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CENTER OF POLICY RESEARCH AND GOVERNANCE

A newsletter for public policy and governance enthusiasts'

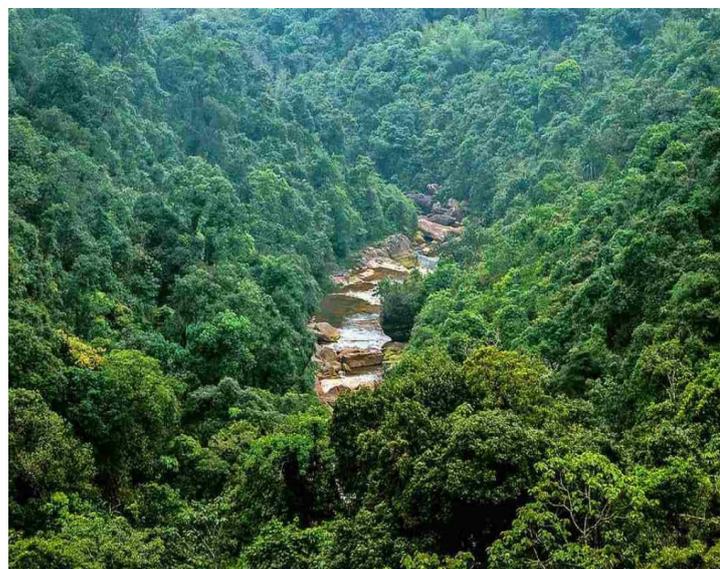


JANUARY HIGHLIGHTS



China's Land Law, Source: India Today

- 2022 referred to as “year of hope” by Assam CM as United Liberation Front of Asom-Independent (ULFA-I) last hurdle to achieve peace in Assam.
- China’s new law on land borders came into affect concerning India as dispute over LAC on Despang region still going on.
- With India’s export rising till \$37.3 billion greater urgency to work on FTA with EU, UK, UAE and Australia to build on the momentum.
- The spread of Omicron has led to staff shortages, demand squeeze and supply disruptions across sectors in aviation, health care, retail, and entertainment.
- The pride and legend of India, Lata Mangeshkar passed away and was laid to rest at Mumbai's Shivaji Park with full state honors.
- Indian Computer Emergency Response System (Cert-in) asked to form “high-level committee” to probe investigation into Bulli Bai and other sites targeting Muslim women.
- On eve of Army day, Indian Army Chief made reference to possibility of “demilitarization of the glacial region”.
- India State of Forest Report released by MoEFCC showed that 35.46% forest cover is prone to fire and decline observed in North-East region.
- OXFAM report showed income of 84% households fell, but number of billionaires grew. It also saw a 10% decline in healthcare budget from the Revised Estimates.



State of Forest Report, Source: Firstpost



Amar Jyoti Jawan Put Out, Source: Indian Express

- Flame at Amar Jawan Jyoti to be put out after burning for five decades and to be merged with National War Memorial.
- NFHS-5 factsheet shows India has more anemic people since NFHS-4 was released.
- Union Budget 2022-23
 - Govt. increases its capital expenditure up by 27%
 - Projected a fiscal deficit of 6.4% of GDP
 - Reduction in alternate minimum tax (AMT) for cooperative societies to enhance their incomes
 - New digital currency to be issued by RBI
- Over 2000 people crossed over into Mizoram from Myanmar since January 5, 2022.
- Hologram of Netaji Subhas Chandra Bose at India Gate unveiled.



Drone Show, Source: ANI

- Drone show as part of Beating Retreat ceremony.
- India is diplomatically boycotting the Winter Olympics opening and closing ceremony over the Galwan incident with the Indian soldier.



Source: Ministry of Defence

UNION BUDGET 2022 DEFENCE SECTOR

The Union Budget for the fiscal year 2022-2023 was presented by Union Finance Minister Nirmala Sitharaman on February 1, 2022. The budget was regarded as a balanced budget and mostly reflected the government's objective of reviving Indian economy through Atmanirbhar schemes. The pandemic crippled not only the health infrastructure but also trigger downsizing in many companies, unemployment, reduced income, poverty and more. Supporting Indian manufacturers thus has become crucial in stabilizing Indian economy and pacing the development.

The budget expenditure allocation for the defence sector in 2021-2022 was at Rs.4,78,196 crore, highest among all ministries at 14%. This year's budget allocation for the same went up to Rs. 5,25,166 crore which is 4.43% higher than previous year's revised estimates and nearly 10% higher than budget estimates. It remained the highest allocation in 2022-23 (13.31 % of the total budgeted expenditure). Under it, Rs. 2.33 lakh crore is for revenue allocation, Rs. 1.52 lakh crore is for capital allocation and the defence pensions are allocated Rs.1.19 lakh crore.

Atmanirbharta in Defense

Last year was marked with increasing tensions on borders, especially on the Indochina border with a long stand-off with China in eastern Ladakh. Consequently, the budget for defense was hiked last year and there were additional emergency procurements in later half of the year as well. On a strategic level, this emphasized the need for India to enhance its indigenous defense equipment usage. China's recent belligerent actions are also a cause for Indian defence to research and upgrade military equipments. This year, in furtherance of the atmanirbhar scheme in defence and in preparation for possible border transgressions, the union government declared its commitment to promoting self-dependency and reducing imports in equipment for the armed forces. Out of the capital procurement budget, 68% will be earmarked for domestic industries in fiscal year 2022-23. In 2021-2022, this percentage stood at 58%. Additionally, last year Rs. 70,221 crores of the capital allocation was reserved for the domestic industry. Comparing this to last year, the agenda was to boost domestic manufacturing and a separate budgetary provision with reference to domestic industry procurement under the defence budget was announced. Previously, a 'negative' import list for weapons and military platforms was also announced.

