

The Enquiry

AN INSIGHT INTO POLICY AND GOVERNANCE



INSIGHT

VICE CHANCELLOR'S MESSAGE

Means to the Real Socio-Economic Development or Election Titles

किसानों के नाम पर बजट की हेडलाइन बनती है।

Interim Budget, Interim Finance Minister, Interim Tax Relaxation

It's Not All Rosy

Inadequate Budget for Efficient Defence Personnel

Is India's Health Budget Really Moving Towards Healthy New India?

Interim Education Budget: Adequate / Inadequate?

WE SALUTE THE BRAVE SONS OF INDIA

*We are with our nation, our soldiers,
and families of the martyred bravehearts.*



**"WE WILL NOT FORGET, WE WILL NOT FORGIVE:
We salute our martyrs of Pulwama attack and
stand with the families of our martyr brothers.
This heinous attack will be avenged."**

Central Reserve Police Force

प्रो. राकेश भटनागर
कुलपति

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Message

I would like to extend my warm wishes to **Finance and Economics Think Council (FETC)**, a worthy association of students of Banaras Hindu University for their commendable research work on eleven public policies. In a very small span of time, council has made significant impressions on the mind of students, faculty members, administrators and of course, engrossed the attention of several ministries.

In a democratic country like India, channelisation of information and public engagement on all aspect of national importance is essential. **FETC** is making comprehensive efforts to establish a dialogue with the society, which is necessary not only to bring to balance the competing interests but also to reconcile them. Divergent strands in public discourse have to be recognised to solve complex problems without an unhealthy strifes.

The most unique characteristic of **FETC** is that council members are very young, disciplined, well trained and highly educated. Council's monthly newsletter "**The Enquiry: An Insight into Policy and Governance**" is undoubtedly making significant role in enhancing financial and economic literacy among the current generation. The current edition of the newsletter is specifically concentrated on the **Interim Budget 2019-20**. It will definitely present a multitude of views on the highly diversified segments of the economy.

I would proudly like to state that- "**In happiness of the students lies the happiness of the University and their welfare is its welfare**".

My heartfelt cordial best wishes for council's future endeavours.

(Rakesh Bhatnagar)



OP-ED

Means to the Real Socio-Economic Development or Election Titles

Dr. Sameer Shekhar

Coordinator, Academic Research and Assistant Professor,
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The central government presented sixth budget of its term in the first week of February in consonance with its commitment to bring the changes in the Indian Economic and Social lines of fate by taking path-breaking decisions which is leaving the nation surprised in series, in the age of web-series. In the name of interim budget, the central government presented a regular budget which is scraping up appreciation of not only uneducated or less educated mass but of educated and educating focus group too. The contentions are roaring of thrust on social infrastructure, ease of living, and technology led governance for inclusive, equitable growth as a welcome move through the budget mechanism. Obviously the proposed plan of expenditure and revenue budget seems to have generated euphoriant sensation over the minds of the middle class and downtrodden people especially by throwing the bones in Pradhan Mantri Kisan Samman Nidhi (PMKISAN) scheme and changes proposed in personal Income Tax rates and slabs. But the truth lurking behind has many facets to discuss as a matter of fact. The budget is obviously historical which has broken record not in the sense by making philanthropic announcements, but due to the nature of the budget which a government is supposed to announce when it is about to complete its tenure. This government presented fifteenth interim budget, with the clear intention of whipping-up vote bank, and therefore, there would be no any exaggeration in declaring it as the mother of all election budget. There has been tradition of not making any bigger proclamation in the interim budget, as it is meant to be presented for running the government and bearing the expenses up-to end of the financial year (i.e. 31st March), so the budget was supposed to be presented on account of government expenditure up to 31st March 2019, but the central government cleverly considered the period of up-to July 2019 after which the tenure of the new government is to commence. It is also important to mention that, institutions and agencies of national importance associated to commerce and industries of the nation use to give their suggestive remark to the government based on which regular budget is prepared, but on this occasion seldom significant suggestion were submitted to the government believing that, this would be vote-on-account budget. Generally, in vote-on-account budget, government doesn't make any signification announcement on tax policy. The government has already presented five budget in its regime, and cannot present sixth budget as per constitutional provision. In the interim budget the government usually restrain themselves from making any major announcement or calling on any new scheme, as according to the parliamentary system the significant proclamations cannot be executed within the remaining timeframe, and thus the new government presents the complete budget for in the interim budget the government presents its report card and disburse funds for expenditure on the ongoing schemes. But the government has been seen breaking tradition of not making any such proclamation. Here, the three major announcements made by the government in the budget viz. PMKISAN Scheme, Pension Scheme and Tax Specifications are being discussed in brief.

