

PERFECT 7

WEEKLY

CURRENT AFFAIRS

July: 2019 / Issue-05

Special Issue

UNION BUDGET 2019-20

- Union Budget 2019-20 : At a Glance
- Social Infrastructure and Human Development
- Self-help Groups : Road towards Women Empowerment
- e-Governance in India : Empowering Citizens
- External Sector of India : A Macroeconomic Overview
- Startup Ecosystem in India : An Understanding
- Public Private Partnership Model for Faster Development



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(WEEKEND BATCH)

LAXMI NAGAR (DELHI) **22 JULY | 10:30 AM & 27 JULY | 11 AM**

GREATER NOIDA **13 AUG | 3:30 PM**

LUCKNOW (ALIGANJ) **1 AUG | 6 PM**

LUCKNOW (GOMTI NAGAR) **26 AUG | 5:30 PM**

PRAYAGRAJ (ALLAHABAD) **19 JULY | 11 AM**

BHUBANESWAR **1 AUG | 7:30 AM & 6 PM**

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DHYEYA IAS : AN INTRODUCTION



The guiding philosophy of the institute, throughout, has been creation of knowledge base. Dhyeya IAS inculcates human values and professional ethics in the students, which help them make decisions and create path that are good not only for them, but also for the society, for the nation, and for the world as whole. To fulfill its mission in new and powerful ways, each student is motivated to strive towards achieving excellence in every endeavor. It is done by making continuous improvements in curricula and pedagogical tools.

The rigorous syllabi not only instills in them, a passion for knowledge but also attempts to teach them how to apply that knowledge in real-life situations. The programmes lay emphasis on well-rounded personality development of the students and also in inculcating the values of honesty and integrity in them.

Vinay Kumar Singh
CEO and Founder
Dhyeya IAS



Dhyeya IAS is an institution that aims at the complete development of the student. Our faculty are hand-picked and highly qualified to ensure that the students are given every possible support in all their academic endeavors. It is a multi-disciplinary institution which ensures that the students have ready access to a wide range of academic material.

Our brand of education has broad horizons as we believe in exposure. Our students are encouraged to widen their knowledge base and study beyond the confinements of the syllabus. We aim to lend a gentle guiding hand to make our students recognize their inner potential and grow on their own accord into stalwarts of tomorrow's society.

Q H Khan
Managing Director
Dhyeya IAS

PERFECT 7 : AN INTRODUCTION



With immense pleasure and gratitude I want to inform you that the new version of 'Perfect-7', from the Dhyeya IAS, is coming with more information in a very attractive manner. Heartily congratulations to the editorial team. The 'Perfect-7' invites a wider readership in the Institute. The name and fame of an institute depends on the caliber and achievements of the students and teachers. The role of the teacher is to nurture the skills and talents of the students as a facilitator. This magazine is going to showcase the strength of our Institute. Let this be a forum to exhibit the potential of faculties, eminent writers, authors and students with their literary skills and innovative ideas.

I extend best wishes for the success of this endeavor.

Qurban Ali

Chief Editor

Dhyeya IAS

(Ex Editor- Rajya Sabha TV)



We have not only given the name 'Perfect 7' to our magazine, but also left no stone unturned to keep it 'near to perfect'. We all know that beginning of a task is most challenging as well as most important thing. So we met the same fate.

Publishing 'Perfect 7' provided us various challenges because from the beginning itself we kept our bar too high to ensure the quality. Right from the very first issue we had a daunting task to save aspirants from the 'overdose of information'. Focusing on civil services exams 'Perfect 7' embodies in itself rightful friend and guide in your preparation. This weapon is built to be precise yet comprehensive. It is not about bombardment of mindless facts rather an analysis of various facets of the issues, selected in a systematic manner. We adopted the 'Multi Filter' and 'Six Sigma' approach, in which a subject or an issue is selected after diligent discussion on various levels so that the questions in the examination could be covered with high probability.

Being a weekly magazine there is a constant challenge to provide qualitative study material in a time bound approach. It is our humble achievement that we feel proud to make delivered our promise of quality consistently without missing any issue since its inception.