Research & Development

One of the most crucial developments announced includes the defense research and development (R&D). Start-ups, academia as well as industries could contribute. A quarter of the R&D budget would be earmarked for the same. This comes off as an important step since there is a need for improving research in the defence sector. As a result, the private sector will be induced to indulge in design and development of defense platforms as well as equipment, albeit, in collaboration with the DRDO and other organization through the Special Purpose Vehicle (SPV) model. The finance minister announced, "An independent nodal umbrella body will be set up for meeting wide ranging testing and certification requirements". Research and development continue to be crucial for every sector since it allows for progressive discourse and free flow of ideas. Through investment into the same and becoming inclusive by allowing more participation, the quality of research is expected to grow and result in outcomes sooner with more hands-on deck.

The budget was received with both positive reactions and criticisms, and one such positive reception was from the Society of Indian Defence Manufacturer (SIDM). President SP Shukla stated, "Creation of a nodal body for setting up testing and certification requirements of defence systems and platforms will help the domestic industry through faster processes and cost-efficiency," and that "Allocation of 25% of defence R&D budget for start-ups, academia and private industry is a much-needed reform," Some criticisms included it being a capitalist budget and that it had nothing for the common man. From the defence sector's perspective, the budget and its allocation remained consistent with only a marginal growth. The challenge now would be utilizing the large shares earmarked and boosting domestic defence manufacturing as well as procurement. Even with a focus on self-dependency, there is a wide array of crucial equipment to be manufactured. In such a scenario, allocating smaller amounts of resources on each for research can be swapped with narrowing down on the most important designs India requires now. Focusing a better opportunity for success sooner than later and would eventually prove to be the economically sound path.



Source: Ministry of Health & Family Welfare

UNION BUDGET 2022 HEALTH SECTOR

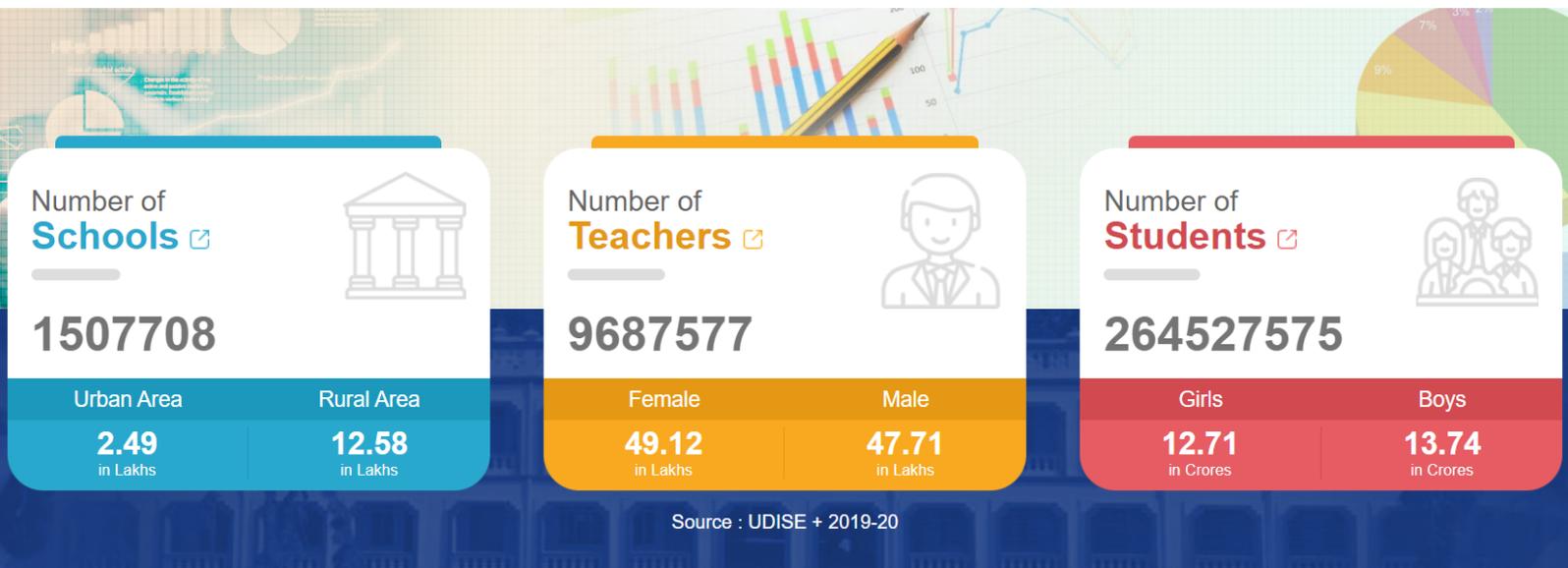
The Finance Minister of India Ms. Nirmala Sitharaman presented the budget in digital form in Parliament on 1st February 2022. After the searing global pandemic that struck all the countries, many aspirations were attached to the budget, especially with the Health Sector.

According to the Finance Minister herself, this year's Union Budget is a continuation of the 2021 budget. This budget did not pass the threshold set by many experts and enthusiasts. First, let's analyse the key features of the 2022 health budget:

- This F.Y., the health sector has been allocated Rs. 86200.65 crore, a hike of 16 percent over Rs 73,931 crore in 2021-22.
- The government announced National Tele Mental Health Programme to deal with problems related to mental health as the pandemic accentuated mental stress. FinMin noted, “This will include a network of 23 tele-mental health centres of excellence with of excellence with NIMHANS being the nodal centre and International Institute of Information Technology, IIIT, Bangalore providing technical support.”
- Out of Rs 86200.65 crore, Rs 83,000 crore have been allocated to the Department of Health and Family Welfare, while Rs 3200 crore allocated to the Department of Health Research.