PMKISAN Scheme: The government announced the income support scheme for the farmers as a result of defeat in the three states was

highly expected to lure the farmers of the nation, and the government came up with. But we need to understand the crux of the scheme, because it is the first highlight of the budget. The scheme has not been introduced with the objective of favouring farmers or extending help to the farmers by means of direct money transfer scheme, otherwise the government would have brought the scheme in its earlier regular budget, as needless to say that the farmers' crisis has not broke out today. The farmers were in deep distress in 2014 because of crops destruction resulting from draught, in 2015 because of hailstorm, and then the government came-up with the MSP scheme which it thought as the solution of the last resort to the farmers. The central government through the budget announced transfer of Rs 6,000 per year into the accounts of each of 12 crores small farm owners, which will certainly have a vote creating impact over 25 crores farmers and family members.

Pension Scheme: The budget also announced pension of up-to Rs. 3000 to the labours and workers of unorganized sector. Though the fashion of such schemes are not new but has been from earlier in pension, insurance or some other form in the name of extending social safety and economic security. We have seen the implementation and impact of the schemes like medical pension scheme, crop insurance scheme etc. which had bad experience in achieving success. Secondly, the government will require the finance of up-to 7.5 thousand crore rupees to extend the benefit through direct transfer. Further, the problem lies in the definition of the people falling under unorganized sector who are to be benefitted.

Tax Mechanism of the Budget: The announcement regarding tax benefit has gathered immense support and euphoria from the middle class. Certainly it was being expected by the experts that the government will be coming up with such relaxation, and the government came-up with the appreciable move. The new tax structure announced in the budget has various things to be happy on. The TDS threshold on interest earned on bank/post-office deposits increased from 10 thousands to 40,000 will cater benefits to pension holders and senior citizens. The finance minister used the term tax rebate under 87 A of the Income Tax Act under which people having income of Rs. 3 lakh to Rs. 5 lakh were getting rebate of Rs. 2500 in the tax payment which has now been increased up-to Rs. 12500.

In the **concluding remark** it can be said that the provisions regarding tax (income tax rebate, TDS threshold limit, simplification etc) is good move but its actual implementation and impact on Indian economy will be better judged after formation of the new government. The full on implementation will be in effect after formation of the new government who need to keep the proposal of change in the finance bill before the parliament. The announcement regarding PMKISAN scheme and Pension Scheme are proving to be good titles for the farmers and unorganized sector targets which is certainly going to give positive result to the present government in Lok Sabha election.



अर्थनीति

किसानों के नाम पर बजट की हेडलाइन बनती है।

विक्रान्त सिंह

(छात्र, वाणिज्य संकाय, काशी हिंदू विश्वविद्यालय)

इस देश की सरकारों ने किसानों के नाम पर खूब बजट बनाएं। हर बजट के बाद दावा किया कि कृषि समस्या दूर हो जाएगी लेकिन हर बजट के बाद भी किसान कर्ज और फसलों के दामों के बीच आत्महत्या करते रहें। हमारे यहां एक कहावत चलती है कि किसान कर्ज में पैदा होता है, कर्ज में जीता है और कर्ज में ही मर जाता है। परंतु आज का किसान कर्ज के साथ-साथ लाइनों में खड़ा होकर भी मर जाता है। वह बीज के लिए लाइन में खड़ा होता है, वह खाद के लिए लाइन में खड़ा होता है, वह अपनी उपज को बेचने के लिए लाइन में खड़ा होता है, कर्ज लेने के लिए लाइन में खड़ा होता है और इस कर्ज और लाइन के बीच में उसकी जिंदगी खत्म हो जाती है।

वर्तमान में किसानों की दो मुख्य समस्याएं हैं। पहला तो उनके ऊपर कर्ज का एक बहुत बड़ा बोझ पड़ा हुआ है और दूसरा उनको उनकी फसलों का सही दाम नहीं मिल पा रहा है। बुनियादी तौर पर हमारी सरकारों को इन दोनों महत्वपूर्ण बिंदुओं पर कार्य करना चाहिए। हमें कोशिश करनी चाहिए कि किसान अधिक कर्ज लेने पर मजबूर ना हो और उसके फसलों का सही दाम मिले ताकि वह एक सम्मानजनक और स्वस्थ जीवन जी सके। वर्तमान समय में किसानों के ऊपर 31.3.2018 तक कुल कर्ज 11,63,253 करोड़ रुपये हैं। लेकिन हमारी सरकारें उन्हें हर वर्ष के बजट में एक झूझना थमा देती हैं। हम कृषि समस्याओं के स्थाई समाधान पर कार्य नहीं करते बल्कि बजट के जरिए किसानों के वोट बैंक को साधने का कार्य जरूर करते हैं।

