

March 2021

YOJANA SUMMARY

AN INITIATIVE BY THE PRAYAS INDIA

THE PRAYAS IAS



UNION BUDGET 2021



Summary of Yojana

March 2021

Theme: Union Budget 2021-22

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Finance Commission

Introduction

- The constitution of the Finance Commission is governed by Article 280 of the Constitution, which spells out, in conjunction with other provisions, the manner and modality for the management of the finances of the Union and the States as well as the principles for governing the divisible resources.
- The Finance Commission transfers are made under Articles 270, 275 and 280 of the Constitution, which provides for sharing taxes and revenues vertically between the Centres and states and horizontally among all states.
- The Finance Commission has been described as the balancing wheel in the Constitution because it is designed to correct the structural and inherent imbalances between the resources and the expenditure of the Union and the States.

Fifteenth Finance Commission

- The 15th Finance Commission was constituted by the President under Article 280 of the Constitution on November 27, 2017.
- The title of the report 'Finance Commission in Covid Times', submitted to the President for the period 2021-26, itself speaks of the onerous task it had in hand when the pandemic had significantly impacted the economy and shrunk the overall pie of resources.
- The Fifteenth Finance Commission was additionally tasked with reviewing and commenting on the design of fiscal principles for various grants that are typically provided alongside revenue shares.

Vertical Transfer

- There is a structural vertical imbalance which necessitates orderly transfer of resources from the Union to the States.
- This imbalance between revenues and expenditure responsibilities forms the basis of a fair vertical devolution.
- The 15th Finance Commission, in its final report, recommended this devolution to be at 41 percent. This will maintain the predictability and stability of resources, especially during the pandemic.
 - This vertical devolution is in line with the recommended share in our first report as well as with the devolution of the Finance Commission – XIV.



- As compared to FC-XIV, this Commission has only made the required adjustment of about 1 percent due to the changed status of the erstwhile State of Jammu and Kashmir into new UTs of Ladakh and J&K.

Horizontal Distribution

- Horizontal devolution of taxes is mainly driven by considerations of need, equity and performance of various states.
- Considering various factors such as history, geography, economy, etc. of states, the 15th Finance Commission has tried to harmonise the principles of expenditure needs, equity and performance in determining the criteria for horizontal sharing by broadly assigning appropriate weightages.
- **It may be noted that all Finance Commissions since the 6th one, used the population data of the 1971 Census as per their ToR, but 15th Finance Commission was mandated by its ToR to use the population data of the most recent Census.**

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

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

Grants-in-aid

- The Commission has recommended five different categories of grants:
 - Revenue deficit grants
 - The Commission has recommended an allocation of 1.92 percent of gross revenue receipts of the Union as revenue deficit grants to specific states.
 - Grants for local governments
 - The grants to local bodies, both rural and urban contain a mix of basic, tied as well as performance grants such as sanitation, solid waste management and ease of breathing in the metro cities.
 - Grants for disaster management
 - While assessing disaster management grants, the Commission recommended Mitigation Funds to be set up at both the national and State levels, in line with the provisions of the Disaster Management Act.
 - The Mitigation Fund should be used for those local level and community based interventions which reduce risks and promote environment friendly settlements and livelihood practices.



- Sector-specific grants
 - Under this category the Commission has also recommended performance based grants and incentives for sectors like health, education, agriculture, PMGSY roads, judiciary, statistics and aspirational districts and blocks.
- State-specific grants
 - The Commission laid special focus on health sector while doing a detailed analysis of health expenditure and related facilities and infrastructure in various States.

Defence Fund

- The commission recalibrated the relative shares of Union and States in gross revenue receipts by reducing its grants component by 1 percent.
- This will enable the Union to set aside resources for the special funding mechanism that has been proposed in the report.
- It has also recommended that the Union Government may constitute in the Public Account of India, a dedicated non-lapsable fund, Modernisation Fund for Defence and Internal Security.
 - The total indicative size of the proposed MFDIS over the period of 2021-26 is Rs. 2,38,354 crore.
 - This recommendation has been accepted by the government.
- The principles of a non-lapsable fund has been accepted by the government – this is an important landmark considering that the defence forces have for long argued in favour of greater stability and predictability of finances for meeting their capital expenditure.