- The Centre proposes to spend Rs 41,011 crore towards medical and public health in 2022-23, while this expense was Rs 74,820 in the current financial year.
- Rs 5000 crore have been earmarked for COVID-related expenditure against the Rs. 35000 crore allocation in the F.Y. 2021-22.
- There has been an increase of over 7 percent in the allocation towards the National Health Mission.
- Pradhan Mantri Swasthya Suraksha Yojana has also seen an allocation increase from Rs 7,400 crore to Rs 10,000 crore.
- The health infrastructure mission, too, has seen its budget go up from Rs 315 crore to Rs 978 crore.
- The government will also roll out an open platform for the National Digital Health Ecosystem comprising digital registries of health providers and health facilities, unique health identity, consent framework, and universal access to health facilities.
- Government plans to bring in digital registries of health providers and health facilities, unique health identity, and universal access to health facilities under the National Digital Health Mission (NDHM)

This health budget is considered progressive, but not adequate for primary health care and health-technology-related sectors. The budget focused on digitization and modernization but not on medical devices and allied sectors. Nevertheless some important concerns regarding mental health has been discussed in the budget which gives a ray of hope for the people and their families since the pandemic.



UNION BUDGET 2022 EDUCATION SECTOR

India holds the dubious record of the second-highest coronavirus cases after the United States and imposed the harshest lockdown in the world. Consequently, education institutes were compelled to remain shut and they immediately moved to the online mode of delivery. The abrupt and unplanned move to online education in a country with a deep digital divide not only pushed a large section of the economically-vulnerable students out of the system thereby aggravating existing educational inequalities but also resulted in a massive learning loss.

India's first post-Covid-19 Budget 2021 presented by Finance Minister Nirmala Sitharaman was momentous in more ways than one. It was the first one to be digitally presented on a tablet, paving the way for several announcements in the way of digitization across sectors. The Budget focused on six key pillars namely, health and wellbeing, infrastructure, inclusive development, development of human capital, R&D, minimum government, maximum governance, with these sectors seeing maximum announcements.

- The National Education Policy (NEP) has been given added impetus in the Budget with over 15,000 schools being qualitatively strengthened under the NEP to become exemplar schools, which can then mentor other schools. This move has the potential to set the foundation for the new-age education system of the 21st century by institutionalizing e-learning and blended learning in these schools through a partnership with EdTech, which will further enable the widespread digitization of the education sector.
- The National Professional Standards for Teachers (NPST) is yet another new initiative aimed at enhancing the capabilities of teachers of a public and private schools in the country.
- Moreover, the 45 percent increase in budgetary allocation in 2021-2022 towards e-learning and the launch of the new PM e-Vidya scheme to provide multi-modal and in budget 2022-2023, skilling programs will be reoriented, and ITIs will start courses on skilling. The Digital DESH e-portal will be launched for the skilling, upskilling & reskilling of the youth. One class, one TV channel' program of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1 to 12.
- Training Inter Training Programme (TITP) with Japan to facilitate the transfer of Japanese technique and industrial and vocational skills will enhance learning, skilling, and training while boosting India's technology prowess, whereas the 2022-2023 budget has made changes so that High-quality e-content in all spoken languages will be developed for delivery via internet, mobile phones, tv and through radio and digital teachers. The competitive mechanism for the development of quality e-content by the teachers will be set up to empower and equip them with digital tools of teaching and facilitate better learning outcomes
- A digital university will be established to provide access to students across the country for world-class quality universal education with a personalized learning experience at their doorstep. This will be made available in different Indian languages and ICT formats. The university will be built on a network hub and spoke model.

The pandemic and its impact on education and mitigation strategy remained the focus of the 2022-23 budget, it was acknowledged that closure of schools, particularly in the rural areas, and those from Scheduled Castes and Scheduled Tribes, and other weaker sections, have lost almost two years of formal education. The initiatives announced in the Budget will help streamline the education scenario. Keeping in mind India's USD 5 trillion vision by 2025, the initiatives towards skill-building through the National Apprenticeship Act, partnerships with Japan and the UAE, and increased funding to the NRF will go a long way. All these educational reforms in Budget 2021 will no doubt bring about a deeper transformational shift and help accomplish the objectives of an inclusive and Atmanirbhar education system, whereas the Budget rightly focuses on content in regional languages, which will help students in rural and semi-urban areas associate better with what they are being taught.

All these schemes will even help bridge the existing education divide in Tier 2 and 3 cities. Given the goals of FLN by 2026–27, this budget is expected to provide rational allocation between the 'education' and 'care' components within the new revamped scheme of 'Saksham Anganwadi and Poshan 2.0' and not leave implementation ambiguous under the guise of convergence across ministries and pooling of resources across schemes.



Source: The Hindu

EMPHASIS ON DIGITAL UNIVERSITY & EDUCATION

Since the spread of Covid-19, online education has emerged as a dominant option to impart education in India. In fact, online education has become tantamount to the TINA factor (There is no alternative). In the backdrop of such development, Smt. Nirmala Sitharaman mentioned the establishment of Digital University in the budget speech of FY 2022-23. The Digital University will be the first 'central' university of its kind that focuses on imparting digital education in India.

In the budget speech, it is being stated that Digital University will help provide world-class quality universal education with a personalised learning experience. The digital university will be set up as per the Indian society of technical education (ISTE) standards. Additionally, the university will be built on a hub-spoke model. This model means that the distribution will be centralised, and everything will originate at a centralised 'hub' & then be sent to other locations referred to as 'spokes'. With the establishment of the aforementioned university, students would also be able to access quality education in the remotest parts of the country using 'hubs'.