अंतरिम बजट 2019 में किसानों को कर्ज ना लेना पड़े इससे जुड़ी योजना तो दिखाई पड़ती है लेकिन दूसरी समस्या का कोई समाधान नजर नहीं आता है। सरकार ने अंतरिम बजट में छोटे और सीमांत किसानों को ₹6000 नकदी स्थानांतरण की घोषणा की है। अंतरिम बजट पेश करने के दौरान वित्त मंत्री ने किसानों को सस्ते दरों पर ऋण देने की मोदी सरकार की प्रतिबद्धता को अपनी प्राथमिकता बताते हुए किसान क्रेडिट कार्ड के जरिए लोन लेने वाले किसानों को 2% की छूट देने की घोषणा की है। समय से ऋण लौटाने वाले मजदूरों को भी 3% का अतिरिक्त फायदा मिलने की बात बजट में कही गई है। समय पूर्व कर्ज लौटाने वाले किसानों को ब्याज दर में दी गई छूट एक प्रशंसनीय कदम है। इससे समय पर कर्ज लौटाने वाले किसानों राहत मिलेगी।

प्रधानमंत्री किसान सम्मान योजना

प्रधानमंत्री किसान सम्मान योजना के अंतर्गत सरकार प्रति वर्ष 75,000 करोड़ रुपये का संभावित खर्च मान रही है। यह नकदी 2 हेक्टेयर कृषि भूमि पर दी जाएगी। दो हेक्टेयर में 5 एकड़ कृषि भूमि आती है। इस हिसाब से सरकार प्रति एकड़ ₹1200 रुपये की व्यवस्था कर रही है। यह पहल वाकई में किसानों को मदद जरूर करेगी लेकिन 2 हेक्टेयर कृषि भूमि पर ₹6000 कहीं से भी पर्याप्त नहीं हो सकते हैं। यह पर्याप्त होते अगर देश की सरकारों ने हर किसान के खेत तक सिंचाई की व्यवस्था कर दी होती, उनकी उपज के लिए बाजार का रास्ता तैयार किया होता, बिना कर्ज लिए खेती करने के तरीके की व्यवस्था की होती, किसानों तक अत्याधुनिक कृषि संसाधन उपलब्ध कराए होते। लेकिन हम नहीं कर सकते। इसलिए किसान खुश तो है कि पहली बार उसको नगदी मिलेगी लेकिन वह चिंतित भी है कि इस नकदी से वह अपना जीवन यापन कैसे कर लेगा। किसान अगर एक वर्ष में दो फसलें भी उगाता है तो उसे प्रति फसल ₹3000 मिल रहे हैं। अगर किसान के पास 5 एकड़

भूमि है और उसके पास अपना खुद का ट्रैक्टर है तब तो वह खेत की जुताई-बुवाई में लगे खर्च को निकाल लेगा लेकिन अगर उसके पास ट्रैक्टर नहीं है तो उस स्थिति में किसान खेत की जुताई-बुवाई में तकरीबन ₹8000 से ₹10000 खर्च करेगा। इसके बाद सिंचाई का खर्च अलग, फसलों के लिए उर्वरक का खर्च अलग, फसलों की कटाई और दुलाई का खर्च अलग। आखिर एक किसान ₹6000 में इन कार्यों को कैसे करेगा? 5 एकड़ भूमि पर अगर गेहूं की खेती की जाए तो उर्वरक का खर्च ही तकरीबन ₹6000-₹8000 आता है। क्या इस योजना के अंतर्गत कृषि मजदूर और दूसरों की खेतों पर कृषि कार्य करने वाले किसान आएंगे? इस प्रश्न का जवाब अंतरिम बजट में नहीं मिल रहा है।

अब इस 6,000 रुपये को दूसरे तरीके से देखते हैं। प्रति किसान ₹6000 मिलने का तात्पर्य है कि किसान को प्रति महीने ₹500 दिए जा रहे हैं। अब अगर किसान के परिवार में 5 सदस्य भी है तो वह कौन सा कौन सा अर्थशास्त्र है जो प्रति महीने 5 सदस्यों को ₹500 में जीवन यापन करना सिखाता है? 2015-16 के आंकड़ों के अनुसार इस देश के छोटे किसान प्रति वर्ष ₹22,325 की कृषि आय अर्जित करते हैं।

