

## Union Budget 2020-21

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## Union Budget to transform Urban Landscape

The World Urban Prospects (WUP), 2018 estimates urban population in India at 34% of total population which is likely to be 40% by 2030 and 50% by 2050. The urban share of GDP is projected to be 75% in 2030, an increase from 62-63% in 2009-10 (HPEC, 2011).

### Mission for Urban Transformation 2014-19 -

- More than 4,500 urban local bodies (ULBs) have been covered with flagship schemes like Swachh Bharat Mission Urban (SBM-U), Pradhan Mantri Awas Yojana Urban (PMAY-U) and Deendayal Antyodaya Yojana-National Urban Livelihood Mission (DAY-NULM) to address the issues of sanitation and cleanliness, affordable housing, and urban poverty alleviation.
- In addition, provision for universal water supply and sewerage/septage in 500 cities (with over 1 lakh population) have been taken up under Atal Mission for Rejuvenation and Urban Transformation (AMRUT).
- Heritage City Development and Augmentation Yojana (HRIDAY) was launched in 12 cities with the aim to preserve and rejuvenate the soul of their heritage character.
- A big push in urban transport, largely in the form of support to Mass Rapid Transit Systems (MRTS) has been initiated. Last but not the least, the Smart Cities Mission (SCM) was launched in 100 cities aimed at improving core infrastructure and providing a decent quality of life to urban citizens using smart solutions.

### Cities as Engines of Economic Growth in India's March to USD 5 trillion economy -

- Budget has set a definite goal i.e. aspiration to take the economy to USD 5 trillion level backed with Aastha (Hope), Vishwas (Trust), and Akanksha (Aspirations) of 130 crore Indians.
- To boost infrastructure development, the Government has launched the National Infrastructure Pipeline (NIP) on 31st December 2019 for the period 2020-2025.
- NIP is expected to improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive. It intends to facilitate supply-side interventions in infrastructure development to boost GDP growth (Economic Survey 2019-20).
- Out of the projected total infrastructure investment of Rs 103 lakh crore during the period FY 2020 to 2025, 16% has been earmarked for urban rejuvenation.

### Urban Infrastructure : Focusing on Connectivity -

In the Budget 2020-21, a total of Rs 20,000 crore has been allocated for total MRTS and Metro Projects (higher allocation than previous year).

**Har Ghar Jal: AMRUT -**

AMRUT scheme was launched in 500 cities with over 1 lakh population across the country in June 2015, which envisages achieving universal coverage of water supply and increasing sewerage and septage coverage from 31% to 62%.

**Promoting Water Conservation: Jan Andolan -**

- The Ministry has launched Jal Shakti Abhiyan to make water conservation a 'Jan Andolan' with four major thrust areas a) Rain Water Harvesting; b) Reuse of treated wastewater; c) Rejuvenation of water bodies, and d) Plantation.
- Over 750 ULBs have been identified as water-stressed and are being encouraged to enforce building by-laws to build rainwater harvesting structures, undertake measures for reuse of treated wastewater, revive at least one water body and undertake plantations.

**Affordable Housing for All -**

- To fulfil the vision of the Prime Minister, the Government is committed to provide 'Housing for All' by 2022.
- More than 1 crore houses have already been sanctioned; more than 62 lakhs have been grounded for construction and 32 lakhs have been completely delivered.
- The Budget 2020-21 has allocated a total of Rs 8,000 crore in the budget and provision for extra-budgetary resources (EBR) of Rs 10,000 crore for PMAY-U.

**Poverty alleviation, livelihood and Skill Development -**

- A mission mode approach to urban livelihoods in the form of the Deendayal Antyodaya-National Urban Livelihoods Mission (DAY-NULM) was initiated.
- The primary target of DAY-NULM is the urban poor, including the urban homeless. Budget 2020-21 DAY-NULM allocation is Rs 795 crore.

**Climate Change and Sustainable Urbanisation -**

A total of Rs 4,400 crore have been allocated for clean air and climate action in the cities. MoHUA has already initiated the Climate Smart Cities Assessment Framework, a pioneering effort towards building capacity of its 100 smart cities on climate change-adaptation and mitigation practices.

## **Transport Infrastructure in India**

The Infrastructure portion of the budget primarily caters to the National Infrastructure Pipeline (NIP) which has a five-year vision with an investment of Rs 102.51 trillion.