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

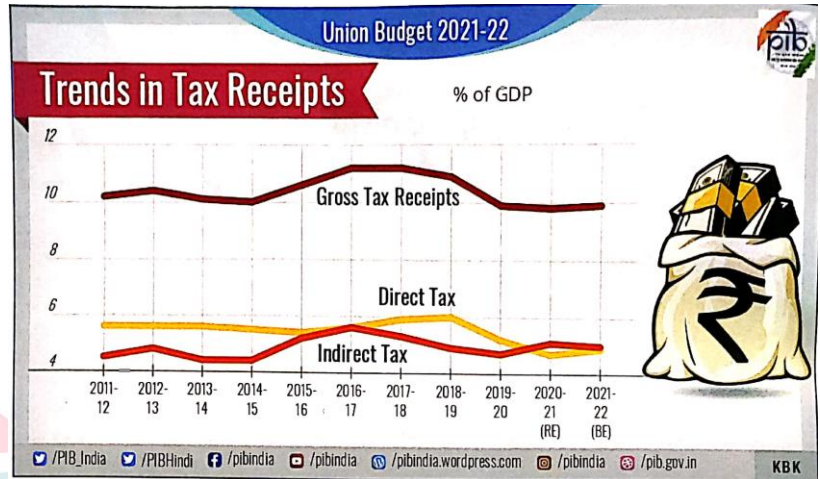
Conclusion

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



Towards Aatmanirbhar Bharat

- Budget 2020-21 is a reformative budget towards a quantum leap into the future in the trying times of Covid-19 pandemic.
- It carves out the Government's strategy to trigger a virtuous cycle of economic growth and envisions the constructive role of the private sector.
- With assets monetization, it also spells the Government's considered commitment on infrastructure spending to create new assets, jobs and demands for core industry products so that their multiplier effect would help the economy as a whole.
- The Budget further enhances the ease of doing business and assures more simplification of compliance and other process reforms to generate additional ease of living.
- Also this budget which is the first ever paperless budget has many unique features including realistic revenue projection, no tax rates tweaking and transparent fiscal accounting.
- The Budget persuades liberalization of FDI in insurance and rationalizes financial sector regulation.
- To provide tax stability which is the mainstay to attract investment and thrust economic growth with demand, the Budget avoids tinkering of tax rates.
- Without increasing any tax burden on the taxpayers, it introduces a cess, just by adjusting a few duties, to fund Agricultural Infrastructure and Development besides agriculture market reforms which are the need of the hour.
- Besides making the income tax department a department-in-dialogue with taxpayers that listens, trusts, believes and handholds them with new 26AS, pre filled returns, quick refunds etc., the Government introduced the faceless system in assessment appeal and now even in dispute resolution.



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Promoting Domestic Industry

Changes in basic customs duty for creating level playing field for the benefit of farmer-

- Increasing customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%
- Withdrawal of end-use based concession on denatured ethyl alcohol

Rationalising exemption on import of duty-free items as an incentive to exporters of garments, leather, and handicraft items. Almost all these items are made domestically by our MSMEs

Raising customs duty on finished synthetic gem stones to encourage their domestic processing



- The aim was to establish a platform for Transparent Taxation –

Honoring the Honest and thereby provide Faceless Assessment to all taxpayers, except in cases of serious frauds and money laundering, etc.

- Also Faceless Appeal, launched on September 25, 2020, provides a fully faceless procedure for appeals in tax dispute matters pending before the Commissioner (Appeals).

#Budget2021



Accountable and Efficient Tax Dispute Resolution



Setting up A Dispute Resolution Committee for taxpayers with a taxable income up to Rs 50 lakh and disputed income up to Rs 10 lakh to ensure efficiency, transparency and accountability



Faceless ITAT-Establish a National Faceless Income Tax Appellate Tribunal Centre, all communication between the Tribunal and the appellant shall be electronic. Where personal hearing is needed, it shall be done through video-conferencing



To ensure faster disposal of cases, replacing the Authority for Advance Rulings with a Board for Advance Rulings and provide appeal against the order of such Board to the High Court

#Budget2021



Promoting Domestic Industry



Greater domestic value addition in electronics and mobile phone industry by withdrawal of few custom duty exemptions on parts of chargers and sub-parts of mobiles



Calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions.



Withdrawal of exemptions on tunnel boring machine and raising customs duty on certain auto parts to harness the potential in manufacturing heavy capital investment domestically

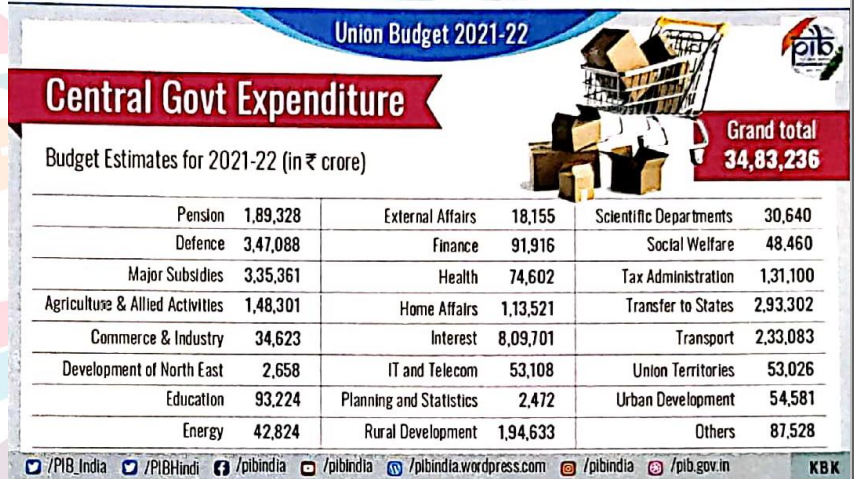
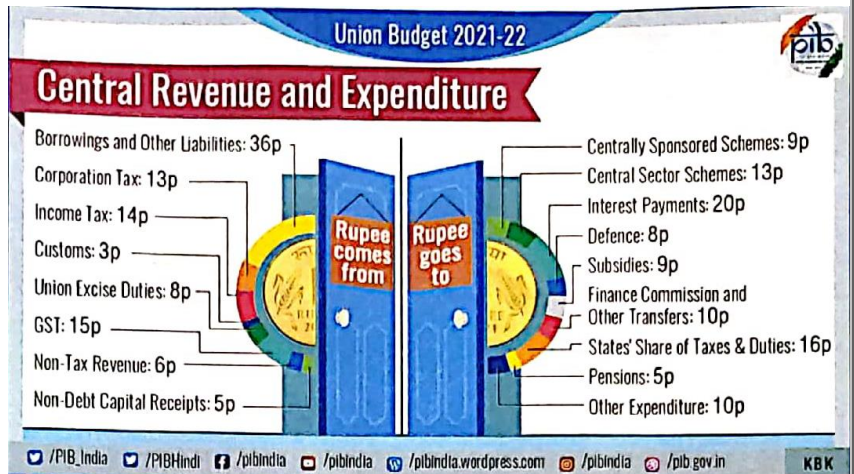
- Similarly in Indirect Taxes, Customs and GST, various process reform leading to ease of compliance have been introduced like validated input tax statement, e-invoice system, NIL returns with SMS, quarterly return and monthly payment for small taxpayers, pre-filled editable GST return staggering of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