इसलिए इस बजट को ₹6000 के लॉलीपॉप के हिसाब से देखा जाना चाहिए। यह चुनाव पूर्व किसानों को लुभाने का एक तरीका भर मात्र है, ना कि कोई स्थाई समाधान है। अगर सरकार की मंशा स्पष्ट होती तो वह इतनी छोटी रकम पर कार्य नहीं करती। इस योजना को एतिहासिक बताने वाले लोगों को इस बात का ध्यान रखना होगा कि इस देश में किसानों को नकदी स्थानांतरण करने वाली में यह पहली योजना नहीं है। तेलंगाना सरकार किसानों को प्रति एकड़ ₹4000 की राशि स्थानांतरित करती है। इस हिसाब से किसानों को 5 एकड़ पर कुल ₹20000 मिलने चाहिए थे। लेकिन सरकार ने 5 एकड़ पर ₹6000 देकर पिछले 4.5 वर्षों में किसानों के प्रति खराब हुई अपनी छवि को चुनाव पूर्व सुधारने की कोशिश भर मात्र की है।

ऐसा इसलिए क्योंकि इस अंतरिम बजट में यह बिल्कुल नहीं बताया गया कि 'प्रधानमंत्री कृषि सिंचाई योजना' के अंतर्गत मोदी सरकार ने कितने खेतों को पानी पहुंचा दिया है? अंतरिम बजट में बिल्कुल नहीं बताया गया है कि कितने गांव के बीच में एक कृषि मंडी बनाई जा चुकी है? सरकार को बताना चाहिए था कि प्रधानमंत्री फसल बीमा योजना के अंतर्गत किसानों की भागीदारी लगातार घट क्यों रही है? सरकार को बताना चाहिए था कि पिछले 2 वर्षों से किसानों की आत्महत्या को लेकर आने वाली रिपोर्ट रोक क्यों दी गई है? सरकार को बताना चाहिए था कि किसानों की आय बढ़ने का प्रतिशत क्या है? 2022 तक क्या सच में किसानों की आय दोगुनी हो जाएगी? या फिर इस बार भी किसान बजट की हेडलाइन बन कर रह जाएगा। इन सारे प्रश्नों के जवाब इस अंतरिम बजट में नहीं मिले।

निष्कर्ष यह है कि सरकार की तरफ से प्रधानमंत्री किसान सम्मान योजना के तहत मिलने वाले पैसों से किसानों की खेती में कोई बहुत बड़ी मदद नहीं हो पाएगी। अगर किसान इन पैसों को फसल काटने के बाद अपनी आय में जोड़ कर देखें तो ₹6000 की बढ़ोतरी जरूर दिखेगी। इस योजना का एक फायदा जरूर है कि कोई भी सरकार इस योजना को कभी आने वाले भविष्य में बंद नहीं करेगी और ना ही दी जाने वाली राशि में कटौती करेगी।



Taxation

Interim Budget, Interim Finance Minister, Interim Tax Relaxation

Vipin Vihari Ram Tripathi

Adarsh Sharma

(Former Student – Faculty of Commerce, Banaras Hindu University)

"Your tax helps dignity to our sisters and mothers with toilets and cooking gas connections. Your tax pays for electricity connections to the poor who lived in darkness for generations. The taxes you will pay provide health care to 50 crore brothers and sisters, and children. It is you who is ensuring respect, dignity, and a secure future to our retired jawans through One Rank One Pension. Thank you, taxpayers"

- Piyush Goyal

Envisioning New India, by 2022, the stand-in-finance minister Mr. Piyush Goyal presented the last election budget for Modi led government. The interim budget 2019-20 mainly emphasized on mega announcements to reduce the tax burden of honest middle class taxpayers of India. Mr. Piyush Goyal, recalled his government efforts undertaken in four and half years in enhancing the number of income tax-payers from 3.79 crore in 2014 to 6.85 crore in 2018, an elevation of merely 80 percent in the tax base. As a result, the tax collection melodiously increased from Rs 6.38 Lakh crore in F.Y. 2014 to almost Rs 12 lakh crore in F.Y. 2018. He further stressed that the current union government's simplified and transparent taxation system, wide information broadcasting, technology based processing, comprehensive legal system, proper accountability, effective enforcement compliance and importantly demonetization have undoubtedly reframed, revitalized and reformed the entire direct taxation philosophy of the country. In terms of indirect taxes, Goods and Services Tax (GST) has paved a smooth platform for decades of high growth. GST has undoubtedly resulted in increased indirect tax base, higher collections and ease of trade. In fact, the latest report of Central Board for Direct Taxes (CBDT) has accepted the government's claim that India has witnessed transformation in the modus operandi that resulted into tremendous growth in the direct tax collection between the F.Y. 2014-15 and F.Y. 2017-18. As per the report, the average corporate tax collection has been unprecedentedly increased from 32.28 lakh to 49.95 lakh whereas average individual tax collection has been increased from Rs 48,377 to Rs 58,576 in the above stated period.

