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NEARBY

Second infection

ANALYSIS

India by NRIs will be taxed, says Nirmala Sitharaman

India suspends e-visas for travellers from China

SPECIAL CORRESPONDENT
NEW DELHI/LALAPPUZHA

India's second case of the novel coronavirus (nCoV) infection was confirmed in Alappuzha, Kerala, after a student, admitted to the isolation ward of the Government Medical College, tested positive on Sunday.

Officials in Kerala said a total of eight suspected cases had been admitted to isolation wards at the Government Medical College Hospital and General Hospital in Alappuzha. • PTI

Health Minister K.K. Shyamala

Stringent checks: Indian nationals being screened at the Delhi airport on Sunday on their arrival from Wuhan. • PTI

PRISCILLA JEBARAJ
VIKAS DHOT
NEW DELHI

Union Finance Minister Nirmala Sitharaman on Sunday scotched fears that provisions introduced in the Budget would bring Indian workers' income in zero tax jurisdictions, like the UAE, into the Indian tax net.

The Finance Bill has proposed three major changes to prevent tax abuse by citizens who don't pay taxes anywhere in the world – reducing the number of days

Clarification follows letter from Kerala CM over impact on workers in West Asia

Let's say an NRI living in Dubai or elsewhere, is not taxed for his income there, but has some earnings through something in India for which he doesn't pay tax here. We are saying, for that income which is generated in India, pay a tax.

NIRMALA SITHARAMAN,
Finance Minister

YUTHIKA BHARGAVA
PRISCILLA JEBARAJ
NEW DELHI

No call yet on quantum of LIC stake sale

The government is yet to take a call on the quantum of its stake to be offloaded from the Life Insurance Corporation of India (LIC) whose stock market listing was announced by Finans

income which is generated by Indians who are bona fide workers in other countries, including in the Middle East, and who are not liable to tax. 'It will hurt Indians'

The Hindu News Analysis – 03rd February 2020 – Shankar IAS Academy

S. No	News Articles	Page Number*				
		C	B	T	H	D
1	'Haryana's Harappan site to create jobs'			-		4
2	Removal of DDT will boost investments: CBDT		11			13
3	Study on bats and bat-hunters of Nagaland comes under scanner		1, 10			1, 12
4	The Budget's blurred social sector vision (Editorial)		8			10
5	Falling short of aspirations (Editorial)		8			10
6	I appear conservative, but I want to be realistic, says Nirmala (Interview)		11			13
7	'Budget a boost to business confidence'		11			13
8	'An act of walking the tightrope on fiscal deficit'		11			13
9	Practice cum Revision - MCQs	@end of the video				

'Haryana's Harappan site to create jobs'

Residents hail Centre's move to set up a national museum at Rakhigarhi

SPECIAL CORRESPONDENT
GURUGRAM

The residents on Sunday welcomed the announcement to develop the Harappan site at Hisar's Rakhigarhi. Mr. Sheoran said the site and set up a national museum, in the Union Budget on Saturday.

Spread across 500 hectares, Rakhigarhi is the largest Harappan site in the Indian sub-continent.

'Proud moment'

Welcoming the news, former Sarpanch, Rakhigarhi Dinesh Sheoran, said it was a moment of pride for all of them.

"We are very happy to hear this announcement. It will put Rakhigarhi on the international map. I have been associated with this project for years and I feel proud. I also express my thanks to former Deccan College Vice-Chancellor Va-sant Mehta whose efforts have made this possible," said Mr. Sheoran.

Meanwhile, Mr. Shinde said that the initiative would stop the destruction of the site and also help



Former Sarpanch of Rakhigarhi, Dinesh Sheoran, said it was a moment of pride for all of them.

*SPECIAL ARRANGEMENT

showcase our rich cultural heritage to the world.
Mr. Sheoran said that the villagers distributed sweets after the news came in. Jai-veer Faaji, another villager, said that developing the village as an iconic site would increase tourism and create jobs for the locals. "It will also improve the connectivity of the region with the Capital," he added.

Deputy Director, Department of Archaeology and

Museums, Haryana, Bani- ni Bhattacharya described Rakhigarhi as a "prestigious project" for the government and added that the announcement would help the students, archaeologists and researchers. "It is a good news for all," said Ms. Bhattacharya.

Other sites

Besides Rakhigarhi, Hastinapur in Uttar Pradesh, Shivsagar in Assam, Dholavira in Gujarat and Adicha-

nallur in Tamil Nadu will also be developed as iconic sites with national museums.

Rakhigarhi is one of the largest sites of the Harappa civilisation and the major objectives behind the excavation there were to study its beginning and to study its gradual evolution from 6000 BCE to 2500 BCE, besides protecting it from encroachment by the locals since the village is settled exactly on top of it.

P4 → D

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Part A—Preliminary Examination

Paper I - (200 marks)

- Current events of national and international importance.
- History of India and Indian National Movement.