The new 'avatar' of 'Perfect 7' is a result of your love and affection. We feel inspired to continue our efforts to deliver effective and valuable content in interesting manner. Our promise of quality has reached you in around 100 issues and more are yet to come.

Ashutosh Singh

Managing Editor

Dhyeya IAS



PREFACE

Dhyeya family feels honoured to present you a pandora box 'Perfect 7'. 'Perfect7' is an outstanding compilation of current affairs topics as per the new pattern of Civil Service examination (CSE). It presents weekly analysis of information and issues (national and international) in the form of articles, news analysis, brain boosters, PIB highlights and graphical information, which helps to understand and retain the information comprehensively. Hence, 'Perfect 7' will build in-depth understanding of various issues in different facets.

'Perfect7' is our genuine effort to provide correct, concise and concrete information, which helps students to crack the civil service examination. This magazine is the result of the efforts of the eminent scholars and the experts from different fields.

'Perfect 7' is surely a force multiplier in your effort and plugs the loopholes in the preparation.

We believe in environment of continuous improvement and learning. Your constructive suggestions and comments are always welcome, which could guide us in further revision of this magazine.

Omveer Singh Chaudhary
Editor
Dhyeya IAS

Perfect 7

The Weekly Issue Perfect 7

An Initiative of Dhyeya IAS (for Civil Services Examination)

July: 2019 | Issue: 05

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Our other initiative



Hindi & English
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DHYEYA TV
Current Affairs Programmes hosted
by Mr. Qurban Ali
(Ex. Editor Rajya Sabha, TV) & by Team Dhyeya IAS
(Broadcasted on YouTube & Dhyeya-TV)

SEVEN IMPORTANT ISSUES

1. UNION BUDGET 2019-20 : AT A GLANCE

Why in News?

The Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman made her maiden Budget Speech and presented the Union Budget 2019-20 before the Parliament on 05th July 2019.

Introduction

India is now the 6th largest economy in the world, compared to 11th largest five years ago. Indian economy is globally the 3rd largest in Purchasing Power Parity (PPP) terms. 1 trillion dollar added to Indian economy over last 5 years (compared to over 55 years taken to reach the first trillion dollar). Indian economy to become a 3 trillion dollar economy in the current year. Union Budget 2019-20 has highlighted India's aspiration to become a \$5 trillion economy by 2024.

What is Union Budget?

According to Article 112 of the Indian Constitution, the Union Budget of a year, also referred to as the annual financial statement, is a statement of the estimated receipts and expenditure of the government for that particular year.

Union Budget keeps the account of the government's finances for the fiscal year that runs from 1st April to 31st March. Union Budget is classified into Revenue Budget and Capital Budget.

Key Highlights of Union Budget 2019-20

MSMEs

- ◆ Pradhan Mantri Karam Yogi Maandhan Scheme: Pension

benefits to about three crore retail traders & small shopkeepers with annual turnover less than Rs. 1.5 crore. Enrolment to be kept simple, requiring only Aadhaar, bank account and a self-declaration.

Mobility

- ◆ India's first indigenously developed payment ecosystem for transport, based on National Common Mobility Card (NCMC) standards, launched in March 2019.
- ◆ Inter-operable transport card runs on RuPay card and would allow the holders to pay for bus travel, toll taxes, parking charges, retail shopping.

Massive push given to all forms of Physical Connectivity through

- ◆ Pradhan Mantri Gram Sadak Yojana.
- ◆ Industrial Corridors, Dedicated Freight Corridors.
- ◆ Bharatmala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes.
- ◆ State road networks to be developed in second phase of Bharatmala project. Rs. 50 lakh crore investment needed in Railway Infrastructure during 2018-2030.
- ◆ Navigational capacity of Ganga to be enhanced via multi modal terminals at Sahibganj and Haldia and a navigational lock at Farakka by 2019-20, under Jal Marg Vikas Project.

- ◆ Public - Private - Partnership (PPP) proposed for development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services.