Mr. Piyush Goyal, Chartered Accountant by Profession, has strategically utilized his professional experience in blending several dimensions of income tax to attract the current tax-payers. With the aim to provide some relaxation to middle class tax payers, he proposed:-

- To raise the tax rebate of section 87A to those having taxable income of up to Rs 5 lakh and will not require paying any sort of tax. As a result, even persons having gross income up to Rs 6.50 lakh may not be required to pay any income tax, if he/she properly exercises the available deductions under section 80C of the Income Tax Act. Further, person may claim a deduction of Rs 50,000 under section 80CCD (1b) in regards to National Pension Scheme. Prior, those who were earning up to Rs 3.5 lakh a year were eligible for a tax rebate of Rs 2,500 but now it

is proposed to hike this to Rs 12,500 and raised the eligibility to Rs 5 lakh. It will ultimately benefit nearly three crore taxpayers in the lower income group and will cost Rs 18,500 crore to the exchequer.

- Further, standard deduction for salaried class people has been slightly raised to Rs 50,000 from earlier Rs 40,000, a hike of 25 percent.

- The gratuity exemption is doubled to Rs 20 Lakh from Rs 10 Lakh.

- Presently, if a person is having more than one self-occupied house, is required to pay notional rent on one of the self-occupied house. But, Mr. Finance Minister has briefly proposed to exempt the tax on notional rent for second self-occupied house.

- Tax Deduction at Source (TDS) threshold for deduction on rental income has been also unexpectedly raised from Rs 1.80 Lakh to Rs 2.40 Lakh.

- TDS threshold on interest earned on bank or post office deposits is being raised 4 folded from Rs 10,000 to Rs 40,000. It will motivate the small and middle bank/post office customers to come up and invest their hard earned money.

- Government's contribution towards New Pension Scheme (NPS) has also been lowered to 14 percent from prevailing 4 percent.

- The benefit of rollover of capital gains under section 54 of the Income Tax Act will be increased from investment in one residential house to two residential houses for a tax payer having capital gains up to 2 crore. This benefit can be availed only once in a life time.

- The exemption period for real estate in context with notional rent, on unsold inventories, has been extended from one year to two years, from the end of the year in which the project is completed.

- From the next fiscal year, Income Tax Return filing and processing will be made within 24 hours and returns will be paid in next two working day.

- In next two years, with next generation structural reforms, income tax returns verification and assessment selected for scrutiny purpose will be done electronically, without any personal interface between taxpayers and tax officers.

- The union government has also moved a proposal to the GST Council to appoint a group of ministers to examine and make recommendations to reduce the tax burden on home buyers.

- The average monthly tax collection in the current year is Rs 97,100 crore per month as compared to Rs 89,700 crore per month in the introducing year.

Comments:

a. The interim budget 2019-20, taxation part is meeting the expectations of the general public.

b. Even though by keeping the income tax slab unchanged, government extended tax rebate will directly benefit the low-income tax payers

c. This interim budget put greater stress on tax-planning.

d. The budget has nothing for senior and super senior citizens.

e. From budget indication, it is clear that GST council is going to make big announcements in the coming months.

**OP-ED**

It's not all rosy

Ashutosh Yadav**(Former Student – Faculty of Commerce, Banaras Hindu University)**

Finance minister Piyush Goel finally appeared with the document of what the whole nation was anxiously waiting for. The expectation of each and every section of the society was to get something from the budget. As expected, the budget proved to be the populist one as, obviously, the general elections are around the corner. The budget has come with many sops for the middle class, it contains income support scheme for the already distressed agrarian economy, it has provided for pension scheme for the employees of unorganized sector, interest subvention scheme for the agriculture and MSME sector amongst others. In nutshell, it tried to appease all the spheres of the economy. It's not all rosy, however. In its endeavour of alluring all the sections of the society, it bypassed other important facets of the economy. Let's have look at some of those facets ;

Revision of fiscal deficit

This is for the second consecutive financial year the government has revised the fiscal deficit estimates and it does not augur well with the economy. The various credit rating agencies had already warned against the slippage of fiscal deficit and since this financial year again the government could not adhere to the fiscal deficit target it might lead to a downgrading of the Indian economy by these agencies which again can make borrowing a difficult task to handle. Please note that India is already facing a liquidity crunch in the economy especially the MSME sector thanks to the IL&FS saga and applied PCA norms of RBI on various public sector banks. Moreover, RBI also has not provided any stimulus again thanks to its monetary policy due to baseless apprehensions of inflation.