One channel to proliferate such education is via 'One Class One TV channel program', which will be extended. Students will access education in different regional languages through TV, mobile, and radio. The concept of Digitalising education is prominent in various developed countries, including the USA, UK, Canada etc. To realise the full potential in the digital world, plans have been made by countries like the USA & Scotland such as 'National educational technology plan of USA' & Digital strategy of Scotland'. Online courses offered by 'Udemy' & 'Coursera' & other MOOC platforms is also a blunt manifestation of the emerging demand for Digital education in the Global north. Hence it would be apt to reiterate a famous statement – 'The fourth industrial revolution has arrived on campus!'

In a similar vein, India's NEP (New education policy) and budgetary allocation of FY 2022-23 emphasise the importance of Digital Education, Digital teachers & Digital university. Thus, the advent of central digital university can usher a revolution in India's field of digital education. The use of digital technology has the potential to enhance learning & teaching and, democratise engagement in education and extend higher education & higher educational institutions for the public good.

However, several questions arise following the development of Digital University & Digital education in India. What would be the 'digitally generated curriculum' or 'course design' that is digitally sustainable and academically progressive? With the establishment of a Digital university, would it be sufficient to adopt VLE (Virtual learning environment) simply, or should emphasis also be on adopting critical pedagogy? Would there be any need for learners who are studying partially or fully online to meet their tutors or peers? How will we make sure about the Digital participation of students &, most notably, their information/digital literacy?

All these questions are still not addressed & open to solutions. One way to address these issues, in general, would be to create synergy between academic developers, educational developers & learning technologists in India. With the combination of these experts, the initiative of Digital university can end up with the high possibility of being a success.

In the information age, government investment in Digital education & Digital University is a necessary & timely initiative. There is a need to understand the Digital university as a holistic concept. It is not merely about redesigning the educational infrastructure but also human relations & forms of working to make them collaborative and committed to a renewed sense of universities being democratic spaces.



Source: Department of Agriculture & Farmers Welfare

UNION BUDGET 2022 AGRICULTURE SECTOR

According to a report of Press Information Bureau, India's economic growth in the current year is estimated to be 9.2 per cent, highest among all large economies. The overall, sharp rebound and recovery of the economy from the adverse effects of the pandemic is reflective of our country's strong resilience. If one has to assess the power of a nation, they should directly look into its financial budget.

The Union Budget 2022, presented by Union Finance Minister Nirmala Sitharaman in the Lok Sabha on Tuesday, focused on ensuring assured income to farmers with an announcement of Rs 2.37 lakh crore towards direct payments for minimum support price (MSP) to wheat and paddy farmers. These payments would be made over the next year, April 2022-March 2023. In comparison to last year's budget, which allocated 1.23 lakh crore, this year's budget provides 1.24 lakh crore rupees to agriculture, which is 1% more than the previous year.

According to the current budget, the government is trying to improve the agriculture sector by incorporating modern technology. Agriculture is an important sector of Indian economy as it contributes about 17% to the total GDP and provides employment to over 60% of the population.

Indian agriculture has registered impressive growth over last few decades. Also, the agricultural marketing sector is characterized by fragmented supply chain.

The assistance of a public-private partnership would be sought for the new programme and digitalization of farmers, as well as the promotion of drones in the farming industry. This time the emphasis is also seen in the digitalisation of the land records

In this budget, emphasis has been placed on a plan to boost oilseed cultivation in order to minimise import reliance, as well as a strategy to promote millet production with an emphasis on exports. The Government intends to promote chemical-free natural farming throughout the country in order to increase farmers' sustainable agricultural output and profitability.

Project to connect the **Ken-Betwa** rivers. The project will cost Rs 44,000 crore to complete. This scheme, according to the finance minister, would be taken up aimed at providing irrigation benefits to 9.08 lakh hectare of farmers' lands, drinking water supply for 62 lakh people, 103 MW of Hydro, and 27 MW of solar power. Allocations of Rs 4,300 crore in 2021-22 and Rs 1,400 crore in 2022-23 have been made for this project. Moreover, Draft DPRs of five river links, namely Damanganga-Pinjal, Par-Tapi-Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery have been finalized and once a consensus is reached among the beneficiary states, the Centre will provide support for implementation.

NABARD would assist the agriculture industry by promoting the concept of start-up here. The major goal would be to provide a value chain for agricultural goods and to fund such start-ups. Such employees would be given with the necessary machinery, as well as IT assistance.

Krishi Unnati Yojana (KUY)

With a budget allocation of Rs 7,183 crores, the KUY makes a new appearance in India's budget statements. Krishi Unnati Yojana, which was first established in 2016-17 as a cluster of ten programmes with a budgetary allocation of Rs 7,580 crore, has been resurrected in 2022 with a fresh set of ten projects with a financial allocation of Rs 7,183 crore. This time, it incorporates some of the prior "Green Revolution" concepts. Approximately 26% of these monies are earmarked for the growth of the horticultural sector. Oilseed and edible oil prices skyrocketed last year, owing mostly to high worldwide costs. As a result, approximately 21% of KUY funding are given to palm, edible oil, and oilseeds in order to stimulate local production and processing.

