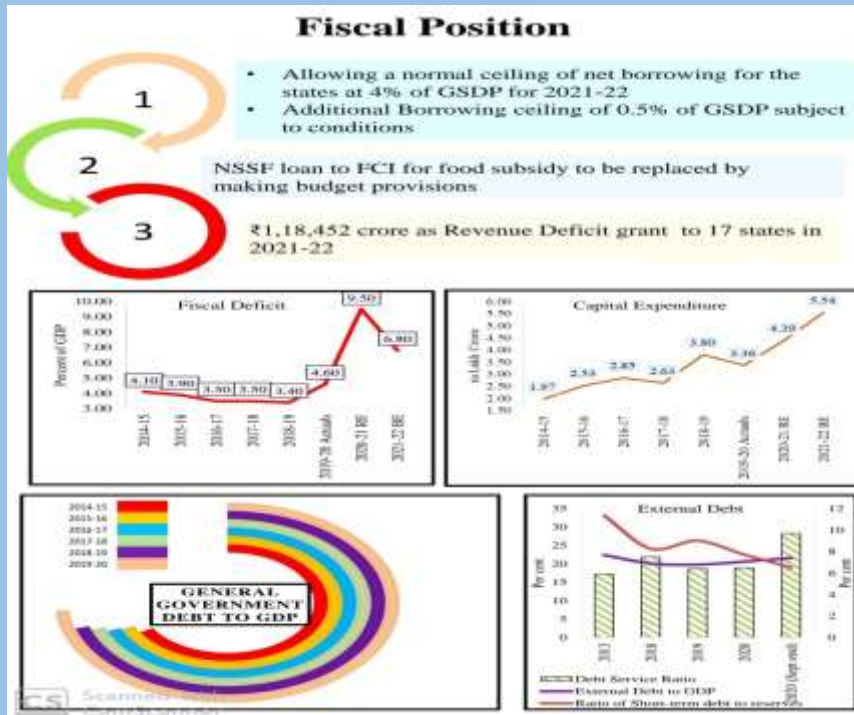
- Modalities of National Research Foundation announced in July 2019 – Rs. 50,000 crore outlay over 5 years
- To strengthen overall research ecosystem with focus on national-priority thrust areas
- Rs. 1,500 crores for proposed scheme to promote digital modes of payment
- National Language Translation

Mission (NTLM) to make governance-and-policy related knowledge available in major Indian languages

- PSLV-CS51 to be launched by New Space India Limited (NSIL) carrying Brazil’s Amazonia Satellite and some Indian satellites
- As part of the Gaganyaan mission activities:

4 Indian astronauts being trained on Generic Space Flight aspects, in Russia First unmanned launch is slated for December 2021. 4,000 crores over five years for Deep Ocean Mission survey exploration and conservation of deep sea biodiversity.

### MINIMUM GOVERNMENT, MAXIMUM GOVERNANCE:



Measures being undertaken to bring reforms in Tribunals to ensure speedy justice

- National Commission for Allied Healthcare Professionals already introduced to ensure transparent and efficient regulation of the 56 allied healthcare professions

- The National Nursing and Midwifery Commission Bill introduced for the same in nursing profession

- Proposed Conciliation Mechanism with mandate for quick resolution of contractual disputes with CPSEs
- 3,768 crore allocated for first digital census in the history of India
- 300 crore grant to the Government of Goa for the diamond jubilee celebrations of the state's liberation from Portuguese
- 1,000 crore for the welfare of Tea workers especially women and their children in Assam and West Bengal through a special scheme

## THE IMPACT OF UNION BUDGET ON INDIAN ECONOMY



The union budget is perhaps the most watched event in economic policy making in India. The core fiscal issues like taxation, expenditure and fiscal deficit are quite important for macro-economics. In addition, the government has chosen the budget speech as a mechanism for announcing new policy initiatives, and for outlining some plans for economic policy in the coming months.

Casual empiricism reveals that stock market is greatly influenced by the budget. The stock market response to a budget is considered to be an important summary statistic measure of the quality of the budget in terms of improving macro-economic prospects.

The research was carried out in the form of Event Analysis and 45 days before and after the budget, were considered to measure the volatility in the stock market.

The results may be summarized as follows:

The stock market appears to be fairly efficient at information processing about the Union Budget.

Union Budgets add 10% to the stock index, on average, and yield elevated volatility starting from the Budget date for the following 30 trading days.

This finding is only a first examination of a wide range of questions on the interplay between the Union Budget and the stock market. Other areas which merit further exploration include:

The stock market receives some budgets well and others badly. It would be useful to test whether, ex- post, it the case that the budgets which were well-received were actually followed by strong GDP growth.

When the Finance Minister reads out the budget speech, the efficient stock market should react within seconds to each sentence that is read out, in terms of a direct impact on stock prices of firms and industries that are either positively or negatively affected. Given that intra-day stock price information is now available, it should be possible to test whether such impacts do take place, and whether there is overreaction or under-reaction in these immediate responses.

The Indian economy has seen major changes in the role of Government, and hence the Union Budget, in the economy from 1991 onwards.