Part B—Main Examination

General Studies-I : Indian Heritage and Culture, History and Geography of the World and Society.

- Indian culture will cover the salient aspects of Art Forms, literature and Architecture from ancient to modern times.

● Indus Valley Civilisation (IVC)

⇒ 3 phases

- Early : 3300 - 2600 BCE
- Mature : 2600 - 1900 BCE
- Late : 1900 - 1300 BCE

⇒ Harappa

- First IVC site discovered in 1921
- Discovered by Daya Ram Sahini
- In Punjab, Pakistan

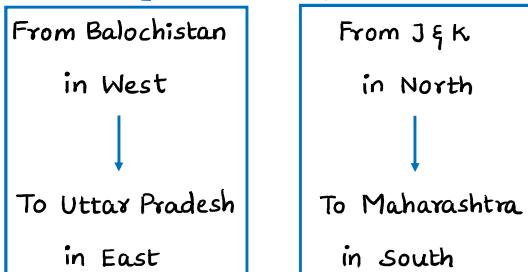
⇒ Beginning

- Settled agriculture → surplus production
- trade with Mesopotamia → Development of urban civilisation

⇒ Important Features

- Town planning
- Cities with grid system
- Efficient drainage system
- Use of burnt bricks , etc.

⇒ Extension



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⇒ Important IVC sites



⇒ Citadel – lower town division in most IVC sites

Exception : **Chanhudaro**

⇒ IVC Script

- Pictographic
- Not yet deciphered
- Written from **right to left**

⇒ Was there a ruling class?

- Lack of temple like structures, lack of evidence of rituals → Rules out priests as rulers
- Traders could be the ruling class
- Other arguments → Equal status for all
 - No single ruler - several rulers
- A single state → similarity in artefacts, evidence of planned settlements, standardised brick size, etc..

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⇒ End of civilisation

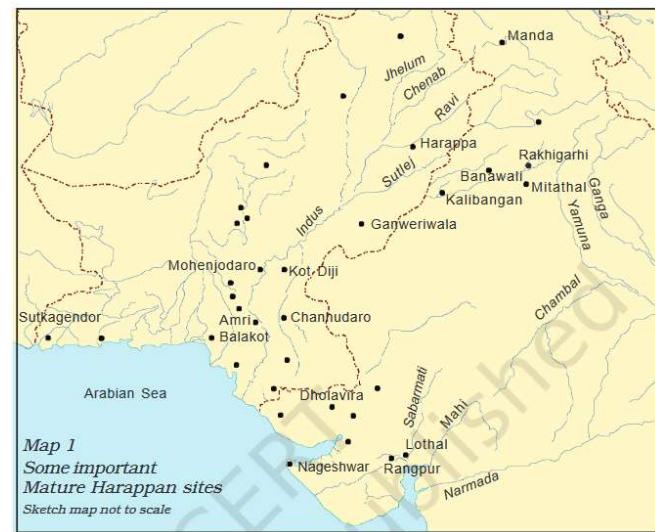
- Mature Harappan sites were abandoned by 1800 BC
- Expansion of population to Gujarat, Haryana and western Uttar Pradesh
- Disappearance of artefacts (weights, beads, seals), writings, long distance trade & craft specialisation
- Several theories : Climate change, deforestation, excessive floods, Aryan Invasion, etc.
- Most possible reason : Conservation of Harappans. Failed to update with change in time

- Centre announced to set up a National Museum at Rakhigarhi, an IVC site in Haryana
 - Rakhigarhi → largest IVC site in Indian Subcontinent
- It would stop destruction of site, showcase cultural heritage to the world and generate employment

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- National Museums will be developed at

- ★ Hastinapur - Uttar Pradesh
- ★ Shivasagar - Assam
- ★ Dholavira - Gujarat
- ★ Adichanallur - TamilNadu



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Removal of DDT will boost investments: CBDT

Centre believes the new regime will encourage low-income people to invest in the capital market

SPECIAL CORRESPONDENT
MUMBAI

A day after the Union Budget proposed removal of the dividend distribution tax (DDT) levied on companies, the government said on Sunday that the new regime was expected to encourage more people, especially in the low tax bracket, to invest in the capital market.

The government said that with dividend now being proposed to be taxed in the hands of the investors at their applicable slab rate, non-residents would get

some relief even as it addressed the "issue of inequity in dividend taxation". "Single rate of taxation is always inequitable as it favours taxpayers who are in higher tax brackets and works against those who are in lower tax brackets," says a Central Board of Direct Taxes statement. "Thus, it was a case of reverse subsidy from the poor to rich taxpayers. Further, non-residents were taxed at a higher rate than the treaty rate with the possibility of no tax credit in the home country," it said.

According to the government department, while the DDT was pegged at 15%, the effective rate touched 20.56% due to surcharge and cess. Additionally, individuals were required to pay another 10% plus surcharge if the dividend income exceeded ₹10 lakh in a fiscal.