Farm labourers neglected

Farm labourers sector once again has been neglected by the government and though it announced a direct income scheme support to the farmers titled PM KISAN SAMMAN NIDHI YOJANA. This income support can land India to the Dispute settlement tribunal of WTO. Please note that the US has approached WTO and filed a complaint against the subsidy regime of India be it the export sector or agriculture sector. The US has alleged that over the years the subsidy given by the Indian government to its farmers for rice and wheat has crossed 60% of the price of the agriculture production which should not be more than 10%. To counter such claim the Indian government needs to direct income support scheme to the labourers and not only to farm landowners along with cutting down the program of MSP. However, it could be done by the government in the upcoming days. Whether it will be done or no we will have to wait and see.

Defence allocation is lesser thanks to depreciation of the Indian rupee

Although the Finance Minister has allocated 3 lac crores for the defence

sector in the budget, however, when it is adjusted against the depreciation it is much lesser what was allocated in the previous financial year. Considering the threats emanating from Pakistan and the STRING OF PEARLS policy of China India cannot afford to have any confinement when it comes to spending on the defence sector. As India still imports much of its arms and ammunition, it needs to have a flexible kitty.

Tax to GDP ratio is still a concern

India has one of the lowest Tax to GDP ratio in the world and when it comes to the BRICS nation it stands at the bottom. Currently, India's Tax to GDP ratio is around 17%. On the contrary, countries like China, South Africa, and Brazil have this ratio stand at around 22%, 27% and 30% respectively. The current announcement of rebates by the Central government further going to make it worse if the consumption does not rise as per the expectations of the government. Please note that the government has already felt the pressure of shortage in the collection of GST by whopping 1lac crore.

Source of receipts

The government has announced a colossal amount of support schemes and welfare schemes amongst others. But the question is what the source of receipts for such schemes is! Though the government is saying that since there was an increase in tax receipt in the fiscal year 2017-18 and 2018-19 by 12% and 17% respectively, therefore, it is expecting to increase it by over 13% to meet such expenditure. Even after falling short in the collection of GST by whopping 1 lac crore expecting such an increase in the tax receipt is quite ambitious. Please also note that the government had set a target of collecting 80000 crores through disinvestment in the current fiscal year out of which only around 36000 cores have been collected. How the government will collect the remaining 44000 crores within such a short span of time that is too at the time of the election.

What about the recapitalization provision!

Though a majority of the issues which are plaguing the Industrial sector as well as MSME sector the genesis of which comes from the banking sector there is no provision made in the budget in this regard. But since it is an interim budget such provisions may be expected in the proper budget by the new government. Since it's being an election year, there were expectations of major spending package focussed on struggling sectors such as agriculture. The government didn't disappoint as FM announced various schemes and sops but at the same time the budget is marred by the opaqueness and ambiguity among other. Moreover, the government also neglected some important aspects of the economy. It will be interesting to see whether the next government brings some clarity and rectify the error and commission or not.



DEFENCE

Inadequate Budget for Efficient Defence Personnel

Anand Mishra

(Former Student – Faculty of Commerce, Banaras Hindu University)

"To be prepared for war is one of the most effective means of preserving peace." George Washington

India is conceived to be a \$5 trillion economy in the next five years and \$10 trillion economy in the next eight years. In contrary to what could be the possible bottlenecks of economic growth like- higher crude oil prices, rising global trade tensions, stressed banking system and forced obstacles such as- demonetization and implementation of Goods and Services Tax, the real Gross Domestic Product of Indian economy is resolved to grow at 7.2% in 2018-19, the fastest among the world's large economies. The inflationary trends seems under control at 3.7% during April-December 2018 resulting into narrowing fiscal and current account deficit. Well-placed military weapon platform up-gradation and acquisition is essential to protect the interest of such a large economy. Defence preparedness of India is required at highest level being a responsible democratic nation, in a situation when maritime and land border vulnerability are increasing with passing years. Indian defence force has a strength of over 14 lakhs active personnel, the 2nd largest in the world. It is classified into Indian Army, Indian Navy and Indian Air Force and is duly supported by Indian Coast Guards and Paramilitary Organizations. The contribution of defence personnel and veterans by way of their services and sacrifices is known to all. Indian soldiers have a great history of bravery and martyrdom. 41 ordnance factories and 8 PSUs like- Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL) and others are involved in supplying defence tools and equipment to defence forces. India has been one of the biggest importer of defence equipment since past few years having US, Russia, Israel and Saudi Arabia as the biggest supplier. Though, situation has changed after the launch of Make in India initiative. Proper impetus has been given to production of defence equipment in domestic country and the dependence on import of equipment has reduced. The question is always raised whether defence sector is provided with enough budget to equip our soldiers with modern tools and equipment to fight for long in a war situation. As expected, Interim Budget 2019 had nothing new for defence sector except the fact that it has crossed Rs.3 lakh crore for the first time ever, which barely compensate for the inflation rate and exchange rate fluctuation. Amid a situation when Ministry of Defence is already fastened with huge shortage of resources, a marginal 8% increase in defence spending is shocking. Out of total Rs.4.31 lakh crore allocated to the MoD, defence budget is only 70%. Rest 30% is separated for civil expenditure by MoD i.e. - miscellaneous and pension expenditure. The trend of declining defence expenditure as a percentage of GDP continues, as it was 1.95% in 2011, which has decreased to 1.75% in 2014-15 and further to 1.45% in 2019-20 as per interim budget allocation. However, absolute expenditure on defence has only increased over years, but a minor increase in absolute expenditure does not count. As per the reports of parliamentary

