Budget Overview

After the constitution of 17th Lok Sabha and formation of new Government, the Regular Budget for 2019-20 was presented to Parliament on 5th July, 2019. The Regular Budget for 2019-20 is a compendium of 13 different documents, including the Finance Bill, 2019: Annual Financial Statement and Demands for Grants for 2019-20, covering the entire fiscal viz. 2019-20.
The economy has achieved high growth that averaged 7.5 percent in the last 5 years (2014-15 to 2018-19) amidst significant improvements in macroeconomic stability. At the sectoral level, agriculture, industry and services sectors grew at the rate of 2.9 percent, 6.9 percent and 7.5 percent, respectively in 2018-19.

Inflation remains under control -
From close to double digit inflation (9.9 percent) in the years 2012-13 and 2013-14, the consumer price inflation in the last five years ending 2018-19 averaged less than half of that.

External sector performance -
- During 2016-17, exports grew by 5.2 percent while imports increased by 0.9 percent, helping in narrowing the trade deficit.
- The merchandise exports and imports grew by 10 percent and 21.1 percent respectively in dollar terms during 2017-18, resulting in widening of trade deficit from USD 108.5 billion in 2016-17 to USD 162.1 billion in 2017-18.
- **Current Account Deficit** - Current Account Deficit increased to 2.1 percent of GDP in 2018-19 from 1.8 percent in 2017-18, mainly on account of widening of trade deficit.
- The gross FDI flows to India in 2018-19 reached a high of USD 64.3 billion, as compared to USD 61 billion in 2017-18, and USD 60.2 billion in 2016-17.
- Foreign exchange reserves stood at USD 412.9 billion at the end of March 2019, as compared to USD 424.5 billion at the end of March 2018.

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

Budget figures -
- Fiscal deficit target for 2019-20 is 3.3 percent of GDP in BE 2019-20 while Revenue Deficit has been pegged at 2.3 percent of GDP.

- The Central Government Debt as a percentage of GDP for BE 2019-20 is expected to be 48 percent.
- In BE 2019-20, the Gross Tax Revenue as a percentage of GDP is expected to be 11.7 percent.

Highlights to attract domestic investments -

- Increasing the annual turnover limit from Rs 250 crore to Rs 400 crore for a lower corporate tax rate of 25 percent.
- Additional income tax deduction of Rs 1.5 lakh of the interest paid on loans taken to purchase electric vehicles and moving the GST council for reduction of GST rate on electric vehicles from 12 percent to 5 percent.
- The budget provides a push to infrastructure development with the intention to invest Rs 100 lakh crore in infrastructure over the next five years.
- Public-Private Partnership model will be used to enhance investment in Railway Infrastructure.
- Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI) has been started to facilitate cluster-based development to make the traditional industries more productive, profitable and capable.
- Other growth promoting measures include reductions of customs duty on certain raw materials and capital goods.
- Allowing one woman in every SHG for a loan up to Rs 1 lakh under the MUDRA Scheme.
- Proposed to provide Rs 70,000 crore of capital to boost credit of Public Sector Banks for a strong impetus to the economy.

Connectivity -

- The Government has given a massive push to all forms of physical connectivity through Pradhan Mantri Gram Sadak Yojana, industrial corridors, dedicated freight corridors, Bharatmala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes.
- Suitable Policy interventions will be adopted to create a congenial atmosphere for the development of Maintenance, Repair and Overhaul (MRO) Industry by leveraging India's engineering advantage.
- India's first indigenously developed payment ecosystem for transport, based on national Common Mobility Card (NCMC) standards has been launched in 2019 which will enable people to pay multiple kinds of transport charges, including metro services and toll tax, across the country.
- Phase-II of FAME Scheme, with an outlay of Rs 10,000 crore for a period of 3 years, has commenced with the main objective of encouraging faster adoption of Electric Vehicles.
- The model of 'One Nation, One Grid' that has ensured power availability to States at affordable rates is proposed to be used for developing gas grids, water grids, i-ways, and regional airports.

USD 5 trillion -

The Budget envisages that the Indian economy will grow to a USD 5 trillion economy in a few years' time. The main challenges to meet the above target include -

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

Water with a capital 'W' : The Way Forward

Calling for a *jan andolan* along the lines of the Swachh Bharat Mission, the Prime Minister emphasised that *jal sanchay* (water collection and conservation) is not possible without *jan shakti* (people's power).