The government believes

that the new regime, however, would encourage individ-

duals in the low-income bracket to invest in the capital market as the tax incidence would drop significantly.

"...person with an income up to ₹5 lakh will not have to pay tax on dividend income as against 20.56%

paid by them indirectly. Similarly, under the new tax regime, persons with an income from ₹5 lakh to ₹7.5 lakh would pay tax at 10%

and persons with ₹7.5 lakh to ₹10 lakh would pay tax at 15%," it explained.

All these taxpayers would

benefit from the abolition of the DDT as the tax to be paid by them on their dividend in-

come would be less than what they were earlier pay-

ing indirectly through it, it added. The government be-

lieves that the proposal will

make more investors look at debt mutual fund products

since under the prevailing framework, the effective

DDT on such products was between 38% and 50%.



P11 → C, B, H, T
P13 → D

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Part A—Preliminary Examination

Paper I - (200 marks)

- Current events of national and international importance.
- Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Part B—Main Examination

General Studies-II: Governance, Constitution, Polity, Social Justice and International relations.

- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

General Studies-III: Technology, Economic Development, Bio diversity, Environment, Security and Disaster Management

- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.
- Government Budgeting.

- Dividend: A part of profit given by a company to its shareholders

- Dividend Distribution Tax (DDT):

↳ Tax on dividends – as per Section 115-O, IT Act-1961.

↳ Present status (before abolition)

- Taxed at Source
- Company has to pay 15% tax + surcharge + cess
- payment within 14 days of declaration, distribution or payment of dividend
- shareholder will be taxed at 10% if annual dividend is more than ₹ 10 lakh

↳ Budget says that

- DDT will be abolished
- Recipients of dividends will be taxed at available IT rates

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- Significance

① More surplus with Companies

- └ More Investment
- └ More dividends to Investors

② Good for foreign investors

- Will get more dividend from Indian Companies
- Able to claim foreign tax credit
- More investments in India

③ Single rate of taxation is iniquitous

- Now tax rates depends on total income

④ Low income bracket individuals to invest in Capital Market

- Will have to pay less tax compared DDT

Study on bats and bat-hunters of Nagaland comes under scanner

It was carried out by researchers from U.S., China and India

BINDU SHAJAN PERAPPADIA
NEW YORK

The report of a government inquiry into a study conducted in Nagaland by researchers from the U.S., China and India on bats and bat-hunters carrying antibodies to deadly viruses like Ebola was submitted to the Health Ministry, officials confirmed to *The Hindu*.

The Indian Council of Medical Research (ICMR) sent a five-member committee to investigate the matter to its officials, and a report has been submitted to the Health Ministry, a senior government official told *The Hindu*.

The inquiry comes as officials worldwide grapple with the spread of novel coronavirus (nCoV) 2019 from Wuhan in China to over 20 countries.

Steeped in secrecy

Researchers from the U.S., China and India conducted the study on bats and humans carrying antibodies to deadly viruses like Ebola.

- The study found the presence of filovirus-reactive antibodies in human and bat populations in northeast India
- Bats often carry Ebola, rabies, marburg and the SARS coronavirus

Being foreign entities,

CONTINUED ON PAGE 10

P1 → C, B, D, H, T

P10 → C, B, H, T

P12 → D

they would have required special permissions to undertake the exercise.

The study was conducted to find out if the scientists were allowed to access live samples of bats and bat-hunters (humans) without due permission.

Part A—Preliminary Examination

Paper I - (200 marks)

- General Science.

Part B—Main Examination

General Studies-III: Technology, Economic Development, Bio diversity, Environment, Security and Disaster Management

- ⦿ Science and Technology- developments and their applications and effects in everyday life.

• Filovirus – reactive antibodies in humans and bats in Northeast India imply zoonotic spillover'