Standing committee on defence, 3% of GDP is "optimal and necessary for ensuring the operational preparedness of the forces". Thus, when this allocation is considered as a percentage of GDP, it becomes 2.16%. To meet the 3% demand, the allocation required would be Rs.5.61 lakh crore which is Rs.1.57 lakh crore more than the existing Rs.4.04 lakh crore. As per the reports of 2017, in the chart of countries having biggest military expenditure, India stood at 5th position after USA, China, Saudi Arabia and Russia. India's approach towards modernization program, such as procurement of new combat jets, next generation submarine and future infantry combat vehicles have been sluggish. Contemporary criticism of defence authorities on several issues such as use of obsolete equipment, inadequate ammunition and less emphasis on research & development due to high dependence on foreign imports have always been the cause of concern. After the instance like- Doklam standoff, India seriously needs to bridge the gap in military capabilities with rivals to develop strategic deterrence. Despite the rise in absolute defence expenditure, purchasing power of the resources available has not increased. The reason being rising exchange rate over years has reduced the power of resources available for purchase of defence equipment. Another reason being disbursement of arrears and additional pay out as per 7th pay commission has to be adjusted within the allocated budget. Moreover, keeping the services and sacrifice of soldiers in high regards, government fulfilled the 40 years old promise of One Rank One Pension (OROP) to ex-servicemen, which has caused the additional spending of Rs.35000 crore till now. Apart from these, Service Tax rate applicable earlier on defence was 12%, which now has increased to 18% resulting in the increase in prices of defence equipment. As per defence officials, the defence budget allocated is grossly insufficient to modernize the country's military and the majority of funds in the latest defence budget will go towards past liabilities for Rafale fighters, S-400 missile, warships and helicopters. India's defence preparedness can also be seen in terms of capability to fight in intensive war situation. Traditionally it used to be 40 days, which now has reduced to just 10 days. Searching for the permanent solution to defence preparedness is necessary to prevent any war like situation.

Although the budget presented is an interim one and one should hope that full budget will have the provisions of more allocation for defence sector. Since due to populist promises in the budget, defence sector may have been left out for future as suggested by the acting finance minister that more funds will be provided as and when required in the best interest of our nation and soldiers. It is the need of the hour that we have defence budget which lives within its means, provides for what is truly required in India and offers best possible support to all our warriors.



Is India's Health Budget Really Moving Towards Healthy New India?

Shivam Azad

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"A little progress each day adds up to big results."

The Modi led NDA Government has presented its last election budget on 1st February 2019. The officiating Finance Minister Piyush Goyal has tried to convince the population through multi-folded initiatives to uplift health-care sector of India. In the last 4-5 years, the government has taken several big steps to bring India's miserable health-care sector on track. Initiatives like Pradhan Mantri Jan Aushadhi Kendra, Suidha, Public-Private Partnership model, Swastha Bharat Mission, Ujjawala Yojana and most-rated Ayushman Bharat- Pradhan Mantri Jan Arogya Yojana has made tremendous work to cover the deprived, under-privileged and marginalized portion of the country. In addition, 14 out of 21 AIIMS are being proposed in there regime, multiple medical colleges have been upgraded to provide quality-health services at an easily accessible and affordable considerations.

In the Interim Budget- 2019, Mr. Goyal has envisioned a New India by 2030, which will be pillared on widespread health assurance and health infrastructure and that too with the participation of women rights and concern for their safety and empowerment. For this purpose, the total allocation for health-care has been raised to Rs.61,398 crore from earlier Rs.52,800 crore, merely a 16% hike from the same period last year. Further, he proposed Rs.1,361 crore for strengthening government medical colleges and Central Government health institutions. Rs.2,000 crore for establishing new medical colleges and Rs.20 crore for setting-up state institutions of paramedical science and medical institutions. Government's high rated Ayushman Bharat or Modicare has been allotted Rs.6,400 crore from Rs.2,400 crore to widen the health assurance base. This initiative has already served 10 lac patients and saved there almost Rs.3,000 crore in the FY2018. As a result, Mr. Goyal has made a provision to merge Rs.156 crore of Rashtriya Swastha Bima Yojana to strengthen it. Further, keeping in view of upcoming Lok Sabha Elections 22nd AIIMS is proposed to be build in Haryana. Unfortunately, 6 out of 14 AIIMS which are already approved hasn't been started working properly. In order to increase public health spending to 2.5% of the country's GDP by 2025, government has raised its expenditure in Fiscal Year 2019-2020 to 1.4%.

