



A Budget that is supported by three strong themes



Its success depends largely on implementation efforts and careful monitoring of development schemes

On Feb 1, Finance Minister Nirmala Sitharaman unveiled the most crucial Budget of the decade, aimed at empowering the marginalised sections of society. The Budget revolves around three core ideas:

- *Aspirational India*: All sections of society can seek better standards of living, with access to health, education and wellness
- *Economic Development*: Focus on economic growth and infrastructure development
- *Caring Society*: Includes women, child and social welfare, governance, environment, culture and tourism

Focus on the middle-class

The most anticipated rejig of income-tax slabs has been perceived to come as a huge relief to salaried individuals. What has been proposed is a complete exemption from income-tax for those earning between ₹0-5 lakh, 10 per cent income-tax for ₹5-7.5 lakh, 15 per cent for ₹7.5-10 lakh, 20 per cent for ₹10-12.5 lakh, and 25 per cent for ₹12.5-15 lakh. For individuals earning above ₹15 lakh, the rate will remain 30 per cent. One must be aware that the proposed tax rates are optional and available only to those who are willing to forego some exemptions and deductions. The FM said the tax reliefs will result in a revenue loss of ₹48,000 crore for the Centre.

Aspirational India

A 16-point action plan aims to double farmer's income by 2022. The agricultural credit target has been revised to ₹15 lakh crore and the allocation to agriculture and the rural sector is over ₹2.83 lakh crore. Agriculture alone has been allocated ₹1.38 lakh crore, and rural development ₹1.23 lakh crore. Expansion of PM-KUSUM scheme to 20 lakh farmers, raising fishery production and exports, establishment of efficient warehouses and launching Village Storage Schemes are the key proposals highlighted for the agriculture sector.

However, since agriculture lies under the State's purview, the steps taken by the Centre may not be readily accepted by the State governments, so there may ultimately be minimal or no benefits at all. One way to get around this problem, albeit a long-term solution, would be to move agriculture from the State list to the Union list for the sector to get comprehensive benefits.

The Railways proposes to set up a 'Kisan Rail' network through the PPP model for quick transportation of perishable goods. The Budget provides an additional ₹69,000 crore for health sector, including the Swachh Bharat Mission share of ₹12,300 crore. The Centre has announced ₹99,300 crore for education and skill development, it also plans to set up 150 higher education institutes in degree/diploma courses by 2021. Overall, good initiatives have been proposed, that must, however, be backed by quality and efficiency in implementation.

Economic development

The second idea comprises industry and commerce, especially the infrastructure and energy sectors. Allocation of ₹27,227 crore has been made for industrial and commercial investment, which perhaps falls short of the optimal amount needed to bolster growth. Infrastructure has been provided ₹100 lakh crore, with transport infrastructure constituting ₹1.7 lakh crore; the energy sector is allocated mere ₹40,740 crore and the new economy gets ₹42,852 crore.

Setting up five new smart cities under the PPP model, developing a Unified Procurement System GeM (Government e-Marketplace), and launching NIRVIK to support small exporters emerge as vital proposals by the Centre. Some brilliant proposals have been put forward, such as an outlay of ₹8,000 crore for quantum technologies and rationalisation of start-up provisions in which three-consecutive-year profit exemptions can be availed of, starting from the year of incorporation.

For transport infrastructure, the allocated funds seem rather low, when viewed against the targets, which include accelerated development of national highways and construction of 100 more airports by 2024, solar capacity in Indian railways, more Tejas-like trains and the ₹18,600-crore Bengaluru Suburban Transportation project.

On the other side, the Centre has slashed corporate tax for domestic companies to 22 per cent to boost investments. With these allocations, there is a greater worry on how government plans to counter the economy hitting a six-year low GDP growth.

Caring society

This component of the Budget brings some promising insights. With ₹35,600 crore allocated for nutrition-related programmes, ₹28,600 crore towards programmes specific to women, ₹85,000 crore

for the upliftment of Scheduled Castes and OBCs, ₹53,700 crore for Scheduled Tribes and ₹9,500 for senior citizens and differently abled, the proposal focuses on social welfare. Culture and tourism gain their share of ₹5,650 crore while allocation for environment and climate change, especially to ensure clean air in cities, stands at ₹4,400 crore.

Prima facie it looks like a simplified, pro-middle-class Budget aimed at putting money into the hands of individuals, with its own set of constraints. Considering the limited allocation to infrastructure, and the industrial and commercial sectors, economic development may not be as rapid as expected. The Budget is more realistic than last year's, but it misses out on a few imperatives, such as tax cuts for SEZs. And it is clear that its success depends largely on the implementation efforts and constant monitoring of development activity.

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