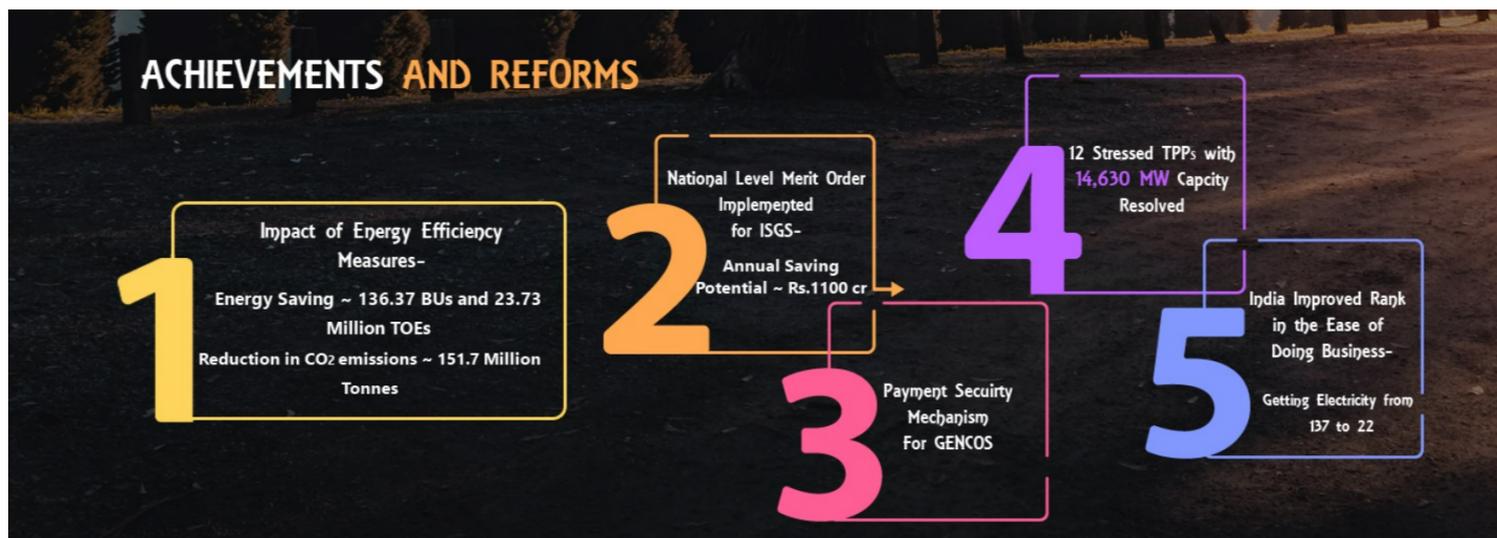
The allocation of money to Education and research in agriculture has been reduced this year in comparison of previous ones. The budget includes an allocation of Rs 8,513.62 crore for the Union Ministry of Agriculture and Farmers' Welfare's department of agricultural research and education. In the updated forecast for 2021-22, a comparable sum was also allotted. As a result, the net increase is zero.

Indian Council of Agricultural Research

The Indian Council of Agricultural Research receives the greatest portion of this expected sum (ICAR). ICAR has been budgeted for Rs 5,877.06 crore, up from Rs 5,561.48 crore in 2021-22. As a result, the net gain is Rs 315.58 crore. Salary, pension, administrative, and logistical expenditures are all included in this category. Through the statistics, it is clear that the government is attempting to place a greater emphasis on agricultural research with the notion of production in mind.

The money allocated by the government in this field of research is given with an eye on the future generation as well as maintaining and enhancing current logistics. The revised estimate for government agricultural universities for 2021-22 was Rs 562.95 crore. This figure has been raised to Rs 599.45 crore. This involves spending on regional education, research, and extension, among other things. Crop science has been budgeted at Rs 719.28 crore in 2022-23, with a revised estimate of Rs 840 crore for 2021-22.

Overall, it appears that Budget 2022-23 reflects changes in the GoI's priorities. There are no longer discussions about doubling farmers' incomes or practising organic farming in the manner that existed until last year. Some critical schemes have been terminated or merged, while many older ones have been renewed. We really hope that the budget provides the groundwork for the 'Amrit Kaal,' a term created by the finance minister in her address to allude to the 25-year period leading up to India's 100th anniversary in 2047. Do not leave farmers and rural landless people out of the digitised, infrastructure-led economic growth.



Source: Ministry of Power

UNION BUDGET 2022 ENERGY SECTOR

Energy Transition in the context of the 21st century means a move towards renewable energy that will aid in reducing carbon emission and controlling global warming. Under the Paris Agreement of 2015 to which India is a signatory, 195 nations pledged to reduce the effect of global warming well below 2°C, preferably till 1.5 °C compared to pre-industrial levels and reduce carbon emission to reach net-zero by the middle of the 21st century. It also provided for a mandate that in order to achieve these goals countries must adopt economic plans that account for mobilizing their finances to help planning on the ground level. It provides for reasonable yet major steps to make substantial contributions in combating this universal challenge.

The budget presented by Finance Minister Nirmala Sitharaman endorses these ideals and is surely a step in the right direction. The budget manifests prominently six prospects that are related to energy transition:

1. Issuing Sovereign Green Bonds
2. Additional allocation of Rs. 19500 Crore to PLI scheme
3. Commitment to the low carbon development strategy
4. Use of Biomass pellets in Thermal Power Systems
5. A goal to reach 280 GW Solar capacity by 2030
6. Basic customs duty of 25% on import of solar cells and 40% on solar modules

This article will deal with three novel ideas for India that have been propounded through the budget:

Sovereign Green Bonds (SGB):

Bonds in a securities market refer to debt security issued by a company, government or financial institution offering a fixed payment of interest on funds invested by an investor. Whereas, green bonds refer to bonds that are issued to attract investments in green projects that are related to climate benefits and biodiversity conservation. In India the green bonds market is regularized by the Securities and Exchange Board of India (SEBI). The SEBI guidelines provide for disclosure requirements for the issuance and listing of these green debt securities. It mandates an issuer to disclose half-yearly or yearly financial statements regarding the utilization of the funds received through these bonds. SGB's as the name suggests are issued by both the central and state governments. This means the government will carry the role of issuer and borrow the money to use it for mobilizing the resources for green infrastructure. Finance Minister in her speech highlighted that SGB's will be the major part of the central government's borrowing program for the year 2022-2023. The steps taken by India in this regard reflects its solemnity with goals settled in the Paris Accord.