Even though government is making systematic plans to create a people-friendly health-care infrastructure in India. India's health-care industry is increasing and expected to reach US\$ 280 billion by 2020. The health care market is expected to increase three-fold to US\$ 372 billion and hospital-industry to US\$ 133.44 billion by 2022 and even today almost 60% of total expenditure on health are paid 'out of pocket'. Moreover, its per capita expenditure is far less than Sri Lanka. Ironically, a comparison between two large democracies is telling U.S.'s health expenditure is 18% of GDP, while India's is still under 1.5%. The basic reason behind India's downgraded health structure is the vast unavailability of professional doctors and supporting staff in most sections, fractured drug regulation, lack of critical research institutions in the country. In addition, the low-literacy rate, diversified central-state policies, low insurance coverage, unhygienic agricultural environment are worsening India's health sector. Undoubtedly, it's not going to improve much as it is on the 9th position of government priority list under its 10 years vision-plan.

Interim Education Budget: Adequate / Inadequate?

Darshita Agarwal

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Education is the passport to the future, for tomorrow belongs to them who prepare for it today. Education is not solely about earning a great living, it means living a great life. Taking these aspects into consideration, the interim budget presented for the year 2019-20 has allocated a sum of Rs 93,848 crores which is 10% higher than revised budget for the year 2018-19. This amount has been split into Rs 56,387 crores that are directed towards the Department of school education and literacy and the counterpart of Rs 37,461 crores for the Department of Higher Education. The total allocation for education sector accounts for 3.3% of the total budgeted expenditure of 2019-20, as compared to 3.48% (revised estimates for 2018-19). In addition, 'World class institutions' project was allocated with Rs 400 crores for the current year as compared to revised estimates of last year, which amounts to Rs 129 crores.

In context to the reservation for economically weaker sections, it has been mentioned by the finance minister in his speech that along with maintaining the existing reservation for backward classes, a reservation of 10% is to be granted for economically weaker sections. Thereby, around 25% extra seats are to be provided in order to cope up with the shortfall of available seats. The allocation includes a sum of Rs 608.87 crores directed towards research and innovation which is twice the sum allocated for the year 2018-19 (amounted to Rs 350.23 crores). It has also been proposed by the ministry that the setting up of two new full-fledged 'Schools of Planning and Architecture (SPA) should be considered. Moreover, 18 new SPAs would be established in the IITs and NITs as autonomous Schools. The Expenditure Finance Committee has appraised this proposal. Piyush Goyal said that the technology will be the biggest driver in improving the quality of education and proposed to increase the digital intensity by moving from 'blackboard' to 'digital board'. A launch of a new scheme 'Revitalizing Infrastructure and Systems in Education' (RISE) has been proposed in this interim budget with its implementation by 2022 with a total investment of Rs 1 lakh crores in four years. The allocation made for Rashtriya Uchchatar Shiksha Abhiyan (RUSA) has been increased from Rs 1400 crores to Rs 2100 crores. The allocation for the National Education Mission has also increased from 32,334 crores to 38,572 crores. The total availability of the fund would amount to Rs 69,193.68 crores, which is almost the double of the amount allocated in the previous year. The fund availability for the IITs has been evaluated to be more than the double funds allocated in the year 2018-19. The central universities have been provided with Rs 6,484 crores and the UGC with that of Rs 4900 crores.

There is a reduction in fund supplied in the field of central sector schemes for this year. A national scheme for incentive for a girl child for secondary education has been reduced to Rs 100 crores (it being Rs 256 crores last year) A noticeable reduction has been observed in the sphere of UGC and central universities. In the words of Ambrish Rai (the national convenor of the Right to Education) - " a mere allocation of Rs 38,572 cr. under the National Education Mission of which only Rs 36,472.40 cr. for school education under Samagra Shiksha Abhiyan is inadequate to universalise education up to secondary level." The ministry has keenly observed the different sphere and has allocated the funds respectively. An investment in knowledge pays the best interest. This investment of the government is a ray of hope for the youth and the fellow citizens as a whole.



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