Government 10-point Vision for the Decade

1. Building Team India with Jan Bhagidari: Minimum Government Maximum Governance.
2. Achieving green Mother Earth and Blue Skies through a pollution-free India.
3. Making Digital India reach every sector of the economy.
4. Launching Gaganyaan, Chandrayan, other Space and Satellite programmes.
5. Building physical and social infrastructure.
6. Water, water management, clean rivers.
7. Blue Economy.
8. Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables.
9. Achieving a healthy society via Ayushman Bharat, well-nourished women & children, safety of citizens.
10. Emphasis on MSMEs, Start-ups, defence manufacturing, automobiles, electronics, fabs and batteries, and medical devices under Make in India.

Phase-II of FAME Scheme

- ◆ Outlay of Rs. 10,000 crore for 3 years approved for Phase-II of FAME Scheme.
- ◆ Upfront incentive proposed on purchase and charging infrastructure, to encourage faster adoption of Electric Vehicles (EV).

- ◆ Only advanced-battery-operated and registered (EV) to be incentivized under FAME Scheme.
- ◆ Additional income tax deduction of Rs. 1.5 lakh on interest paid on (EV) loans.

One Nation, One Grid

National Highway Programme to be restructured to ensure a National Highway Grid, using a financeable model.

- ◆ Power at affordable rates to states ensured under 'One Nation, One Grid'.
- ◆ Blueprints to be made available for gas grids, water grids, i-ways, and regional airports.

Measures to Enhance the Sources of Capital for Infrastructure financing

- ◆ Credit Guarantee Enhancement Corporation to be set up in 2019-2020.
- ◆ Stock exchanges to be enabled to allow AA rated bonds as collaterals.

Social Stock Exchange

Listing social enterprises and voluntary organizations and raise capital as equity, debt or as units like a mutual fund. SEBI to consider raising the threshold for minimum public shareholding in the listed companies from 25% to 35%.

Foreign Direct Investment (FDI)

- ◆ FDI in sectors like aviation, media (animation, AVGC) and insurance sectors can be opened further after multi-stakeholder examination.
- ◆ Insurance intermediaries to get 100% FDI.
- ◆ Local sourcing norms to be eased for FDI in single brand retail sector.
- ◆ FPIs to be permitted to subscribe to listed debt securities issued by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs).

- ◆ NRI-Portfolio Investment Scheme Route is proposed to be merged with the Foreign Portfolio Investment Route.

Space

- ◆ New Space India Limited (NSIL), a Public Sector Enterprise (PSE), incorporated as a new commercial arm of Department of Space.
- ◆ To tap the benefits of the Research & Development carried out by Indian Space Research Organization (ISRO) like commercialization of products like launch vehicles, transfer to technologies and marketing of space products.

Direct Taxes

- ◆ Tax rate reduced to 25% for companies with annual turnover up to Rs. 400 crore.
- ◆ Surcharge increased on individuals having taxable income from Rs. 2 crore to Rs. 5 crore and Rs. 5 crore and above.
 - ◆ Those who don't have PAN can file tax returns using Aadhar.
 - ◆ Aadhar can be used wherever PAN is required.
- ◆ Interchangeability of PAN and Aadhaar
- ◆ Capital gains exemptions from sale of residential house for investment in start-ups extended till FY21.
- ◆ Angel tax issue resolved- start-ups and investors filing requisite declarations and providing information in their returns not to be subjected to any kind of scrutiny in respect of valuations of share premiums.
- ◆ E-verification mechanism for establishing identity of the investor and source of funds.

Securities Transaction Tax (STT)

STT restricted only to the difference between settlement and strike price in case of exercise of options.

Indirect Taxes

- ◆ Defence equipment not manufactured in India exempted from basic customs duty.
- ◆ Export duty rationalised on raw and semi-finished leather.
- ◆ Increase in Special Additional Excise Duty and Road and Infrastructure Cess each by Rs.1 per litre on petrol and diesel.
- ◆ Custom duty on gold and other precious metals increased.
- ◆ Legacy Dispute Resolution Scheme for quick closure of pending litigations in Central Excise and Service tax from pre-GST regime.