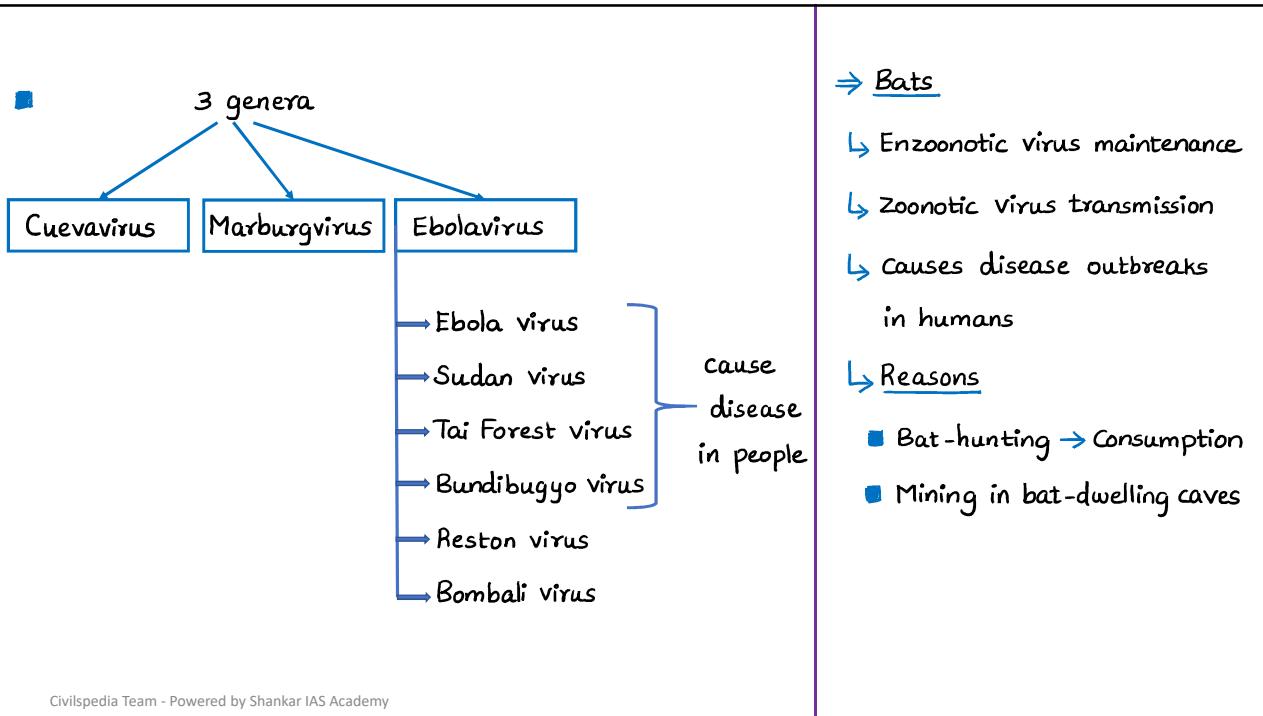
⇒ focussed virus surveillance at human-wildlife interface → proactive detection of potentially epidemic pathogens

⇒ Filoviruses

■ Family → Filoviridae

■ Causes severe haemorrhagic fever in humans and non-human primates

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⇒ Findings

- Historical absence of fever outbreaks in South & Southeast Asia
 - a) Ecological barriers prevent zoonotic transmission
 - b) Virus → unable to sustain transmission between humans
 - c) Uncharacterised diversity of non-pathogenic filoviruses → Asymptomatic infection

- Filovirus reactive antibodies in human and bat populations in Northeast
- Bats in South Asia acts as a reservoir host of diverse range of filoviruses
 - ↳ Filovirus spillover → human exposure to bats

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The Budget's blurred social sector vision

Low allocations and specific policy statements point to greater privatisation and withdrawal of the state



DIPA SINHA

Finance Minister Nirmala Sitharaman began her speech by saying that the Union Budget was "the budget of the poor and the most vulnerable – aspirational India, economic development for all and building a better future for every Indian". Any of these would require extraordinary efforts on the social sector front. It is not clear if there are additional resources for health, education, nutrition, employment and social security schemes.

Given the current state of the economy, with decelerating growth, a slump in rural demand and falling prices in rural areas, an expansionary budget with a focus on the social sector would have been welcome in some. It would have meant more money flowing into the rural areas, which are the main job-generating power, while at the same time making a dent on the poor outcomes in health, education and other sectors that continue to haunt India.

Unfortunately, the allocations for the social sector this year once again fail to deliver for the country's poor and marginalised. And

MGNREGA deserves a closer look:

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the Public Distribution System (PDS) are two important lifelines for the rural poor during times when the market fails them.

The allocation in this Budget for MGNREGA is Rs 60,000 crore, which is Rs 10,000 crore less than the revised estimate (RE) for the financial year 2019-20 and, in real terms, even less than what was allocated last year. This is despite the fact that in current times when the levels of unemployment are at their peak, the demand for employment will only increase. But the PDS has been cut by 10%.

Given the current price of rice, the role of filling the gap because of poor implementation and implementation issues, there is a need to revise the MGNREGA wage to bring them on a par with minimum wage rates.

On the food front, the government has been unable to close this gap in funding through loans from the National Food Security Fund (NFSM). As seen in the latest Economic Survey, in FY 2018-19, the total food subsidy released was 7.7 lakh crore which



marked some announcement regarding the PDS. This could have been done by unravelling ration entitlements in the poorest districts and giving it directly to the individual, including pulses.

However, what is seen in the Budget is a cut of 10% in real terms, even enough to support the existing PDS under the National Food Security Act (NFA).

The food subsidy allocated for MGNREGA stays at 76,400 crore, which is slightly higher than the previous year's RE of 71,000 lakh crore. This is despite the fact that the MGNREGA wage of last year, of 8.5 lakh crore, which is closer to the actual costs of the scheme, was 1.5 lakh crore less than the revised estimate of 10.5 lakh crore.

Over the last few years, the government has been failing the rural poor in many ways.