Conditional Borrowings

Introduction

- An important component of the 'Aatmanirbhar Bharat Abhiyaan' packages was an increase in the net borrowing limit of States for 2020-21 by two per cent of GSDP.
 - The step made available additional financial resources to the tune of Rs. 4,27,302 crore to the States, easing their highly stressed fiscal situation and giving them more headroom to meet their spending needs.
- Borrowing by States in India is guided by provisions of Article 293 of the Constitution.

- States are permitted to borrow within the territory of India against the security of the Consolidated Fund of the State, subject to the limit fixed by the Legislature of the State.
- However, according to Article 293 (3), if a State is yet to repay any central loan extended to the State by the Government of India or by its predecessor Government, it has to obtain consent of the Government of India before raising any such loan.
- Based on the recommendations of the Finance Commission, the central government had fixed the net borrowing ceiling of States for the year 2020-21 at three per cent of GSDP.



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

Various reforms

- After detailed deliberations, four areas were identified for undertaking the much-needed reforms implementation of :
 - One Nation One Ration Card' system
 - Reforms to promote ease of doing business,
 - Local bodies and public utilities reforms
 - Reforms in the power sector



- The Department of Food and Public Distribution (DFPD), Department of Promotion of Industry and Internal Trade (DPIIT), Ministry of Housing and Urban Affairs (MoHUA), and Ministry of Power (MoP) were respectively designated to certify completion of stipulated reforms and recommend grant of permission for additional borrowings from the bond market.
- Each area was assigned equal weightage and an incentive of additional borrowing ceiling of 0.25 per cent of the GSDP was linked to completion of reforms in each sector.
- Initial deadline to complete the reforms was December 31, 2020 for 'One Nation One Ration Card' and 'Ease of Doing Business' reforms, January 15 2021 for 'Urban Local Body/Public Utility Reforms' and January 31,2021 for 'Power Sector Reforms.'
- However to induce more States to tread the reform path, it was subsequently decided to consider a State eligible for reform-linked benefits.
- Availability of a huge financial incentive of additional borrowings of Rs. 53, 413 crore in each sector made the reform path lucrative to the States, which were woefully short of resources with a dwindling tax collection, even as demand for expenditure was moving northwards.

Governance Reforms



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

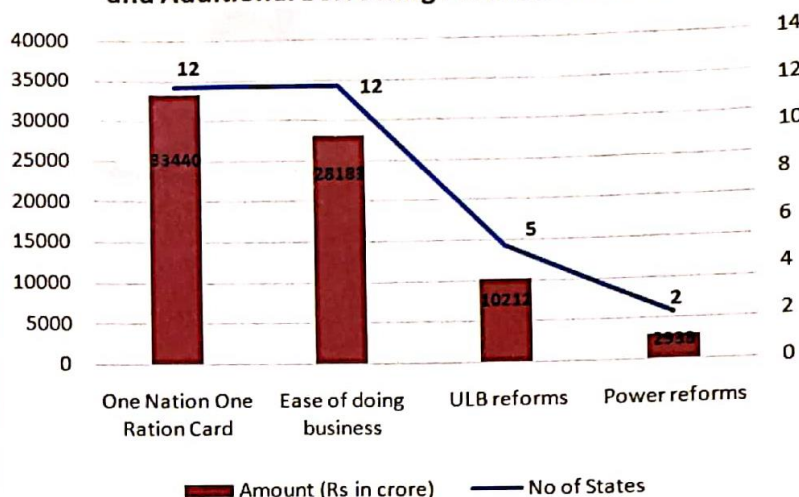


On the recommendation of the 15th Finance Commission, Govt has undertaken a detailed exercise to rationalise and bring down the number of Centrally Sponsored Schemes to consolidate outlays for better Impact