**Details -**

- Of this, the transport infrastructure investments consist of Rs 19.64 lakh crore for roads, Rs 13.69 lakh crore for railways sector, Rs 1.43 lakh crore for airports, Rs 1.01 lakh

crore for ports, and parts of urban and housing (metro, public transport and Electric Vehicles), rural infrastructure (rural roads) and agriculture (storage infrastructure and refrigerated transportation).

- About 20% (Rs 19.5 lakh crore) of the total NIP investment is expected to take place during 2020-21.
- In the roads sector, the policy thrust is on increased categorisation of national highways (from the current 1.3 lakh kms to 2.0 lakh kms), building expressways, increased use of electronic tolling and advanced technologies for traffic control.

## The Industry Perspective

The Budget 2020-21 seeks to strike the right note with the prominent themes of aspiration, economic development, and caring society. These broad themes are held together by -

- Corruption free, policy-driven good governance.
- Clean and sound financial sector.
- Ease of Living.

### Aspirational India -

- The three components of aspirational India are - Agriculture, Irrigation, and Rural Development, Wellness, Water and Sanitation, and Education and Skills.
- Rs 2.83 lakh crore is allocated for these three components with 16 Action Points: such as Blue Economy, Kisan Rail, Krishi Udaan for both national and international routes, One-Product One-District for better marketing and export in the Horticulture sector, Jaivik Kheti Portal, Zero-Budget Natural Farming, PM-KUSUM to be setting up stand-alone solar pumps. Village Storage Scheme to be run by the SHGs to provide farmers a good holding capacity and to reduce logistics cost, and Deen Dayal Antyodaya Yojana through which 0.5 crore households were mobilised with 58 lakh SHGs for poverty alleviation.

### Economic Development for all -

- Investment Clearance Cell proposed to be set up to provide 'end to end' facilitation and support and to work through a portal.
- National Technical Textiles Mission to be set up with four year implementation period from 2020-21 to 2023-24 to position India as a global leader in Technical Textiles.
- New scheme NIRVIK to be launched to achieve higher export credit disbursement, which provides for higher insurance coverage, reduction in premium for small exporters, simplified procedure for claim settlements, turnover of GeM proposed to be taken to Rs 3 lakh crore.

### Infrastructure Sector -

- Focus on Highways, Railways, Port and Waterways, Airports, Electricity and Power and New Economy. Rs 1.7 lakh crore proposed for transport infrastructure in 2020-21.
- **National Infrastructure Pipeline:** Rs 103 lakh crore worth projects, launched on 31 December 2019.

#### **Culture and Tourism -**

- Allocation of Rs 2,500 crore for 2020-21 for tourism promotion.
- An Indian Institute of Heritage and Conservation under the Ministry of Culture proposed; with the status of a deemed University.
- Five archaeological sites to be developed as iconic sites with on-site Museums: Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh), Shivsagar (Assam), Dholavira (Gujarat), Adichanallur (Tamil Nadu).
- Recreation of the Indian Museum in Kolkata, announced by the Prime Minister in January 2020.
- Maritime museum to be set up at Lothal- the Harappan age maritime site near Ahmedabad, by the Ministry of Shipping.

## **Union Budget 2020-21: Safer Deposits, Stronger Cooperative Sector Banks and Major Boost to MSME**

Insurance cover on deposits means how much money will be paid to the depositor if the bank is closed due to some reason or goes bankrupt.

#### **Background -**

- Issue of providing insurance cover on deposits was raised for the first time in 1948, when there was a crisis in the banking sector in West Bengal.
- In 1960, when two banks Palai Central Bank and Lakshmi Bank went bankrupt, the then Central Government and RBI had taken the proposal of providing insurance cover on deposits.
- In 1961, the Parliament gave its nod to the Bill associated with Deposit Insurance Corporation and Deposit Insurance Act, was implemented from 1st January 1962.
- In 1968, Cooperative Banks were brought under this Act. Now, all types of commercial banks (public and private), foreign banks, local area banks, regional rural banks (RRBs) and all types of cooperative banks are under the ambit of this Act.
- According to the figures available up to 31st March 2019, DICGC covered 92% deposit accounts and 28% deposit amounts.
- The amount covered under the insurance of a depositor is Rs 5 lakh from 4th February 2020.