On the food front, excess food inflation has been a major issue. In recent months and reports of hunger from across the country warn us that the food subsidy allocated for the Prime Minister's Nutritious and Healthy Food Scheme (POSHAN Abhiyan), another flagship scheme of this government, is only 1.5 lakh crore. This is despite the fact that the cost of grains distributed through the PDS and other welfare schemes is 1.5 lakh crore. The revised estimate for the PMNSHFS is RE of 1.6 lakh crore. This is despite the fact that the cost of grains distributed through the PDS and other welfare schemes is 1.5 lakh crore. The revised estimate for the PMNSHFS is RE of 1.6 lakh crore.

It is clear that the agenda of the government for the social sector is for greater privatisation and withdrawal of the state. This is reflected not just in the low allocations for the social sector, but also in measures such as introducing the public-private partnership model for MGNREGA, privatising the hospitals or the path, in the Economic Survey, for narrowing the coverage of the scheme, and so on.

As we look at the various components of the social sector, mid-day meals and those men who work for the government emerges – first, we see a much reduced allocation compared to the revised estimate of 2019-20, leading to underspending in the current year.

This means that what has been left over is low and benefits are irregular; field reports suggest

Second, there are some increases as seen in the BE for 2020-21 which are not reflected in the allocations this year. The BE for the much promised Ayushman Bharat scheme is 1.5 lakh crore. The food subsidy allocated for 2020-21 is only 87,000 crore, which is 10% lower than the revised estimate of 95,000 crore.

It is clear that the agenda of the government for the social sector is for greater privatisation and withdrawal of the state. This is reflected not just in the low allocations for the social sector, but also in measures such as introducing the public-private partnership model for MGNREGA, privatising the hospitals or the path, in the Economic Survey, for narrowing the coverage of the scheme, and so on.

Dipa Sinha is faculty at the School of Liberal Studies, Ambedkar University Delhi.

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• Achieving the themes of Union Budget require extraordinary efforts in the social sector front

↳ More allocation of additional resources for health, education, nutrition, employment guarantee and social security schemes is needed

↳ But, the budgetary allocation is not satisfactory

Areas of insufficient budgetary allocation

- Rural Poor
 - Employment (MGNREGA)
 - Food (NFSM)

Part A—Preliminary Examination

Paper I - (200 marks)

- Current events of national and international importance.
- Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Part B—Main Examination

General Studies- II: Governance, Constitution, Polity, Social Justice and International relations.

- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.

General Studies-III: Technology, Economic Development, Bio diversity, Environment, Security and Disaster Management

- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.
- Inclusive growth and issues arising from it.
- Government Budgeting.

↳ Employment

Financial Year	Budgetary Allocation for MGNREGA (in crores)
Budget 2019-20	₹ 60000
Revised 2019-20	₹ 71000
Budget 2020-21	₹ 61500

— Issues

- Poor implementation
- Inadequate funds

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<u>↳ Food</u>		<u>↳ Health</u>		
Financial Year	Budgetary Allocation for National Food Security Mission (in crores)	Budgetary Allocation (in crores)	Budget 2019-20	Revised 2019-20
Budget 2019-20	₹ 184220	₹ 6400	₹ 3200	₹ 6400
Revised 2019-20	₹ 108688	₹ 3400	₹ 3400	₹ 3700
Budget 2020-21	₹ 115569	Pradhan Mantri Matru Vandana Yojana	₹ 2500	₹ 2300

— Issues

- Filling the budgetary gaps in funding through loans from National Small Savings Fund (NSSF) → will increase the interest burden
- Not reported in Union Budget in order to show lower expenditures and thereby lower Fiscal Deficit

● Insufficient budgetary allocation in education and health sectors when inflation is taken into account

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<ul style="list-style-type: none"> A pattern of 'underspending' and subsequent lower/same budgetary allocation is seen in the present Union Budget across various schemes <p>↳ <u>Reasons</u></p> <ul style="list-style-type: none"> — People are being left out — Coverage of the schemes by the government is low — Benefits are irregular <p><u>Conclusion</u></p> <p>Low budgetary allocation and specific policy statements point to greater privatisation in India and the withdrawal of the state</p>	
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Falling short of aspirations

The economic outlook rests on government meeting investment targets and keeping promises made to stakeholders



There were many expectations from the Union Budget 2019 that it would reverse the falling growth rate, create employment and rekindle the萎靡不振的 economy. The Budget did not deliver on these expectations. Does the Budget really hold out the promise on these counts? Let us see. In terms of demand, the Budget can be judged in terms of its impact on rural demand, investment and private sentiments – all critical elements for recovery. While the Budget may hope on the last count, it leaves much to be desired on several other parameters.

Skill development allocation: Of the Finance Minister's own admission, the Budget falls well short of the demand for teachers, paramedical staff and caregivers, and skilled workers. The number of skilled workers increased in the organised sector and more people are now in touch with quality education and skills. Both sludge India's youth due to the lack of opportunities for growth and lack of opportunities to acquire skills. The Finance Minister has allocated a budget of ₹3,000 crore for skill development. Skills are the key to massive investment and concerted efforts.