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

Chart-1: Number of States Completed Reforms and Additional Borrowing Permission Granted



Migrant Workers and Labourers

- One Nation One Ration Card implementation underway; 32 states and UTs covered so far and remaining 4 to be integrated in next few months
- New Portal to collect information on unorganised labour force, migrant workers especially, to help formulate schemes for them
- Implementation of 4 labour codes underway
- Single registration and licensing, and online returns to reduce compliance burden on employers

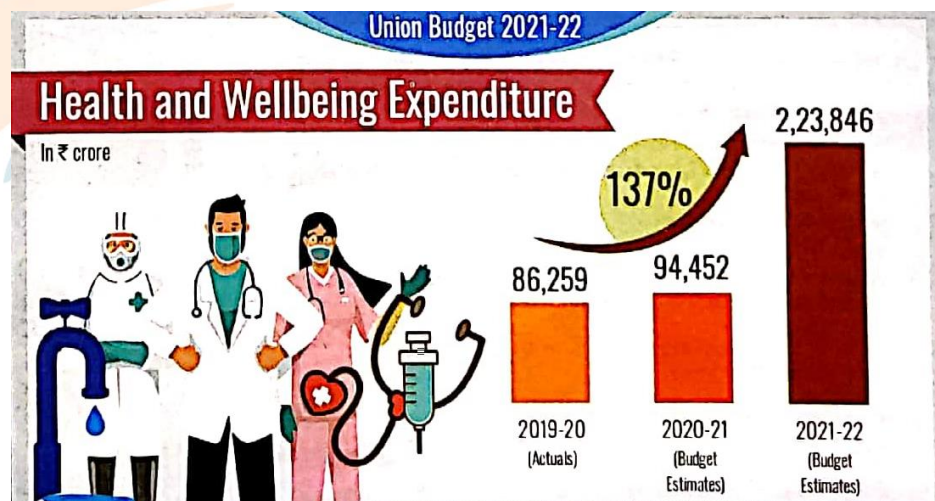


Enabling the Social Sector

- Budget is an instrument to convey not only the monetary allocations through fiscal provisions but it also reflects the national development priorities and growth strategies.
- This year the Budget has emerged as a unique initiative to address several of these expectations.

Health

- Health and well being is the first pillar among the six pillars of this year's budget.
- The PM Aatmanirbhar Swasth Bharat Yojana focuses on emergency response and preparedness with the objective of strengthening the health system.
 - The focus is not just on Covid-19 management but also on disease burden as a whole and addressing infrastructure deficit that one very often come across.
- There is also a proposal to establish critical care hospitals and five regional branches of the National Centre for Disease Control (NCDS).
- Digitalisation of the health sector especially an Integrated Health Information Portal (IHIP) for all states and Union Territories would assume importance.
- The idea to merge Supplementary Nutrition Programme and Poshan Abhiyan and launch the Mission Poshan 2.0 focussin on 112 aspirational districts merits attention.
- Jal Jeevan Mission got a jump of almost 35 percent this year in the budget allocation.
- The budgetary allocations for Ayush Ministry and health research have gone up by 40 percent and 25 percent respectively.
- With allocation of Rs. 4000 crore for the National Medicinal Plants Board (NMPB), Budget has given clear indication for backward integration projects dealing with medicinal and aromatic plants.
- However health system crucially depends on strengthening national institutions catering to detection and cure. It is important to evolve mechanisms for better coordination among various agencies.





PM AatmaNirbhar Swasth Bharat Yojana

A new Centrally Sponsored Scheme with an outlay of about ₹ 64,180 crore, over 6 years

Main Interventions :

- Support for 17,788 rural and 11,024 urban Health and Wellness Centers

Setting up of :

- 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
- 15 Health Emergency Operation Centers and 2 mobile hospitals
- A national institution for one health, a regional research platform for WHO South East Asia Region, 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology

Holistic Approach to Health care

MINISTRY OF FINANCE

- ₹ Budget outlay for Health and Wellbeing increased to Rs 2,23,846 crore in BE 2021-22 as against this year's BE of Rs 94,452 crore
- ₹ The Pneumococcal Vaccine, a Made in India product, currently limited to only 5 states, to be rolled out across the country. This will avert more than 50,000 child deaths annually
- ₹ Rs 35,000 crore has been provided for Covid-19 vaccine in BE 2021-22. Further funds if required
- ₹ National Nursing and Midwifery Commission Bill to be introduced to bring about transparency, efficiency and governance reforms in the nursing profession

Education

- The Budget has also announced partnership with NGOs and private sectors for setting up of 100 Sainik Schools in different States.
- Similarly, in the tribal areas 750 Eklavya Model Residential Schools are to be set up at a cost of Rs. 38 crore.
- The National post metric scholarship scheme for students from scheduled caste till 2025-26 is a significant step.
- Schemes like the National Digital Educational Architecture and the National Initiative for School Heads and Teachers for Holistic Advancement (NISHTHA) are actually gearing up the system towards what is enshrined in the Sustainable Development Goal (SDG) 4; from quantitative to qualitative education.
- These programmes have been given sufficient funding for such a transition. Usage of technology in schools and in their administration would strengthen the prospects for effective implementation of new education policy.
- The Finance Minister has also reemphasized the commitment of the government to establish a Higher Education Commission (HEC) with four verticals, which would undertake standard setting, accreditation, regulation and the funding of higher educational institutions.