- For the purpose of insurance cover on deposits, the banks have to pay the premium amount, not the depositors.

### **General Budget 2020-21 - Important proposals associated with Banking Sector -**

- Insurance cover on deposits is now Rs 5,00,000 per depositor.
- The RBI has been provided more powers regarding regulation of cooperative banks.
- The time limit of credit restructure extended for MSMEs.
- The limit for Non-Banking Financial Companies (NBFCs) to be eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 is proposed to be reduced from Rs 500 crore to asset size of Rs 100 crore or loan size from existing Rs 1 crore to Rs 50 lakh.

## **The Economics of Water and Sanitation**

Over 10 crore toilets have been built in rural India and nearly 55 crore people have stopped defecating in the open, all in just five years, contributing to bringing down global open defecation by more than half.

### **Economics of Water and Sanitation -**

- UNICEF recently estimated that the investments in sanitation in India are yielding a 400% return, with each rural household in an ODF village saving Rs 50,000 on account of avoided medical spends, time savings and lives saved.
- Meanwhile, moving ahead, the Toilet Board Coalition has estimated that the sanitation infrastructure and services market in India will be worth over \$60 billion by 2021, creating many new jobs, even in the most rural areas of the country, apart from reducing health and environmental costs, and generating savings for the households.
- There is another recent study by UNICEF in which they have estimated that the Swachh Bharat Mission has resulted in creating over 75 lakh full time equivalent jobs over the past five years, giving the rural economy a major boost.

### **Budgetary proposals -**

- The Finance Minister in the budget for 2020-21 has announced about Rs 10,000 crore for rural sanitation to focus on ODF Sustainability, biodegradable waste management, grey-water management, faecal sludge management, and most importantly, plastic waste management for all villages by 2024.
- The next critical basic service and arguably the most basic of them all, that this government is committed to delivering is piped water supply. The Prime Minister had announced the Jal Jeevan Mission (JJM) with the goal of ensuring piped water supply by 2024 and with a commitment of 3.6 lakh crore of central and state governments for the scheme.

- The biggest impetus to the rural water and sanitation sector is the earmarking of 50% of the Rs 90,000 crore grant to rural local bodies under the Fifteenth Finance Commission for drinking water and sanitation.

## **India's quest for universal health coverage**

Ayushman Bharat is India's bellwether in its efforts towards achieving UN Sustainable Development Goal 3.8, Universal Health Coverage. Ayushman Bharat through its two components - Health and Wellness Centres (HWCs) and Pradhan Mantri Jan Arogya Yojana (PM-JAY) - addresses health holistically, covering preventive, promotive, curative and ambulatory care.

### **Details -**

- Under the first component of Ayushman Bharat, the target is to set up 150,000 HWCs across the country by 2022. HWCs are the primary care component of Ayushman Bharat with a focus on screening and management by lifestyle diseases like cancer, diabetes, and cardio-vascular illnesses, among others.
- The second pillar of this vision is affordable healthcare which is addressed by the second component of Ayushman Bharat Scheme - PM-JAY. An estimated 6 crore people fall below poverty line each year due to catastrophic expenditure on health in India. PM-JAY is the world's largest publicly-funded health assurance scheme and provides more than 50 crore poor and vulnerable citizens with a health cover of Rs 5 lakh for cashless secondary and tertiary in-patient care. In addition, as of September 2019, more than 5,000 special pharmacies have been set up under which 800 critical drugs have been made available at affordable prices.
- As the third pillar of this vision, supply side expansion focuses on building medical infrastructure and providing quality medical education. A key reform in this area is the National Medical Commission Act, 2019. This will transform healthcare in the country by paving the way for the establishment of the country's new regulatory of medical education and certification, reducing the burden of multiple exams on students, ensuring probity in medical education, bringing down costs of medical education, simplifying procedures, enhancing the number of seats in medical colleges, and providing wider access to quality healthcare for all.
- The fourth pillar effective implementation of government health schemes in mission-mode is essential to achieve the above goals. Several vertical programmes focusing on maternal, neo-natal, reproductive and child health are in place that need to be taken to the community. The Government of India has also launched Poshan Abhiyan or National Nutrition Mission to tackle anaemia and stunting through the provision of adequate nutrition for the mother and child.