The government can offer tax incentives to companies to provide internships and on-site vocational training to the country's large youth. The country cannot afford to let this be the largest waste of time.

The government can also determine to present itself as being fiscally prudent. Total expenditure



is slated to go up marginally to 13.5% GDP from 12.2% of GDP for the fiscal year (July-June estimates). The fiscal deficit is pegged at 13.5% of GDP. Despite the Slippage in tax collections this finance minister has cut down on government expenditure, market borrowing by the government has gone up to ₹1.8 trillion. Still, yields on government securities have gone up.

On flagship welfare schemes:

Indeed, there is a plenty of optimism that the Budget will do well.

Neither inflation nor the current account deficit have set alarm bells

beaten by the government.

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falls flat on its face.

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Part A—Preliminary Examination

Paper I - (200 marks)

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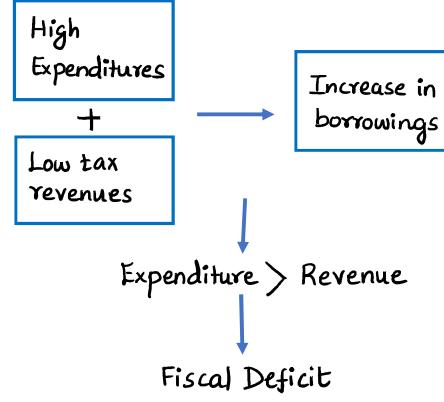
General Studies-III: Technology, Economic Development, Bio diversity, Environment, Security and Disaster Management

- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.
- Inclusive growth and issues arising from it.
- Government Budgeting.

- Union Budget can be judged in terms of its effect on
 - rural demand
 - investment
 - private sentiments
- Skill Development
 - India's youth not skilled due to
 - Poor Education
 - Lack of opportunity to acquire practical skills
 - More focus required; but inadequate budgetary allocation
 - Massive investment and concerted efforts are required for skill development

On fiscal issues

- Expenditures expected to be high as per Union Budget
- ↳ Expenditures are high at present as well



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- On boosting demand

- Govt has not met expectations in boosting demand

Financial Year	Budgetary Allocation for MGNREGA (in crores)	Budgetary Allocation for PM- KISAN(in crores)
Budget 2019-20	₹ 184220	75000
Revised 2019-20	₹ 108688	54370
Budget 2020-21	₹ 115569	75000

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- On public investments

- ↳ Certain positive announcements by the Govt

- Focus on micro-irrigation schemes
- Increase in allocation for agricultural and rural development schemes
- Focus on transportation infrastructure

- ↳ Govt. needs to spend the budgeted amount

- On private investments

Public Private Partnerships proposed in the Union Budget
Setting up of agricultural warehouses
Setting up of 'Kisan Rail' for transporting perishables
Setting up hospitals
To attach a medical college to an existing district hospital
Develop 5 new smart cities in collaboration with the states
Four railway station re-development projects
Operating 150 passenger trains

- Announcement of tax concessions in Sovereign wealth funds

- Private investment affected by certain issues -

- Contractual disputes
- Regulatory hurdles

- On Startups

- Govt should have abolished angel tax

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The Budget's blurred social sector vision

Low allocations and specific policy statements point to greater privatisation and withdrawal of the state



DIPA SISODIA

Finance Minister Nirmala Sitharaman began her speech by assuring that the government was "woven around three prominent themes: employment, income development and building a caring society". Achieving any one of these goals will have a transformative effect on the social sector from starting with allocative efficiency to job creation, health, education, nutrition, employment guarantee, and social security schemes.

Given the current state of the economy, job creation, growth, a clamp real wages in rural areas and stagnate real wages in urban areas, the focus of the budget is with a focus on the social sector would have been more appropriate. It would have meant more money flowing into rural areas, creating more jobs and chasing power, while at the same time making a dent on the poor communities that are still in need of education that continue to haunt India.

Unfortunately, the allocations for the social sector this year once again fail to deliver for the country's poor and marginalised. And



nated some announcement expanding the PDS. This could have been done by increasing ration cards, increasing the number of districts, increasing quantity given to each household and so on. However, what is seen in the Budget PDS is an allocation which is not much higher than what was allocated last year ($\text{₹}60,000$ crore). It is obvious that the levels of unemployment are at their peak and the amount of employment will only increase. But MNREGA is failing to fully play its role in creating employment. Last year's RE of $\text{₹}1.08$ lakh crore. This is one of the lowest levels of budget allocation for the scheme in recent years. It is known to have high multiplier effects through boost in local consumption and job creation in the food front, excess food stocks to the tune of almost 60 million tonnes, high food inflation in recent months and reports of hunger from across the country were

crore to ₹1 – it does not get reflected in the Budget documents as it only increases the interest burden in the long run; however, the same pattern emerges, first, we see a small rise in the BE of 2019-20, indicating that it makes it possible to artificially increase the budget without much cost, and hence smaller fiscal deficit.