Grameen Bharat / Rural India

- ◆ Ujjwala Yojana and Saubhagya Yojana have transformed the lives of every rural family, dramatically improving ease of their living.
- ◆ Electricity and clean cooking facility to all willing rural families by 2022.
- ◆ **Pradhan Mantri Awas Yojana – Gramin (PMAY-G) aims to achieve "Housing for All" by 2022:** Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).
- ◆ **Pradhan Mantri Matsya Sampada Yojana (PMMSY):** A robust fisheries management framework through PMMSY to be established by the Department of Fisheries. To address critical gaps in the value chain including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.
- ◆ **Pradhan Mantri Gram Sadak Yojana (PMGSY):** Target of connecting the eligible and feasible habitations advanced from 2022 to 2019 with 97% of such habitations already being provided with all weather connectivity.

- ◆ Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI); Common Facility Centres (CFCs) to be setup to facilitate cluster based development for making traditional industries more productive, profitable and capable for generating sustained employment opportunities.
- ◆ Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) consolidated.
- ◆ **Farmer Producer Organizations:** 10,000 new Farmer Producer Organizations to be formed, to ensure economies of scale for farmers. Government to work with state governments to allow farmers to benefit from National Agriculture Market (e-NAM). Zero Budget Farming in which few states farmers are already being trained to be replicated in other states.
- ◆ India's water security: New Jal Shakti Mantralaya to look at the management of our water resources and water supply in an integrated and holistic manner.
 - ◆ 'Jal Jeevan Mission' to achieve 'Har Ghar Jal' (piped water supply) to all rural households by 2024.
 - ◆ To focus on integrated demand and supply side management of water at the local level.
 - ◆ Convergence with other Central and state government schemes to achieve its objectives.
- ◆ **Swachh Bharat Abhiyan:** 9.6 crore toilets constructed since Oct 2, 2014. More than 5.6 lakh villages have become Open Defecation Free (ODF). Swachh Bharat Mission to be expanded to undertake sustainable solid waste management in every village.
- ◆ **Pradhan Mantri Gramin Digital Saksharta Abhiyan:** Over two crore

rural Indians made digitally literate. Internet connectivity in local bodies in every Panchayat under Bharat-Net to bridge rural-urban divide. Universal Obligation Fund under a PPP arrangement to be utilized for speeding up Bharat-Net.

Shahree Bharat/Urban India

- ◆ **Pradhan Mantri Awas Yojana – Urban (PMAY-Urban):** Over 13 lakh houses so far constructed using new technologies.
 - ◆ More than 95% of cities also declared Open Defecation Free (ODF).

Youth

- ◆ New National Education Policy to be brought which proposes.
 - ◆ Major changes in both school and higher education.
 - ◆ Better governance systems.
 - ◆ Greater focus on research and innovation.
- ◆ National Research Foundation (NRF) proposed to fund, coordinate and promote research in the country.
- ◆ Rs. 400 crore provided for "World Class Institutions", for FY 2019-20, more than three times the revised estimates for the previous year. 'Study in India' proposed to bring foreign students to study in Indian
- ◆ 'Khelo India Scheme' to be expanded with all necessary financial support. National Sports Education Board for development of sportspersons to be set up under Khelo India, to popularize sports at all levels.
- ◆ To prepare youth for overseas jobs, focus to be increased on globally valued skill-sets including language training, Artificial intelligence (AI), Internet of Things (IoT), Big Data, 3D Printing, Virtual Reality and Robotics.

- ◆ Set of four labour codes proposed, to streamline multiple labour laws to standardize and streamline registration and filing of returns.

Ease of Living

- ◆ About 30 lakh workers joined the Pradhan Mantri Shram Yogi Maandhan Scheme that provides Rs. 3,000 per month as pension on attaining the age of 60 to workers in unorganized and informal sectors.
- ◆ Approximately 35 crore LED bulbs distributed under UJALA Yojana leading to cost saving of Rs. 18,341 crore annually.
- ◆ Solar stoves and battery chargers to be promoted using the approach of LED bulbs mission.
- ◆ A massive program of railway station modernization to be launched.

Naari Tu Narayani/Women

- ◆ Approach shift from women-centric-policy making to women-led initiatives and movements.
- ◆ A Committee proposed with government and private stakeholders for moving forward on Gender Budgeting.