## **BUDGET ANALYSIS: THE GOOD, THE BAD AND THE UGLY OF SITHARAMAN'S BUDGET**

The proposals in Nirmala Sitharaman maiden budget evoked different responses from different sections. Here is a look at the good and not- so- good sides of the Union Budget.

### **THE GOOD:**

#### **❖ Aadhar-PAN Interchangeability:**

Nirmala Sitharaman maiden budget proposed to make Pan Card and Aadhar card interchangeable to file tax returns. In addition to that, those who do not have PAN can simply quote their Aadhar number wherever PAN is mandatory to quote.

#### **❖ One Nation, One Card for Seamless Mobility:**

This inter-operable transport card runs on RuPay card and would allow the holders to pay for their bus travel, toll taxes, parking charges, retail shopping and even withdraw money.

This will enable people to pay multiple kinds of transport charges, including metro services and toll tax, across the country.

#### **❖ Rs 70,000 crores for Banks:**

Sitharaman budget proposed to provide banks with Rs 70,000 crores of capital to boost credit. She also informed that there has been a record recovery of over 4 lakh crores of bad loans through IBC in the last 4 years.

#### **❖ NRIs to get Aadhar on Arrival:**

The budget proposes to consider issuing Aadhar Card for NRIs with Indian passports after their arrival in India. As of now, they have to wait for a period of 180 days.

#### **❖ Education:**

Sitharaman announced there will soon be a new education policy, and that higher education in

the country will be reformed comprehensively. Efforts will be made to bring in foreign students under a Study in India plan, she said. She said the government will make renewed efforts to promote research in the country.

### **EXPERT SPEAK ON UNION BUDGET:**

#### **“Anand Mahindra, Chairman Mahindra Group”**

In a time of unprecedented economic stress, the government’s responsibility was to spend enough to revive the economy or else face enormous human suffering. So I had one expectation from this budget: that we should be very liberal in terms of the targeted fiscal deficit. Box Ticked.

#### **“Rajiv Kumar, Niti Aayog Vice Chairman”**

In my opinion, the finance minister had raised a lot of expectations regarding budget 2021 and she has fulfilled all of them. Given the current times, the budget is focused on India’s growth and is tailored to accelerate the growth rate.

#### **“Uday Shankar, Ficci President”**

I think everyone would be happy- from relieved to happy to excited- about the content of the budget but also the direction of the budget. No new takes on any sector or individual is a sign that the government recognize the stress that everyone is going through.

### **THE BAD:**

#### **❖ Corporate tax**

Under a phased reduction plan for corporate taxes, the budget proposed to bring under 25% tax ambit companies with an annual turnover of up to Rs 400 crores, in place of the earlier cap of Rs 250 crores.

The move came under criticism from experts who said the tax reorganization should have been applicable to all companies and not just a select section.

It is a bad sign that something that the government had promised for five years has not come about even in the sixth year, Swami Nathan Aiyar said.

#### **❖ Defense:**

The budget turned out to be big damp squib for the armed forces. At a time when India's security risks are at an all-time high, no specific mention of the forces came as a major dampener for both the forces and the country at large.

**Jobs:**

At the season of serious job woes for the country, Sitharaman budget disappointed one and all as no move was announced to ease one of India's biggest pain points.

**CONCLUSION:**

Presenting the first Union Budget of the third decade of 21<sup>st</sup> century, Finance Minister Smt. Nirmala Sitharaman, unveiled a series of far-reaching reforms, aimed at energizing the Indian economy through a combination of short- term, medium-term, and long term resources.

The Union Budget has been structured on the overall theme of ‘‘Ease of Living’’. This has been achieved by farmer friendly initiatives such as Agriculture credit target of Rs. 15 lakh crores for 2020-21; schemes of ‘‘Kisan Rail’’ and ‘‘Krishi Udaan’’ for a seamless national cold supply chain for perishables; and expansion of PM- KUSUM to provide 20 lakh farmers for setting up stand- alone solar pumps.

In the health sector, the budget proposes more than 20,000 empanelled hospitals under PM Jan Arogya Yojana for poor people; and expansion of Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgical by 2024.

Infrastructure receives a boost, with 100 more airports by 2024 to support Udaan Scheme; and operation of 150 passenger trains to be done through PPP mode. Starting apprenticeship embedded courses through 150 higher educational institutions by March 2021 and proposal to establish Indian Institute of Heritage and conservation are some of the other major highlights.

The Finance Minister said that the Union Budget aims at:

- To achieve seamless delivery of service through Digital Governance.
- To improve physical quality of life through National Infrastructure Pipeline.
- Risk Mitigation through Disaster Resilience.
- Social security through Pension and Insurance Penetration.

The budget is woven around three prominent themes:

- Aspirational India in which all sections of the society seek better standard of living, with access to health, education and better jobs.
- Economic Development for all, indicated in the Prime Minister’s exhortation of ‘‘ Sabka Saath, Sabhka Vikas, Sabkha Vishwas’’.
- Caring society that is both humane and compassionate, where Antyodaya is an article of faith.