The Finance Minister said that the first concrete step taken in the direction to ensure water security for all in the country by the Central Government has been the constitution of the new Jal Shakti Mantralaya. This bold institutional step has integrated the erstwhile Ministry of Water Resources, River Development and Ganga Rejuvenation, with the Ministry of Drinking Water and Sanitation, and has led to the formation of a single new Ministry focused on Water.

Background -

- Until now, the institutional landscape for water in India has been somewhat fragmented, with about seven Ministries and more than 10 Departments having a say on different aspects of water management and use. Not only have these had some overlapping roles and responsibilities, but no single body had the authority necessary to resolve conflicting issues and take the necessary decisions.
- Hence, the creation of the new Jal Shakti Mantralaya is a big bang governance reform, which will have a permanent and positive impact on integration in the water sector.
- India is entering water crisis territory, with certain estimates indicating that water demand will exceed supply by a factor of two by 2030, if we continue with a business-as-usual approach This has the potential of driving economic losses of an estimated 6 percent of GDP by 2050.

Breaking Down the Challenge Ahead -

- Presently, India captures only eight percent of its annual rainfall, among the lowest in the world. Lack of proper maintenance of existing infrastructure causes further losses of almost 40 percent of piped water in urban areas.
- Treatment and reuse of greywater is almost non-existent. As a benchmark, Israel, another country facing severe water shortages, treats 100 percent of its used water and recycles 94 percent of it, meeting more than half of its irrigation needs through this reused water.

- In terms of drinking water, while 81 percent of all habitations are currently estimated to have access to 40 litres of water per day through some source, only about 18 to 20 percent of rural households in India have connections for piped water supply.
- The Finance Minister mentioned, one of the priorities of the government is to provide piped water supply to all rural households by 2024 in a sustainable manner. This has been backed with a budget of approximately Rs 10,000 crores for rural drinking water for 2019-20 for the Jal Shakti Mantralaya, in addition to the Rs 10,000 crores for the Swachh Bharat Mission - Grameen.

Jal Shakti Abhiyaan -

- A good example of local approaches to developing infrastructure for storage of water is seen in Dewas district in Madhya Pradesh. Here, through Government support to farming communities for building ponds as alternative storage and supply sources, the district has achieved a 6 to 40 feet rise in the water table, while increasing irrigated by 120-190 percent.
- To this end, The Ministry of Jal Shakti recently launched the Jal Shakti Abhiyan - a collaborative effort of the Central and State Governments to accelerate progress on water conservation activities in identified 1592 water stressed blocks in 256 districts. Under this campaign, over 1000 senior Central Government officers will join the States to promote focused interventions for *jal sanchay* and *jal sanrakshan* (water collaboration and conservation).

The Way to Har Ghar Jal -

- Another area of focus for water conservation in each drinking water scheme is developing infrastructure for collection and basic treatment of domestic non-faecal wastewater, kitchen or bathing wastewater - also called greywater - which typically accounts for nearly 80 percent of the by-product of all domestic water. This may be done through simple waste stabilisation ponds, constructed wetlands and similar local infrastructure projects in order to recycle this water for agriculture sector that consumes 80 percent of our water.
- Some States, like Gujarat, are leading the efficient use of agriculture water by bringing in micro-irrigation to over six lakh farmers, 50 percent of which are small and medium ones.
- The Andhra Pradesh Government is also prioritising water efficiency in agriculture, by earmarking Rs 11,000 crore to bring 40 lakh acres of land under micro-irrigation over the next five years.

Transforming Urban India

India has been urbanising rapidly. As per last census 2011, 37.7 crores people (31.2 percent of the population) lived in urban areas. This is projected to grow to 60 crores by 2031 and 80 crores by 2051 (High Powered Expert Committee, 2011).

Mission for Urban Rejuvenation -

- At the first level, for all over 4,300 urban local bodies (ULBs) flagship schemes like Swachh Bharat Mission, Pradhan Mantri Awas Yojana, and Deendayal Antyodaya Yojana - National Urban Livelihood Missions were launched to address the issues of cleanliness, affordable housing and urban poverty alleviation.
- At second level, provision for universal water supply and substantive enhancements in coverage of sewage/septage needed focus, for which 500 cities (with over 1 lakh population) were covered under the scheme Atal Mission for Rejuvenation and Urban Transformation (AMRUT).
- Lastly, Smart City Mission using city challenge mode was launched in 100 cities for improving core infrastructure and providing better quality of life and related urban services using ICT capabilities, etc.