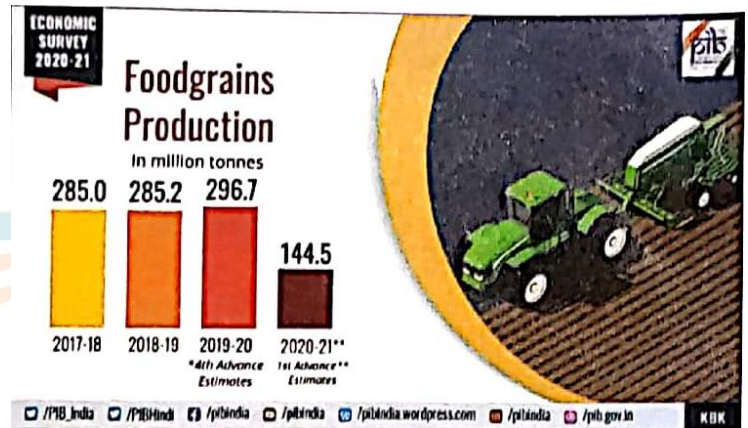


Strengthening the Agriculture Sector

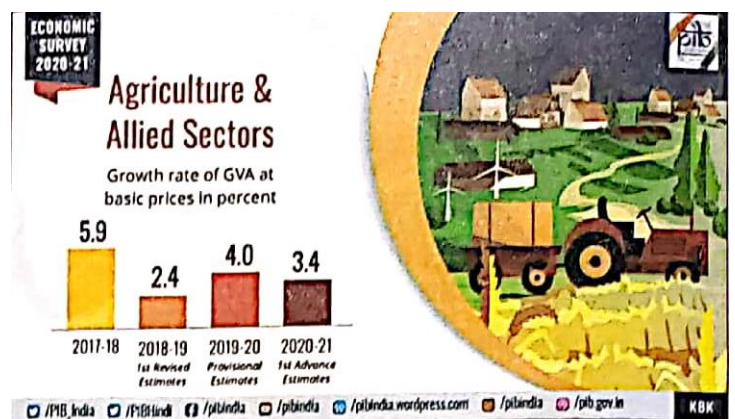
- In pursuance to its commitment for doubling the farmers' income by 2022, Government of India rolled out its budget for fiscal 2021-22 with welfare of farms and farmers at the core.

MSP, Mandis and Markets

- The MSP regime has undergone a change to assure price that is at least 1.5 times the cost of production across all commodities.
- Amid many speculations on future of Agriculture Produce Market Committee (APMC) mandis, Government signaled its intention by announcing 'the agriculture infrastructure fund would also be made available to APMCs for augmenting their infrastructure facilities.



- This fund will help creation of agri-infrastructure mainly to support farm-gate processing and post harvest facilities to reduce farm-to-farm wastage.
- Provision of the Agricultural Infrastructure Development Cess of Rs. 2.5 per litre on petrol and Rs. 4.0 on diesel will further add to the kitty to meet development targets.
- To facilitate and extend the benefits of online trading to farmers, it is proposed to integrate 1,000 more mandis with e-NAM, the electronic National Agricultural Market of India.
- To provide support to farmers when prices of agri-produce is low in the market, the FM proposed to enlarge scope of 'Operation Greens' scheme.



- Currently, the scheme is applicable to tomatoes, onions and potatoes (TOP) only, but now 22 perishable products will also be brought under its ambit.

Credits, Corpus and Caring



- The Government has enhanced the agricultural credit target to Rs. 16.5 lakh crore in the proposed budget.
- Early this year, the PM launched a unique scheme, the Survey of Villages and Mapping with Improvised Technology in Village Areas (SVAMITVA) to provide a record of right to property.
 - This scheme lets villagers use their property as a financial asset for taking institutional loans and other financial benefits.

Financing Fisheries and Allied Sectors

- In the present budget, Animal Husbandry and Dairying sector has been allocated a sum of Rs. 3,289 crore, which is 18 per cent increase as against the revised budget estimate for 2019-20.
- India is the second largest fish producing country in the world with 7.58 per cent share in global production.
- This sector sustains income of over 28 million people, majority of which belong to marginalized and vulnerable communities.
- Apart from marine fisheries, inland fishing harbour and fish landing centres will also be developed along the banks of major rivers and waterways.
- Seaweeds farming is a sunrise sector with potential to transform lives of coastal communities.
- Earlier India was not very keen to cultivate seaweeds though it is bestowed with a coastline of more than 7500 km and over 800 species of seaweeds.
 - But now its economical potential is recognized as a renewable source of food, energy, chemicals and most importantly as source of medicines.