On the other hand, minimum wage has been increased by 10% for the clamoring of the PDS and FCW which is entirely

unjustified and unnecessary.

Giving short shrift to health, Health and education also did not receive any attention in the Budget this year. The RE for the much publicised Ayushman Bharat scheme is $\text{₹}1.2$ lakh crore. The scheme allocated for 2020-21 is only $\text{₹}1.1$ lakh crore, which, once again, is one of the lowest levels of budget allocation for the scheme in recent years. It is known to have high multiplier effects through boost in local consumption and job creation in the food front, excess food

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Public Expenditure on Social sector schemes

Public Expenditure on creating capital assets

→ Low

→ High

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Falling short of aspirations

The economic outlook rests on government meeting investment targets and keeping promises made to stakeholders



RAM SINGH



Focus of schemes such as micro irrigation schemes for 100 water-starved districts, the PM Kisan scheme, tax exemptions in the Budget. But private investment depends on the rate of capital formation and certainty of returns.

Now, there have been mixed signals from the Union Budget 2020 which would have been more inclined to reduce the fiscal deficit needed to revive private investment. The government really hold out the promise on these schemes, but the actual numbers do not reflect this. The RE for the much publicised Ayushman Bharat scheme is $\text{₹}1.2$ lakh crore. The scheme allocated for 2020-21 is only $\text{₹}1.1$ lakh crore, which, once again, is one of the lowest levels of budget allocation for the scheme in recent years. It is known to have high multiplier effects through boost in local consumption and job creation in the food front, excess food

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On the other hand, minimum wage has been increased by 10% for the clamoring of the PDS and FCW which is entirely

unjustified and unnecessary.

It is good that the government has decided to go up marginally on the fiscal deficit target for the current fiscal revised estimates. The fiscal deficit is pegged at 3.5% of GDP. The revised estimates with the current fiscal, the deficit is expected to be 3.4% of GDP for the year combined with stepped up borrowing by the government have gone as much as 100 basis points above the original estimate. This means people are being left out, coverage is low and benefits are not reaching the intended beneficiaries. All of this is due to the fact that the government has gone up significantly on the fiscal deficit target, as per the government's own admission.

Second, there are several

signals.

There were many changes from the Union Budget 2020 which would have been more inclined to reduce the fiscal deficit needed to revive private investment. The government really hold out the promise on these schemes, but the actual numbers do not reflect this. The RE for the much publicised Ayushman Bharat scheme is $\text{₹}1.2$ lakh crore. The scheme allocated for 2020-21 is only $\text{₹}1.1$ lakh crore, which, once again,

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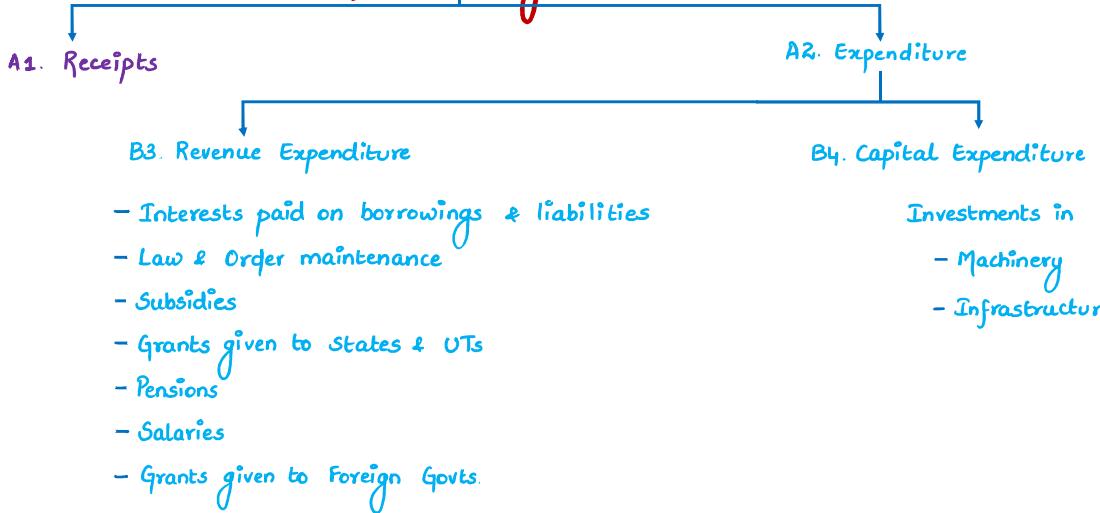
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'An act of walking the tightrope on fiscal deficit'

Limited fiscal room for stimulus

M.M. MURUGAPPAN

While the government is walking a tightrope with respect to fiscal deficit, especially due to corporate tax cuts, despite higher receipts from the Reserve Bank of India (RBI), there was a case for a fiscal stimulus expected in the Budget, as the RBI has called for in the recent policy statement.