### **Budget 2020-21 provisions -**

- Reforming the Government's promise to end Tuberculosis by 2025, the FM proposed to strengthen efforts under the 'TB Harega Desh Jeetega' campaign. She also proposed to expand the Jan Aushadhi Kendra Scheme to all districts offering 2,000 medicines and 300 surgicals by 2024.
- The budget allocation for both components of Ayushman Bharat has been maintained with an allocation of Rs 1,600 crore to HWCs and Rs 6,400 crore.
- PM-JAY is being implemented in 32 states and UTs and covers more than 50 crore poor and vulnerable people. In only 18 months, it has provided more than 80 lakh treatments worth about Rs 11,000 crores.

### **Challenges -**

- The awareness and uptake of the scheme among the target population has to be vastly increased.
- The supply side needs to be strengthened by empanelling all public hospitals in the country so that beneficiaries can avail good quality care provided by these facilities.
- The coverage should be expanded to other vulnerable population groups such as construction workers, truck drivers/transporters, textile workers and artisans, ASHAs and Anganwadi workers/helpers, village level entrepreneurs (VLES), MSME owners/workers, among others.
- The quality of care needs further improvement.
- The fraud and abuse control machinery needs to be further bolstered to minimise all kinds of malpractices.

## **An Analysis of Education Sector Budget**

The focus has shifted from merely providing access to schools and colleges towards pursuit of quality in education, in line with the Sustainable Development Goal - 4.

On one hand, there is focus on strengthening and consolidating National Education Schemes like Samagra Shiksha Abhiyan (SSA) and on the other hand, a clear thrust towards strengthening and expanding high quality institutions; together, these promise to realise the ambitious goal of achieving global standards in education.

### **Budgetary allocation -**

The education budget allocation amounts to a total of Rs 99,311 crore within which school education and higher education have been allocated Rs 59,845 crore and Rs 39,466 crore respectively. The current allocation reflects an increase of 5% from the previous year.

### **Budgetary proposals -**

- **Teacher Education** - The Government is already focusing on training all the untrained teachers in the country through various institutions including National Institute of Open

Learning (NIOS). The government is also striving to utilise ICT in teacher training (e.g. DIKSHA portal).

- **Access to Higher Education** - The current budget, by proposing a degree level full-fledged online education programme will definitely attract youth towards higher education, which in turn will improve India's position at the global level in terms of access to higher education.
- **Global Higher Education** - To enhance the flow of international students, the current budget has proposed to initiate Ind-SAT which is to be held in Asian and African countries under the 'Study in India' programme.
- **Improved Financing** - The current budget proposes to introduce sourcing External Commercial Borrowings (ECBs) and foreign direct investment (FDI) so as to be able to deliver high quality education.
- **Training** - The current budget has adopted a unique approach by proposing establishment of a National Police University and a National Forensic Science University. Further, a shortage of medical professionals has also been recognised in the current budget. This is proposed to be addressed by attaching a medical college to an existing district hospital in PPP mode.
- **Enhancing and Ensuring Employability** - Recognising the unemployability among the students, the budget has proposed to address this problem with the very welcome initiative of apprenticeship-embedded degree/diploma courses in about 150 higher education institutions.
- Another important initiative bound to yield effective outcomes for the economy as a whole pertains to the proposed internship program for engineering students with urban local bodies for a period up to one year.

#### **Way forward -**

Without explicit provisions for curricular reforms, capacity-building of key stakeholders such as State Council of Educational Research and Training (SCERT)/Directorate of Educational Research and Training (DERT) and creating a pool of teacher educators, we will miss out on generations of learners who will be critical for transitioning on to a sustainable and holistic human development path.

## **Skills, Employment and Human Resource Development**

#### **Budget proposals -**

- Focusing on the need for apprenticeship, the FM announced two new initiatives. The first was that 150 Higher Education Institutions would start apprenticeship embedded degree/diploma courses by March 2021.