Enhanced Budgetary Support -

As against a total of Rs 1,58,164 crores allocated during the 10 year period from 2004-05 to 2013-14, the cumulative budgetary allocations during the next six years i.e. 2014 onwards (including current year's estimate) have been to the tune of Rs 2,68,455 crore.

Promoting Investment for Urban Rejuvenation -

- Since the launch of various urban flagship schemes, around Rs 1,62,165 crore of central assistance has been released till date during the period 2014-19 mainly for Metro projects, PMAY-U, AMRUT, SCM and SBM.
- Government's Metro Rail Policy, 2017 aims to focus on systematic planning and implementation of Metro Rail Systems with last mile connectivity using greater private participation and innovative financing through Transit Oriented Development (TDO) and Land Value Capture Finance, etc.
- It has been proposed in the Budget to enhance the Metro Rail Networks by encouraging PPP initiatives and ensuring completion of sanctioned works, while supporting Transit Oriented Development (TOD) to ensure commercial activity around transit hubs.

Metros Support "Make in India" -

Ministry has stipulated that minimum 75 percent coaches procured under any tender will have to be manufactured in India. State-of-the-art driverless trains will now be manufactured indigenously by Bharat Earth Movers Limited (BEML).

One Nation One Card -

The launch of India's first indigenously developed payment ecosystem for transport based on national common mobility card by the Prime Minister in March 2019 was referred to in the budget speech.

Swachh Bharat Mission (Urban) - Cleaner and Healthier India -

- Budget has highlighted the remarkable progress achieved under SBM-U, wherein 24 states and more than 95 percent of cities have been declared Open Defecation Free.
- In Solid Waste Management, 90 percent of wards in the country are now covered under door-to-door collection with 56 percent of waste being scientifically processed.

Har Ghar Jal: AMRUT -

AMRUT Scheme was launched in 500 cities across the country in June 2015. This envisages achieving universal coverage of water supply and increasing sewerage and septage coverage from 31 percent to 62 percent.

Promoting Water Conservation: Jan Andolan -

Ministry has launched Jal Shakti Abhiyan to make water conservation a 'Jan Andolan', four major thrust areas are -

1. Rain water harvesting;
2. Re-use of treated wastewater;
3. Rejuvenation of water bodies; and
4. Plantation

Energy Saving -

Under AMRUT scheme, 62 lakh street lights have been replaced by LED lights, which has led to a reduction of Rs 10.85 lakh ton of carbon emissions.

Housing for All by 2022 - PMAY (Urban) -

- Government is committed to provide "Housing for All" by 2022. Around 84 lakhs houses with an investment of about Rs 5 lakh crores have been sanctioned under PMAY-U; wherein construction has started in over 48 lakhs and 26 lakhs have been completed and handed over to the beneficiaries.
- The Prime Minister has declared the year 2019-20 as "*Construction Technology Year*".

Moving Towards Better, Equitable and Affordable Health Services

India has achieved significant public health gains and improvements in health indicators over the last three decades.

Our life expectancy has increased from 57.91 years in 1990 to 68.65 years in 2016 and the Total Fertility Rate (TFR) has reduced sharply from 3.4 in 1992-93 to 2.2 in 2015-16. The infant mortality rate has declined from 88.5 per 1,000 live births in 2016.

Challenge -
Delivery of healthcare services in India remains inadequate and fragmented.

Background -
The Rashtriya Swasthya Bima Yojana was launched in 2008 with annual cover of INR 30,000 per family at the central level, catering mostly to secondary care hospitalisation conditions while many State schemes catered to tertiary care conditions. These schemes did not have a strong linkage with primary healthcare.