The government acknowledged its fiscal challenges, resorting to the escape clauses in the FRBM (Fiscal Responsibility and Budget Management Act) – pushing up the deficit to 3.8% in FY20 and 3.5% in FY21 – with total expenditure increase by 13% (higher increase in capex) resulting in incremental improvements.

While continuing to remain committed to the doubling of farmer's income, the government has laid out a longer term plan for the agricultural sector, detailing 16 broad initiatives that would help achieve the government's objective. The government's move to make



M.M. Murugappan

the sector market oriented through contract farming, land leases etc., provides a positive push to this sector.

The change in SARFAESI norms for debt recovery for the NBFC sector could aid in improving recoveries and help ease some of the stress in this sector. The changes made in income tax space may reduce the tax burden of a large section of the taxpayers. Overall, having taken cognisance of the challenges in the economy, the government has laid out its focus areas and policy direction. However, execution is the true measure of success.

(The writer is Executive Chairman, Murugappa Group)

P11 → C,B,H,T

P13 → D

– Tight rope w.r.t fiscal deficit

– Execution in the true measure of success

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'Budget a boost to business confidence'

Economic revival will still take time

KIRAN MAZUMDAR-SHAW

Finance Minister Nirmala Sitharaman presented a Budget that was directionally sound but may not expeditiously revive the Indian economy.

The Budget has boosted business confidence for India Inc. through various measures, including the proposal for a tax payers' charter to prevent harassment by officials, increasing the investment limit of foreign portfolio investors (FPI) in corporate bonds, allowing sovereign wealth funds to invest in infrastructure and making the Dividend Distribution Tax (DDT) applicable to individuals instead of companies.

However, the Budget may not move the needle in terms of boosting consumption spending as the reduction in tax rates will not increase disposable income in the hands of the salaried middle class when exemptions are being withdrawn. Transferring DDT to recipients will also take money



Kiran Mazumdar-Shaw

out of the hands of the retail investor.

So, while it's true that the Budget will improve business sentiments, investments by India Inc. may take a few years to kick in, thus postponing economic recovery and the timelines for achieving a \$5-trillion Indian economy.

What was heartening about this Budget were the investments announced towards harnessing the potential of Science & Technology for developing the kind of future technologies that will enable India to take a leadership position globally.

(The writer is CMD, Biocon)

P11 → C,B,H,T

P13 → D

Measures that boosted business confidence

– Tax payer's charter

– ↑ FPI investment limits

– Allow Sovereign wealth funds to invest in infrastructure

– DDT applicable to individuals

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Previous year Question – Prelims 2015

Q1. With reference to the Union Government, consider the following statements:

1. The Department of Revenue is responsible for the preparation of Union Budget that is presented to the Parliament.
2. No amount can be withdrawn from the Consolidated Fund of India without the authorization from the Parliament of India.
3. All the disbursements made from Public Account also need the authorization from the Parliament of India.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 2 only
- (d) 1, 2 and 3

Practice Question – Prelims

Q2. With reference to Indus Valley Civilisation (IVC), which of the following statements is correct?

- a) The first IVC site was discovered by James Princep in 1905.
- b) The citadel-lower town division was not visible in Kalibangan and Mohenjodaro.
- c) The pictographic IVC script was written from right to left.
- d) Some of the IVC sites are present in Karnataka.

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Previous year Question – Prelims 2015

Q3. There has been a persistent deficit budget year after year. Which of the following actions can be taken by the government to reduce the deficit?

1. Reducing revenue expenditure
2. Introducing new welfare schemes
3. Rationalizing subsidies
4. Expanding industries

Select the correct answer using the code given below.

- (a) 1 and 3 only
- (b) 2 and 3 only
- (c) 1 only
- (d) 1, 2, 3 and 4

Previous Year Question – Prelim

2019

Q4. ‘Which one of the following is **not** a Harappan site?’

- (a) Chanhudaro
- (b) Kot Diji
- (c) Sohgaura
- (d) Desalpur

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**Practice Question – Mains
GS – III**

Q. ‘The abolition of Dividend Distribution Tax will bring more investment to India and will play significant role in making India a \$5 trillion economy by 2024-2025’. Discuss. (150 words, 10 marks)

**Practice Question – Mains
GS - III**

Q. “Union Budget 2020-21, is dedicated to provide ‘Ease of Living’ to all citizens based on the three broad themes – Aspirational India, Economic Development and Caring India”. Do you think that the budgetary allocations substantiate the government’s vision? Comment. (150 Words, 10 Marks).

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**Practice Question – Prelims
Answers**

1. Option (c) – 2 only
2. Option (c) – The pictographic IVC script was written from right to left.
3. Option (a) – 1 and 3 only
4. Option (c) – Sohgaura