- Secondly, to increase apprenticeships within the country, it was proposed to start a programme where urban local bodies across the country would provide internship opportunities to fresh engineers for a period up to one year.
- Thirdly, the project preparation facility for infrastructure projects would actively involve young engineers, management graduates and economists from Universities.
- Fourthly, in the fisheries sector the government will involve youth in fishery extension through 3,477 Sagar Mitras.
- To address specific sectoral needs, it is proposed to set up a National Police University, and a National Forensic Science University. In the medical field, it has been proposed to build a Medical College in an existing district hospital in a PPP mode.
- A special Nirman Kaushal Vikas Yojana with an initial outlay of Rs 50 crore is proposed. The two schemes - Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) and Skill Strengthening for Industrial Value Enhancement (STRIVE) with an allocation of Rs 500 crore and Rs 400 crore respectively, to begin with, are also quite significant. These two schemes would look at the convergence, governance and regulation of skill training besides promoting the industry association in vocational training.
- The STRIVE scheme aims at developing an effective mechanism for delivery quality skill development training through strengthening of State Skill Development Missions (SSDMs), National Skill Development Corporation (NSDC), Sector Skill Councils (SSCs), and National Skill Development Agency (NSDA), among others.
- These two schemes will support universalisation of National Skills Qualification Framework (NSQF) across the country leading to the standardisation of skill delivery, content and output.

## **Action Plan for Prosperity of Farmers**

### **Budgetary proposals -**

- Moving towards resource management, the Government is proposing comprehensive measures for 100 water stressed districts, so that water does not become a limiting factor in enhancing productivity of crops.
- To check deteriorating soil health and maintain land fertility, the Government intends to encourage balanced use of all kinds of fertilisers including the traditional organic and other innovative fertilisers.
- In the year 2019, the Government announced the PM-KUSUM (Kisan Urja Suraksha evam Uthhan Mahabhiyan) to value-add farmers (annadata) as energy providers (urjadata). This scheme removed farmers' dependence on diesel and kerosene and linked their pump sets to solar energy. With promising results in hand, the Government now proposes to expand the scheme to support 20 lakh farmers for setting-up stand alone solar pumps. Scheme will also help another 15 lakh farmers solarise their grid connected pump sets.

- For making optimum and efficient use of these facilities, National Bank for Agriculture and Rural Development (NABARD) will undertake an exercise to map and geo-tag them. The Government has announced further creation and expansion of warehousing facilities by roping in Food Corporation of India, Central Warehousing Corporation and other stakeholders. The Government will provide Viability Gap Funding for setting up such efficient warehouses at the block/taluka level. This can be achieved, where states can facilitate land and are on a PPP mode.
- In the budget 2020-21, the Government has announced to build a seamless national cold supply chain for perishables (including milk, meat and fish) by collaborating with Indian Railways through PPP arrangement. A dedicated 'Kisan Rail' will be launched and refrigerated coaches in Express and freight trains will also be added.
- The Ministry of Civil Aviation will launch 'Krishi Udan' on national and international routes to help improve value realisation especially in northeast and far flung tribal districts.
- To expand the marketing of organic agri-products, the government has also announced strengthening of portal '*Javikkheti*' which is an online national organic product market.
- Emphasis has been laid on the National Animal Disease Control Programme in the budget with inclusion to eliminate PPR disease (Peste des petits ruminants) in sheep and goats by 2025. Proposal to increase coverage to Artificial Insemination from the present 30% to 70% will help genetic improvement of breeds for better productivity. Using the 'Mahatma Gandhi National Rural Employment Guarantee Scheme' (MGNREGS) for developing fodder farms will increase the much desired availability of green fodder in villages. Target of doubling milk processing capacity from 53.5 million tonnes to 108 million tonnes by 2025 is proposed.
- For Blue Economy, the FM has announced to put in place a framework for development, management and conservation of marine fishery resources. The FM proposed to raise fish production to 200 lakh tonnes (current production nearly 140 lakh tonnes) by 2022-23 and also committed to promote cultivation of algae and sea-weed along with the novel practice of cage-culture. The Government hopes to raise fishery exports to Rs 1 lakh crore by 2024-25, and proposes to involve youth in fishery extension through 3477 'Sagar Mitras' and 500 Fish Farmers Producer Organisations.
- Financing on Negotiable Warehousing Receipts that has recently crossed Rs 6,000 crores is proposed to be integrated with e-National Agriculture Market (eNAM) to bring in more expansion in the interest of all farmers.
- Agriculture credit target for 2020-21 has been set at Rs 15 lakh crore which was Rs 13.50 lakh crore during the last fiscal. The NABARD refinance scheme will be further expanded and all eligible beneficiaries of PM-KISAN will be covered under Kisan Credit Scheme.