Ayushman Bharat PMJAY -
- To address these gaps, last year Government of India launched Ayushman Bharat which is a two-pronged approach towards universal healthcare.
- The first is Health and Wellness Centres which will provide Comprehensive Primary Healthcare, covering maternal and child health services, screening for non-communicable diseases, free essential drugs and follow-up of hospitalisation cases. 150,000 HWCs will be set up by 2022 and will be able to handle more than 70 percent of all outpatient care including non-communicable diseases and mental illnesses.
- The second is Pradhan Mantri Jan Arogya Yojana (PMJAY), the world's largest fully government-funded health insurance scheme, which provides a health protection cover of Rs 5 lakh per family per year to 10.74 crore poor and vulnerable families (or 50 crore people) for hospitalisation expenses towards the treatment of serious illnesses.
- Thus, Ayushman Bharat represents a significant transition from a sectoral, segmented approach to comprehensive, holistic approach bringing together preventive, promotive, curative, rehabilitative aspects of care along a continuum of care.

Who is covered under PMJAY?
PMJAY has been rolled out for the bottom 40 percent of poor and vulnerable population. In absolute numbers, this is close to 10.74 crore (100.74 million) households. The inclusion of households is based on the deprivation and occupational criteria of the Socio-Economic Caste Census, 2011 (for rural and urban areas).

Key features of PMJAY -
- PMJAY provides cashless cover of up to INR 5,00,000 to each eligible family per annum for listed secondary and tertiary care conditions.
- There is no cap on family size and age of members. The benefits of INR 5,00,000 are on a family floater basis which means that it can be used by one or all members of the family.
- All pre-existing diseases are covered from the very first day. This means that any eligible person suffering from any medical condition before being covered by PMJAY will now be able to get treatment for those medical conditions under the scheme.
- Benefits covered under PMJAY are portable across the country and any eligible beneficiary can visit any empanelled hospital across the country and receive cashless treatment.

- 1,393 secondary and tertiary treatment packages covering 23 specialties are offered.

Implementation Model -

Considering the fact that States are at different levels of preparedness and have varying capacity to manage such schemes, PMJAY provides them with the flexibility to choose their implementation model, which can be through insurance, Trust (through a trust/society), or Mixed (partly through insurance and partly through assurance).

1. **Insurance Mode** - The State Government appoints an insurer at a defined premium rate for taking over the financial risk of the beneficiaries, Nine States have chosen the Insurance mode.
2. **Trust Mode** - The State Government creates an agency (State Health Agency) which will pay the claims of the hospitals as per actual utilisation. The risk of health protection lies with the State. 17 States are implementing the scheme in the trust mode.
3. **Mixed Mode** - The State uses a combination of Insurance and Trust modes generally where low cost common procedures (secondary care) is managed by the insurer and high cost specialised procedures managed by the State trust. Six States have chosen the Mixed mode.

Financing of the scheme -

PMJAY, being a centrally sponsored scheme is fully funded from the Consolidated Fund of India and the budget allocated is received from Government of India as recurring grant-in-aid. Under the Union Budget, the allocation for PMJAY for 2019-20 is Rs 6,400 crores.

Building a New India Through Education Reforms

Over the last few years, major reforms have been initiated by the Government of India to improve access, equity and quality in the education sector.

The Government has also recently put out a draft of the National Education Policy which aims to systematically transform school and higher education in the public domain for comments.

Recent initiatives -

- In the education budget for 2019-20, around 60 percent has been earmarked for school education including the National Education including the National Education Mission and the Mid-Day Meal Programme.
- The draft National Education Policy envisions an '*India centered education system that contributes directly to transforming our nation sustainably into an equitable and vibrant knowledge society, by providing high quality education for all'.*
- The Union Budget 2018-19's proposal to integrate education facilitated the launch of *Samagra Shiksha* to holistically harmonise the sector from pre-school to Standard 12.

This initiative, which amalgamates various schemes such as the *Sarva Shiksha Abhiyan* and the *Rashtriya Madhyamik Shiksha Abhiyan,* among others.

- NITI Aayog is driving systemic transformation through academic and administrative reforms in its Sustainable Action for Transforming Human Capital in Education (Project SATH-E).
- India has decided to participate in the Programme for International Students Assessment (PISA) in 2021; the move to revamp one of the world's largest Management Information Systems (Unified District Information System for School Education).