Additional allocation of Rs. 19,500 Crore to PLI scheme:

Production Linked Incentive (PLI) is a concrete endorsement of the Prime Minister's ambitious project of Atmanirbhar Bharat. It aims to incentivize the corporate entities on their incremental sales produced in domestic units and encourage local companies to expand their business prospects. The budget proposed Rs 19,500 Cr. to manufacture high-efficiency modules to fully integrated manufacturing units from polysilicon to solar PV modules to reach the goal of producing 280 GW of solar capacity by 2030 in India. This firstly will help in promoting sustainable development mandate set by the United Nations. Secondly, in encouraging domestic business units to thrive and expand by making judicious use of renewable energy thereby boosting the energy sector of the economy.

Commitment to low carbon strategy and 5-7% use of biomass pellets in thermal power systems:

Biomass is a plant or animal-based material that can either be used directly as energy or can be converted into one by a manual mechanical process. Whereas biomass pellets is a form of energy that is produced by compressing organic matter or more precisely biomass. In her speech Finance Minister provisioned for compulsory 5% use of biomass pellets in thermal power systems. The move was prescribed to reduce the ever-increasing air pollution across the country. As a norm the national capital along with its financial capital and cultural capital are featuring in the list of world's most polluted cities. Thus, this step can be seen as the country's willingness to acquire more stake in developing a clean and pollution-free environment for residents in urban and rural areas.

The budget signifies India's commitments to the globe in honoring its obligations in energy transition programs and combating climate change. The budget in a true sense provides for a roadmap to clean energy and a clean environment. Through economic consideration it also renders enough attention to the existing manufacturing sector by providing incentive to entrepreneurs to delve into the energy sector. The realization for its importance in the current age and state highlights India's ambitions of being a five trillion economy in the coming decade.

Highlights of Budget 2021-22 for MSME Sector

- ₹ Review of more than 400 old customs duty exemptions this year
- ₹ Rationalising exemptions on import of duty-free items as an incentive to exporters of garments, leather and handcraft items. Most of these are manufactured by MSMEs
- ₹ To further reduce compliance burden, limit increased for tax audit from Rs 5 crore to Rs 10 crore

Source: Ministry of Micro, Small & Medium Enterprises

UNION BUDGET 2022 MSME'S

The Union Budget for the financial year 2022-23 was delivered by the Finance Minister Nirmala Sitharaman. The budget has been widely welcomed by the sectors that experienced several distresses after the COVID-19 pandemic hit the country and a subsequent nation-wide lockdown was imposed, the Micro Small and Medium Enterprises (MSME) sector was one among these. The MSME sector was also the worst-hit sector during the period of the pandemic. The Union Budget of 2022-23 has certainly brought in several positives for the sector which it has welcomed with open arms.

The budget for this financial year has not only prioritized the revival of the MSME sector, but also focused more on boosting the sector to tackle any upcoming difficulties that have been observed in the past. The MSME is one of the most important sectors as it contributes to almost 45% of the country's total manufacturing output, 40% to exports, and almost 30% of the national GDP. These figures certainly highlight the importance the MSME Sector holds in the current scenario, and no doubt it deserves the top-most priority. The government has drafted a plan of rolling out a program which intends to rate the MSMEs. The program is valued at Rs. 6000 Crores. An Emergency Credit Line Guarantee Scheme (ECGLS) has also been launched as a part of the same rollout.

The ECLGS has been extended till March 2023. The government plans to expand the guaranteed cover amount by almost Rs. 50,000 Cr. so that the grand total cover is around Rs. 5 Lakh Cr. These investments are made to grant the MSME sector the time and funding they require to grow sustainably. The budget has also taken note regarding the urgent need for the infusion of funds in this particular sector. Revamping the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) and also another Rs. 2 Lakh Crore will be provided to facilitate further growth in this sector. Such infusions will install confidence in the dedicated lenders and also help them in expanding credit on the credit guarantee of trust.

The MSME's in recent years have been largely moving towards a higher extent of digitization. The key element to increase the credit flow into the MSME's is through the combination of GST and UDYAM. The government has also taken up the initiative of inter-linking of UDYAM, e-SHRAM, National Career Service (NCS) and also the Aseem portals. The purpose of this inter-linking is to help widen the scope of services offered by the MSME's. After the inter-linking these portals will be fully equipped with a live organic database which provides Government to Citizens (G2C), Business to Consumer (B2C) and Business to Business (B2B) services. Credit facilitation will be one of the services provided on the database.

With the initiatives taken by the government it helps mitigate risks for the MSME's and also helps in credit outreach. It further helps in enhancing and developing more entrepreneurial opportunities, helping the MSME's to sustain and not shut their doors due to lack of funding. A new initiative in regard to the MSME sector has been launched and is known as Raising and Accelerating MSME Performance (RAMP). The allocation of the massive amount of Rs. 6000 Cr. was done to improve the MSME sector and to support future programs along with accelerating the growth of the sector. Moreover, to increase efficiency and flexibility there has been an increase in allotment of funds to the digital services. The budget has also largely emphasized on the importance of both credit and liquidity for the MSME's.