#Budget2021
Committed to the Welfare of Farmers

- The SWAMITVA Scheme that provides a record of rights to property owners in villages will now cover all states/UTs
- Scope of the Operation Green scheme to be extended to 22 perishable products
- Agriculture Infrastructure Funds to be made available to APMCs for augmenting infrastructure facilities
- 1,000 more mandis to be integrated with e-NAM



Micro Irrigation Fund doubled by ₹ 5,000 crore

Payment to farmers is as under:

(*in crore)

	2013-14	2019-20	2020-21
Wheat	₹ 33,874	₹ 62,802	₹ 75,060
Paddy	₹ 63,928	₹ 1,41,930	₹ 172,752
Pulses	₹ 236	₹ 8,285	₹ 10,530

- SWAMITVA Scheme extended to cover all states/UTs
- 'Operation Green Scheme' extended to 22 perishable products
- Agricultural credit target enhanced to ₹ 16.5 lakh crore in FY22 with focus on credit flows to animal husbandry, dairy, and fisheries
- 1,000 more mandis will be integrated with e-NAM to bring transparency and competitiveness
- Agriculture Infrastructure Funds to APMCs for augmenting infrastructure facilities



- Given the rising global demand for seaweed-derived products, the Government intends to support seaweed cultivation by proposing to establish a Multipurpose Seaweed Park in Tamil Nadu.
 - It will provide large scale employment and additional incomes.

Conclusion

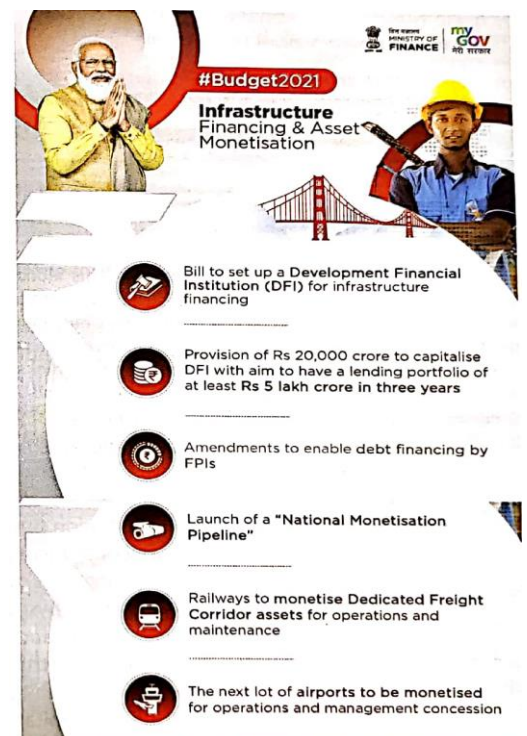
- Overall, budget provisions for agriculture and allied sectors are set to energise the sector with substantial investments in building agricultural infrastructure.
- In addition to this, the money in the hands of farmers through the MSP regime will keep the momentum seen during the Covid times going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

Budget for Infrastructure

- The Union Budget 2021-22 has a welcome focus on infrastructure, being part of one of the six pillars – Physical and Financial Capital, and Infrastructure.
- The capital allocation has gone up by over a third of the previous year's allocation to Rs. 5.5 lakh crore in keeping up with the plans of the National Infrastructure Pipeline (NIP).
 - The NIP envisages a capital spend of over Rs. 100 lakh crore over six year period, 2019-20 to 2024-25, with 39 per cent to come from the Centre, that is about 40 lakh crore.

Road Sector

- The maximum allocation if for the Roads sector (Rs. 1,18,101 crore) where over the years the framework for effective investments have improved.






- Further the government is in a position to monetize significant road assets of the National Highways Authority of India (NHAI), where there is now a clear assessment of toll revenues.
- The e-tolling (FASTag) is finally falling into place saving significant waits at toll booths.

Railway Sector

- Rs. 1,07,100 crore is allocated for this sector.
- Investments in Railways are driven both by capacity creation and customer centricity.
 - Capacity creation is the easier one, though affected by land acquisition, and some instances environmental clearance.
 - The Dedicated Freight Corridor and the Bullet Train, have been delayed on account of land acquisition.
 - The challenge in customer centricity is to be able to leverage PPPs with appropriate policy reforms.
- A recent initiative attracting private play into passenger train operations presents an uncertain picture of its attractiveness.
- The recently launched draft National Rail Plan (NRP) visualize not only arresting the declining rail share of traffic, but reversing it, in the interest of climate impact and energy sufficiency.
- In the freight segment, increasing the rail share from the current under 30 per cent to at least 45 percent by 2050 is envisaged.
- In the container train operator segment, the




ROADS AND HIGHWAYS INFRASTRUCTURE

- Highest ever outlay of ₹ 1,18,101 crore for Ministry of Road Transport and Highways

Following economic corridors being planned:


- 3,500 km of NH in Tamil Nadu at an investment of ₹ 1.03 lakh crore. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor.
- 1,100 km of NH in Kerala at an investment of ₹ 65,000 crore including 600 km section of Mumbai-Kanyakumari corridor in Kerala.
- 675 km of NH in West Bengal at a cost of ₹ 25,000 crore including upgradation of existing Kolkata – Siliguri road
- NH of around ₹ 19,000 crore are currently in progress in Assam. Further works of more than ₹ 34,000 crore covering more than 1300 km of National Highways will be undertaken in next three years.