Higher Education -

- To increase the enrolment in higher educational institutions, various steps have been taken including issuing of new University Grants Commission regulations for Open and Distance Learning that allow the entry of reputed institutions for offering education in the distance learning mode and the expansion of centrally funded institutions.
- State Governments are being encouraged to set up institutions through the *Rashtriya Uchchatar Shiksha Abhiyan* (RUSA).
- The Government has also undertaken reforms in the **National Assessment and Accreditation Council (NAAC)** as part of which accreditation of higher education institutions has been made mandatory.
- An autonomous and self-sustaining National Testing Agency has been established to conduct entrance examinations for higher education institutions.
- In another major reform, a three-tiered graded autonomy regulatory system has been initiated, with the categorisation of institutions as per their accreditation score by the NAAC.
- The IIM Bill was passed by both the houses of Parliament in December 2017, to provide greater autonomy to the Indian Institutes of Management (IIMs) and strengthen their position as institutions of excellence.
- Union Finance Minister in her Budget Speech 2019-20, the Higher Education Commission of India (HECI) legislation has been drafted for repealing the UGC Act, 1956.
- A programme called 'Study in India' has been implemented to attract foreign students to higher educational institutions and make India a 'hub of higher education'.
- Research and innovation has been given due priority in the Union Budget 2019-20, with an allocation of Rs 608.87 crore compared to Rs 243.6 crore in RE 2018-19.

Towards Farmers' Welfare

In the Union Budget farmers' welfare and agriculture got a record boost both in terms of financial allocations and vision for transformation.

Positive Allocation for Prosperity -

- Total allocation for agriculture and allied sector have been enhanced to Rs 1,51,500 crore over the earlier allocation of Rs 86,600 crore (revised Budget estimate in FY 19). This leap is mainly due to huge allocation of Rs 75,000 crore to the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN). This unique scheme provides direct cash assistance to farmers to the tune of Rs 6,000 crore to each farmer in three equal installments during a year.
- But the allocation to agriculture does not include fertiliser subsidy, which now stands at Rs 80,000 crore with an increase of nearly 14 percent.
- In a bid to strengthen rural infrastructure, the Budget has allocated Rs 19,000 crore for rural roads, a jump of 22.5 percent over the expenditure in the previous year.
- The Finance Minister emphasised that to accelerate the speed of achieving universal connectivity of eligible habitations, the target was advanced from 2022 to 2019. Besides construction of new roads, Pradhan Mantri Gram Sadak Yojana-III (PMGSY-III) envisages to upgrade 1.25 lakh km of road length over the next five years with an estimated cost of Rs 80,250 crore.
- Along with rural roads, Government has also increased allocation under Pradhan Mantri Krishi Sinchai Yojana (PMKSY) to the tune of 17 percent.

Boost to business -

- To ensure economies of scale for farmers, it is proposed to form 10,000 new Farmer Producer Organisations (FPOs) over the next five years. FPOs are basically farmer-oriented companies that follow a B2B model for marketing of their produce according to policy and process guidelines of Ministry of Agriculture. FPOs enable farmers to enhance productivity through efficient cost-effective and sustainable resource use and realise higher returns for their produce.
- Further, the Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI) aims to set up more common facility centres to facilitate traditional industries sector. Government has identified Bamboo, Honey and Khadi industries for cluster development. SFURTI scheme aims to set up 100 new clusters during 2019-20 in which 50,000 rural artisans will receive a hand-holding from Government in the form of capacity development and market support.
- To infuse elements of science and technology in these industries, Government proposes to strengthen scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) to set up 80 livelihood Business Incubators and 20 Technology Business Incubators during 2019-20.

Attracting Investments -

Government has taken initiatives by launching a specific scheme Kisan Urja Suraksha evam Uthhaan Mahabhiyan (KUSUM) in March, 2019. The scheme envisages solarisation of agriculture pumps and installation of solar power plants (500 KW to 2 MW) on the barren or agriculture lands of individual farmers/cooperatives/panchayats/FPOs.

Dairy Sector -

It is proposed to launch a focused scheme, the Pradhan Mantri Matsya Sampada Yojana (PMMSY) to establish a robust fisheries management framework. The comprehensive scheme will address critical gaps in the value chain, including infrastructure, modernisation, traceability, production, productivity, post-harvest management and quality control.

Back to Basics -

- As a first, Government has shown intent and desire to promote Zero Budget Farming, which has become popular now in some States.
- **Zero Budget Farming -** Shri Subhesh Palekar, a Padma Shri awardee and 70 year old farmer from Vidarbha, is a pioneer of this unique technique which he calls Zero Budget Natural Farming (ZBNF). ZBNF promises to drastically cut production costs as most of the inputs are drawn from natural resources. Zero budget does not mean that farmer is going to have no costs at all, but rather that any costs will be compensated for by income from intercrops or other resources of additional income. With due recognition and promotion from Union Government, ZBNF is likely to create a wave across the country.