Another important grant that was expected by the MSME sector in the Union Budget was regarding tax reduction. Earlier some of these included the reduction and simplification of the GST structure and also significant relief from the burden of taxes. However, this did not make into the final budget. The ECLGS as estimated has delivered credit nearly to almost 130 Lakh MSME. The hospitality and corresponding services were the primary targets when it came to this aspect as they have not completely regained from the financial stress caused by the pandemic. There are several other schemes such as the 'Production-Linked Incentive' which has already received positive feedback. The MSMEs are expected to create a larger impact in the area of development of cargo terminals and also regarding the purpose of helping farmers. This is one of the most ambitious project announced by the finance minister. The idea of this initiative is to facilitate local supply chains through the vast rail network available in the country.

The Indian economy is certainly on the road for recovery after the brief period of financial hardship. For this recovery to continue at a much faster pace it requires some smart investments and initiatives in sectors that are of primary importance, the MSME sector being one of them.



Source: North East India

THE PATH TO THE DEVELOPMENTAL ASCENT OF THE NORTH EAST

The North-Eastern (NE) India is an integral part of our country, yet it is largely underdeveloped owing to its geography that makes it isolated. It has Bangladesh to its west, Myanmar to its east, and Bhutan and China to the north leaving a narrow corridor by which it is connected to the rest of the nation.

The seven NE states collectively contributed about 2.8% to India's GDP in FY20. The NE was accountable for nearly 3.7% share in GDP in the year 1994. This goes to show that the North East Region (NER) lags behind in terms of economic growth and contribution. One of the major reasons for its slow economic growth is the geographical positioning of the area, which as mentioned above makes it landlocked and isolated. The hilly terrain and unruly weather also make initiating developmental projects difficult. The communication and transportation in the region are severely underdeveloped. Railways are limited and road connectivity is often prone to disruptions due to weather conditions and landslides.

The Untapped Potential

It should be noted that NER has an exponential potential for growth and its geographical location should be seen through the lens of strategic and geopolitical importance than as a hindrance in its growth. Its location makes it vital in bridging India with Southeast Asia.

India's Act East Policy, an initiative to strengthen relation with the ASEAN countries, recognises the importance of NER and places the region on the territorial frontier of India's eastward engagement.

The region is rich in natural resource reserves. It houses integral resources like mineral deposits, agro-horticultural resources, oil and gas. It also possesses immense hydroelectric potential and considerably significant forest cover. The NER accounts for nearly 34% of the nation's water resources and almost 40% of India's hydropower potential.

The NER undoubtedly constitutes one of the most beautiful and aesthetically pleasing destinations in India. It is home to several wildlife sanctuaries like Kaziranga National Park, Manas National Park, Nameri, Orange and Dibru Saikhowa in Assam. The lack of proper infrastructure creates a hurdle in the proper development of the tourism industry and the gains that can accrue henceforth.

PM-DevINE

To fully optimise the potential and ameliorate the infrastructure and economic situation in the region, the Union Budget 2022-23 launched a new scheme: Prime Minister's Development Initiative for North East (PM DevINE). This scheme is associated with PM GatiShakti. It aims to fund infrastructure advancement and social development projects in NER that will contribute to not only development but also generate employment opportunities for the people, especially the women and the youth while also filling the gaps in various sectors.

This scheme will be implemented by the North-Eastern Council (NEC), the nodal agency responsible for the economic and social development of the eight states that constitute the NER.

It was constituted in the year 1971 by an Act of the Parliament and has been pivotal in addressing issues and removing hindrances, thus, advancing the development of the region.

In 2001, following the creation of the Department of development of North Eastern Region (DoNER), during the tenure of Atal Bihari Vajpayee, NEC's importance started to dwindle as the DoNER started playing a significant role in the region. However, when Amit Shah became the Home minister, NEC's prominence started to grow again. The PM-DevINE scheme handled by the NEC is also considered an attempt to revitalise and renew the role of NEC.

The Union Budget made an initial allocation of Rs. 1500 Crore for the scheme. Out of which Rs. 973 crore has been allocated to seven vital projects and the remaining Rs. 537 Crore has been allocated to other projects that are yet to be identified.

This allocation has been segmented into a list of projects as follows: -

1. Establishment of Dedicated Services for the Management of Paediatric and Adult Haemotolymphoid Cancers in North East India, Guwahati (Multi-State) : Rs. 129 Crore
2. NECTAR Livelihood Improvement Project (Multi-State): Rs. 67 Crore
3. Promoting Scientific Organic Agriculture in North East Indian (Multi-State): Rs. 45 Crore
4. Construction of Aizawl By-pass on Western Side: Rs. 500 Crore
5. Gap funding for Passenger Ropeway system for Pelling to Sanga-Choeling in West Sikkim: Rs. 64 Crore
6. Gap funding for Eco-friendly Ropeway (Cable Car) from Dhapper to Bhaleydhunga in South Sikkim: Rs. 58 Crore
7. Pilot Project for Construction of Bamboo Link Road at Different Locations in Various Districts in the State of Mizoram: Rs. 100 Crore

The budget speech laid emphasis on the fact that PM- DevINE will not replace existing central and state schemes in the region. Additionally, the projects that are yet to be identified can be recommended by both the Union and the state but those put forth by the state governments will receive priority.

Special focus: Mizoram

Project worth 40% of the total funds allocated to the scheme is focused in Mizoram. Construction of a bypass on western side of Mizoram's capital Aizawl at a cost of Rs.500 Crore aims to facilitate and ease the traffic congestion in the capital city. Another major project that has received the allocation of Rs.100 Crore is the Bamboo Link roads in Mizoram. The roads built under this project are aimed to have the primary purpose of facilitating the transport of bamboo from forests. It will also enhance the road connectivity and transportation facilities of the area. These roads are proposed to be 18 feet wide with a 10-foot broad pavement. It will also aid in improving care and medical opportunities of paediatric and adult hematolymphoid malignancies prevalent in the region.