Advanced Traffic management system with speed radars, variable message signboards, GPS-enabled recovery vans will be installed in all new four and six lane highways.



POWER INFRASTRUCTURE

- A comprehensive National Hydrogen Energy Mission 2021-22 will be launched for generating hydrogen from green power sources.
- A Framework to provide various alternatives to consumers to choose Distribution Company.
- Revamped reforms-based result-linked power distribution sector scheme will be launched with an outlay of ₹ 3,05,984 crore over 5 years. To provide assistance to DISCOMS for Infrastructure creation.
- In past 6 years 139 Giga Watts of installed capacity & 1.41 lakh circuit km of transmission lines have been added, connected an additional 2.8 crore households



RAILWAY INFRASTRUCTURE

- National Rail Plan for India - 2030 to create a 'future ready' Railway system by 2030.
- Western Dedicated Freight Corridor (DFC) and Eastern DFC to be commissioned by June 2022, will bring down the logistic costs thereby enabling Make in India strategy.
- 100% electrification of Broad-Gauge routes will be completed by December, 2023.

For Passenger convenience and safety :

- Aesthetically designed Vista Dome LHB coach on tourist routes for better travel
- Indigenously developed automatic train protection system to eliminate train collision due to human error



privatization of CONCOR is on the anvil, to creating a level playing field.

Urban Transport

- Urban transport has been given a strong focus, not only with allocations for extension of metro lines in major cities, but also for Metrolite and Metroneo projects and for bus transportation.
- With these technologies India will have a full range of mass transit technologies,

URBAN INFRASTRUCTURE

A new scheme of ₹1,000 crore for augmentation of public bus transport services.

- The scheme will boost the automobile sector
- Provide fillip to economic growth
- Create employment opportunities for our youth
- Enhance ease of mobility for urban residents

Two new technologies i.e., 'MetroLite' and 'MetroNeo'

To provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.

Central counterpart funding will be provided to

- a. Kochi Metro Railway Phase-II of 11.5 km at a cost of ₹1957 crore.
- b. Chennai Metro Railway Phase -II of 118.9 km at a cost of ₹63,246 crore
- c. Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of ₹14,788 crore
- d. Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of ₹5,976 crore and ₹2,092 crore respectively

Telecom sector

- Here 9000 crore have been allocated to complete the Bharat Net project, which envisages broadband connectivity to all the gram panchayats of the country.
- There is also an allocation of Defence Ministry for improving their network and equipment which will enable vacating their spectrum for potential commercial use.

Electricity

- Amount of Rs. 3 lakh crore is allocated for this sector to enable better performance at the Discoms level.

Agri-Infrastructure

- Allocation for Agri infrastructure sector includes a cess that is being levied on fuel. While it will not affect the price of fuel to the end customer, a price which already includes more than half towards taxes and duties, it raises a Centre vs State issue as cesses are not sharable with states.

Other aspects

- A new infrastructural Developmental Financial Institution (DFI) is being setup with an allocation of Rs. 20,000 crore.
- The government has also set up a 'bad bank' including an Asset Reconstruction Company (ARC) and an Asset Management Company for taking care of non-performing assets.
 - This is a much required step especially since infrastructure assets are one of the primary causes of non-performing assets.



- Strategic disinvestment and asset monetization have received significant attention in the budget, not only as a means to raise revenues for government but also to bring in private sector efficiency.

Conclusion

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

Flattening the Climate Curve

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

Nationally Determined Contribution

- In its Nationally Determined Contribution (NDC), India has committed to following a low carbon path to progress.
- It has sought to reduce the emissions intensity of its GDP by 33 to 35 per cent below 2005 levels by the year 2030; achieve 40 per cent of cumulative electric power-installed capacity from non-fossil fuel sources by 2030; and enhance forest and tree cover to create additional carbon sink equivalent to 2.5 to 3 billion tons of carbon dioxide by 2030.
- Clearly, finance is a critical enabler of India's climate change action. It has to make judicious use of its scarce resources to satisfy competing demands.

Budget Provisions

- The Union Budget 2021-22 captured this spirit in a number of provisions. It laid adequate emphasis on all the three pillars of sustainable development, namely, economic, social and environmental.