Comprehensive Reform for Banking Sector

The need of the hour is to boost both consumption and investment demand and this necessitates strengthening the entire banking sector which comprises mainly scheduled commercial banks and Non-Banking Financial Companies (including housing finance companies).

Current scenario -

- Credit growth is in double digit for the last two successive years (13.34 per cent in 2018-19 and 10.42 per cent in 2017-18). Non-Performing Assets (NPA) of all SCBs (public and private) has declined by Rs 1,02,562 crore to Rs 9,33,625 crore as on 31st March, 2019.
- According to RBI's Financial Stability Report (FSR), published in June, 2019, growth of gross NPA has decelerated across all bank groups, including Public Sector Banks (PSBs), due to regulatory mechanism for recognition of stressed assets, NPAs declined to 9.3 per cent in March 2019.
- As per RBI guidelines, banks are required to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 9 percent on an ongoing basis. As on 31st March, 2019, all Public Sector Banks (PSBs) and Private Sector Banks meet his minimum CRAR requirement.

Recapitalisation strategy -

- RBI Governor feels that the provision of Rs 70,000 crore of additional recapitalisation is a very positive development because it not only enables banks to maintain the capital they need to comply with the regulatory requirements, but it will also give enough capital to the banks to step up their lending and credit disbursement.
- According to a research report by State Bank of India, additional capital is likely to lay the basis for growth capital during current fiscal i.e. 2019-20 or FY20.

New initiatives -

The budget also talks about a new way to do banking for common citizens. This is called interoperability of services for account holders across PSU banks. “To further improve ease of living, they will leverage technology, offering online personal loans and doorstep banking, and enabling customers of one Public Sector Bank to access services across all Public Sector Banks.

NBFCs -

- Nearly 1000 NBFCs, registered with RBI, are key for consumption growth. These institutions depend largely on public funds which account for 70 percent of total liabilities of the sector. Bank borrowings, debentures and commercial paper are the major sources of funding for NBFCs.
- SBI’s research report highlighted the need for more intervention by the Government by highlighting the fact that till March 2020, Rs 4.75 trillion of bonds and papers of NBFC sector are set to mature.
- Recognising the need for urgent attention, the Budget proposed mechanism for liquidity and also change in regulations. The Union Finance Minister said that for purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs 1 lakh crore during the current financial year, the Government will provide one time six months partial credit guarantee to Public Sector Banks for first loss of up to 10 percent. Later in the evening, RBI announced window to facilitate banks in providing liquidity worth Rs 1.34 lakh crore for the NBFCs.
- Technically speaking, RBI is the regulator for NBFCs but it has limited regulatory authority. Keeping this in mind, the budget also proposed more powers to RBI for regulating NBFCs. The Finance Bill prescribed additional powers for RBI -
    - Where the Bank is satisfied that in the public interest or to prevent the affairs of a Non-Banking Financial Company being conducted in a manner detrimental to the interest of the depositors or creditors, or financial stability or for securing the proper management of such company, it is necessary so to do, the Bank may, by order and for reasons to be recorded in writing, remove from office, a Director (by whatever name called) of such company, other than Government owned NBFC with effect from such date as may be specified in the said order.
    - Where the Bank is satisfied that in the public interest or to prevent the affairs of a Non-Banking Financial Company being conducted in a manner detrimental to the interest of the depositors, Bank may, for reasons to be recorded in writing, by

order, supersede the Board of Directors of such company for a period not exceeding five years as may be specified in that order.

- The Bank may, if it is satisfied, upon an inspection of the Books of an NBFC, may provide for any one or more of the following namely : a) amalgamation with any other non-banking institution; b) reconstruction of the Non-Banking Financial Company; c) splitting the Non-Banking Financial Company into different units or institutions and vesting viable and non-viable businesses in separate units or institutions to preserve the continuity of the activities of that Non-Banking Financial Company.
- The Bank may, at any time, direct a Non-Banking Financial Company to annex to its financial statements or furnish separately.

Housing Finance Companies -

The Union Finance Minister in her budget speech, proposed to return the regulation authority over to the housing finance sector from NHB to RBI. However, NHB will continue to be supervising authority for the housing finance companies.