Conclusion

The potential of the region is undebated, it was integral that the government recognised the economic underdevelopment of the states and took steps to abate the situation. The NER has welcomed this initiative. The Assam cabinet has approved the formation of a high-level task force to ensure and supervise the proper implementation of the proposed projects. The industries in the region have also expressed their support. Northeast states have their unique challenges, and therefore it is encouraging to have a NE-specific scheme for the development of the region. If executed properly the scheme could be pivotal in turning around the economic standing of the North-East.



Source: The Print

KEN BETWA RIVER LINKING PROJECT

In the recently announced Union Budget of 2022-23, Rs. 44,605 Crores have been allocated to the Ken-Betwa River Linking Project. Ken and Betwa are both tributaries of the Yamuna, flowing south to north, through the states of Uttar Pradesh and Madhya Pradesh. The project is intended to improve water supply to the water-stressed region of Bundelkhand. The finance minister has claimed that the proposed project will provide irrigation benefits to 9.08 lakh hectares of farmers' lands, drinking water supply to 62 lakh people and 103 mW of hydro power and 27 mW of solar power. The announcement has, however, evoked criticism from the opposition as well as environmentalists.

The idea for the interlinking of rivers gained credence under the National Perspective Plan of 1980 prepared by the Ministry of Irrigation which envisioned optimum water transfer in the country. The plan was divided into two components: 'Himalayan Rivers Development' and 'Peninsular Rivers Development'. The Ken-Betwa project is one of the 16 projects proposed under the Peninsular River component. The idea was revived in the late 1990's under the then PM Atal Bihari Vajpayee, who constituted a task force to examine the issue in detail. In 2005, Mulayam Singh Yadav (the then Chief Minister of UP) signed a tripartite Memorandum of Understanding (MoU) with the MP state government and the central government on the potential water sharing arrangement in the future.

The proposal was reignited under the Modi government at the centre and received wildlife, forest and environmental clearance as well as approval from the Ministry of Tribal Affairs between 2016 and 2017.

However, the proposal received flak from environmentalists prompting a Supreme Court mandated Central Empowered Committee (CEC) inquiry into the ecological impact of the project. The Report was critical of the venture and spoke of the potential devastation that may be caused by implementing the proposal.

In March 2022, a MoU was signed between the Union Minister of Jal Shakti and the Chief Ministers of Madhya Pradesh and Uttar Pradesh to implement the Ken-Betwa Link Project. It effectively became the first project of the National Perspective Plan of interlinking of rivers.

The project envisions a river water transfer system wherein water from the Ken will be transferred to Betwa, to improve water access to drought prone Bundelkhand, spread across 13 districts of UP and MP. The region has witnessed consistent meteorological, agricultural and hydrological droughts over the years, which has contributed to the desertification of several villages in the area. The National Institute of Disaster Management has claimed that only 7% of all villages in the area have enough water supply to meet their consumption and irrigation needs. Thus, the government's rationale and initiative in implementing measures to facilitate water supply in the region is meritorious.

However, the issue must be examined with more nuance. Environmentalists predict that the man-made enterprise would disrupt the delicate natural ecosystem and impact biodiversity in the region. The project will submerge 6017 hectares of forest area, of which 4206 hectares lie in the core tiger habitat of the Panna Tiger Reserve. The CEC Report stated that the measure would result in the loss of 10,000 hectares of wildlife habitat as it would cut off the critical tiger habitat of Panna Tiger Reserve from the rest of the national park. Genetic studies have found that isolation in tiger populations leads to higher risk of inbreeding, making them more susceptible to extinction. The project would also involve the falling of 23 lakh trees and affect several species in the area including the gharials in the Ken Gharial Sanctuary located downstream of the project. The deforestation drive could potentially impact the water cycles and the rainfall patterns in the region.

The main dam, Ganghau, that is proposed will submerge 10 villages and displace 10,000 people. It has been opposed at the grassroots level, with the people of Daudhan village submitting memorandums against the building of the project.

It has also been claimed (most notably by Panna's DM) that the fundamental premise of the project (transfer of water from a water surplus area to a water deficient area) is flawed as there is no surplus water in the Ken, that can be transferred to the Betwa. The government's inferences of this phenomenon are based on inadequate and obsolete data. A prevalent opinion is that the project will now contribute to making Panna district also water stressed, instead of having the opposite impact.

It has been claimed that the process of granting clearance to the project was non-transparent and did not involve the stakeholders in the consultation process. The CEC of the Supreme Court also questioned the environmental clearance granted to the project in 2017 and stated that the Committee that granted its clearance had not taken an eco-centric but an anthropocentric view.

The environmental clearance granted to the project is currently being challenged in the National Green Tribunal. Legal experts also emphasise legal issues with respect to the commencement of the project. The law states that a project that generates power cannot be located inside a forest or a protected area. This provision is being violated by the proposal. Further, experts also claim that several new structures which were not a part of the MoU were added to the project later without undergoing any impact assessment. The political opposition has also problematised the timing of the announcement of the project during this budget. Since the project is expected to impact several election-bound districts of Uttar Pradesh, it has been interpreted to be politically motivated to gain favour among the electorate.

The issue is a classic case which pits development against environmental concerns. The model of development should be one of sustainability where ecological issues are not undermined. A system of river water transfer may prove to be effective in solving the water crisis in the region, as in China's South-North Water Transfer experience, however it should not come at the cost of the environment. The proposed project should undergo rigorous evaluation before it is implemented and concerns of all stakeholders should be adequately addressed. Meanwhile, local and community solutions to the water crisis may be given state funding to tackle the issue on a short-term basis. True development can only be achieved when it involves a consensus and is beneficial for all communities.

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