Initiative	Key Provisions
Clean Air	The budget provides an amount of Rs. 2,217 crore for 42 urban centres with a million-plus population to tackle the menace of air pollution.
Swachh Bharat Abhiyan (Urban)	<p>The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of Rs. 1,41,678 crore over a period of 5 years from 2021-2026. The key focus areas include:</p> <ul style="list-style-type: none">complete faecal sludge management and waste-water treatment,source segregation of garbage,reduction in single-use plastic,reduction in air pollution by effectively managing waste from construction-and-demolition activities, and bio-remediation of all legacy dump sites.
Scrapping Policy	<p>The government announced a voluntary vehicle scrapping policy, to phase out old and unfit vehicles. Vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles. This will help in:</p> <ul style="list-style-type: none">encouraging fuel-efficient, environment-friendly vehicles,reducing vehicular pollution, andreducing the country's oil import bill.
Production Linked Incentive (PLI) Scheme	<p>The government has committed nearly Rs. 1.97 lakh crore, over 5 years starting FY 2021-22. This will help create manufacturing global champions that:</p> <ul style="list-style-type: none">become an integral part of global supply chains,possess core competence and cutting-edge technology, andprovide jobs to youth by bringing scale and size in key sectors.
Augmentation of City Bus Service	<p>The government has proposed to launch a new scheme at a cost of Rs. 18,000 crore to support augmentation of public bus transport services. The scheme will facilitate deployment of innovative PPP models to enable private sector players to finance, acquire, operate and maintain over 20,000 buses. This will:</p> <ul style="list-style-type: none">provide fillip to economic growth,create employment opportunities for youth, andenhance ease of mobility for urban residents.
Expansion of Metro Rail Network	The government is planning to deploy two new technologies i.e., 'MetroLite' and 'MetroNeo' to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities. This will raise the share of public transport in urban areas.



CLEANER AIR



To tackle air pollution ₹ 2,217 crore for 42 urban centres with a million-plus population is provided

Scrapping Policy

A voluntary vehicle scrapping policy to phase out old and unfit vehicles

Fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles



PETROLEUM & NATURAL GAS



KEY INITIATIVES

- Ujjwala Scheme which has benefited 8 crore households will be extended to cover 1 crore more beneficiaries
- A gas pipeline project to be taken up in Union Territory of Jammu & Kashmir
- An independent Gas Transport System Operator to be setup

Non-conventional/ Green Energy	<p>The government has proposed the following:</p> <ul style="list-style-type: none"> ■ launch a Hydrogen Energy Mission in 2021-22 for generating hydrogen from green power sources, ■ add 100 more districts in next 3 years to the City Gas Distribution network, and take up a new gas pipeline project in the Union Territory of Jammu and Kashmir, ■ extend the Pradhan Mantri Ujjwala Yojana to cover 1 crore more beneficiaries, and ■ provide additional capital infusion of Rs. 1,000 crore to Solar Energy Corporation of India and Rs. 1,500 crore to Indian Renewable Energy Development Agency.
Phased Manufacturing Plan	<p>To build up domestic capacity and encourage domestic production, the government will:</p> <ul style="list-style-type: none"> ■ notify a phased manufacturing plan for solar cells and solar panels, ■ raise duty on solar invertors from 5 per cent to 20 per cent, and on solar lanterns from 5 per cent to 15 per cent.
Power Distribution Reforms	<p>The budget provides an outlay of Rs. 3,05,984 crore over 5 years for the launch of a revamped reforms-based result-linked power distribution sector scheme. The scheme will provide assistance to power distribution companies (DISCOMS) for:</p> <ul style="list-style-type: none"> ■ infrastructure creation including pre-paid smart metering and feeder separation, and ■ upgradation of systems. <p>The government will put in place a framework to give consumers alternatives to choose from among more than one DISCOM.</p>
National Monetisation Pipeline	<p>The government has proposed a "National Monetisation Pipeline" of potential brownfield infrastructure assets, including:</p> <ul style="list-style-type: none"> ■ transmission assets worth Rs. 7,000 crore via PGCIL InvIT, and ■ Oil and Gas Pipelines of GAIL, IOCL and HPCL.
Micro Irrigation	<p>The government has proposed to augment the Micro Irrigation Fund created under NABARD by doubling the corpus to Rs. 10,000 crore.</p>
Conservation of Deep-Sea Biodiversity	<p>The budget provides an outlay of more than Rs. 4,000 crore, over five years for the launch of a Deep Ocean Mission. This will include:</p> <ul style="list-style-type: none"> ■ exploration of living and non-living resources through deep ocean survey, and ■ projects for the conservation of deep-sea biodiversity.
Reduced Use of Paper	<p>In the first-of-its-kind Digital Budget, the government has allocated:</p> <ul style="list-style-type: none"> ■ Rs. 3,768 crore in the year 2021-22 to make the forthcoming Census the first "Digital Census" in the history of India, and ■ Rs. 1,500 crore for a proposed scheme that will provide financial incentive to promote digital modes of payment.



Way Forward:

- It is necessary to put in place a mechanism to identify gaps and measure progress of the nation's climate action by building a credible monitoring and reporting system. This will help in optimal utilization of funds and unlocking of investments at the transformational scales needed.
- There is a need to develop a "Climate Budget Tagging" tool. This will help in identifying, classifying, weighing and marking climate relevant expenditures in the fiscal budget. Tagging budgetary outlays as "green" will make it easier for the government to track and review the policy implementation.
- By incorporating a detailed account of social, economic, environmental, and administrative impact in every legislative proposal, the negative externalities certain policies can be minimized. This will not only promote transparent and democratic law-making in the country, but also allow citizens to understand and debate trade-offs created by such laws even before they are formalized.

Conclusions

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