India's Soft Power

- ◆ Proposal to consider issuing Aadhaar Card for NRIs with Indian Passports on their arrival without waiting for 180 days.
- ◆ Mission to integrate traditional artisans with global markets proposed, with necessary patents and geographical indicators.
- ◆ Revamp of Indian Development Assistance Scheme (IDEAS) proposed.
- ◆ 17 iconic tourism Sites being developed into model world class tourist destinations.
- ◆ Present digital repository aimed at preserving rich tribal cultural heritage, to be strengthened.

Banking and Financial Sector

- ◆ Non-performing asset (NPAs) of commercial banks reduced by over Rs. 1 lakh crore over the last year.
- ◆ Measures related to Public Sector Banks (PSBs):
 - ◆ Rs. 70,000 crore proposed to be provided to PSBs to boost credit.
 - ◆ PSBs to leverage technology, offering online personal loans and doorstep banking, and enabling customers of one PSBs to access services across all PSBs.
 - ◆ Steps to be initiated to empower account holders to have control

over deposit of cash by others in their accounts.

- ◆ Reforms to be undertaken to strengthen governance in PSBs.

Digital Payments

- ◆ Tax Deducted at Source (TDS) of 2% on cash withdrawal exceeding Rs. 1 crore in a year from a bank account.
- ◆ Business establishments with annual turnover more than Rs. 50 crore shall offer low cost digital modes of payment to their customers and no charges or Merchant Discount Rate shall be

imposed on customers as well as merchants.

Roadmap for Future

- ◆ Simplification of procedures.
- ◆ Incentivizing performance.
- ◆ Red-tape reduction.
- ◆ Making the best use of technology.
- ◆ Accelerating mega programmes and services initiated and delivered so far.

General Studies Paper- III

Topic: Government Budgeting.

○○○

2. SOCIAL INFRASTRUCTURE AND HUMAN DEVELOPMENT

Why in News?

In Union Budget 2019-20, the government of India has highlighted 10-point vision for the decade. In its 10-point vision government is committed to enhance the effectiveness of social infrastructure for the ease of living of its citizens.

Introduction

The 2030 Agenda for Sustainable Development as reflected in the 17 Sustainable Development Goals (SDGs) and 169 targets, calls for global partnership to ensure peace and prosperity for people and the planet, now and into the future. It is recognized that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth in a sustainable manner.

India is committed to achieve these SDGs and a strong social infrastructure is key to achieve them. The government has been focusing on provisioning of assets such as schools, institutes of higher learning,

hospitals, access to sanitation, water supply, road connectivity, affordable housing, skills and livelihood opportunities. This gains significance given the fact that India is home to the world's youngest population as half of its population is below the age of 25. It has also been estimated that demographic advantage in India is available for five decades from 2005-06 to 2055-56, longer than any other country in the world. This demographic advantage can be reaped only if education, skilling and employment opportunities are provided to the young population.

What is Social Infrastructure?

Infrastructure can broadly be defined as long-term physical assets that operate in markets with high barriers to entry and enable the provision of goods and services. Social services include, education, sports, art and culture; medical and public health, family welfare, water supply and sanitation, housing; urban development; welfare of Schedule Castes (SCs), Schedule Tribes (STs) and Other Backward Castes (OBCs), labour and labour welfare; social security and welfare, nutrition, relief on account of natural calamities etc. Expenditure on 'Education' pertains to expenditure on 'Education, Sports, Arts and Culture'.

Status of Social Sector in India

The expenditure on social infrastructure like health and education is a critical indicator of the commitment of the government towards these sectors. Public investment in social infrastructure has a critical role in providing access to social services for the people, especially the marginal and vulnerable sections of the society. The expenditure on social services by the Centre and States as a proportion of Gross Domestic Product (GDP) has registered an increase of more than 1 percentage points during the period 2014-15 to 2018-19 (BE), from 6.2 per cent in 2014-15 to 7.3 per cent in 2018-19 (BE). The increase was witnessed across all social sectors especially education where the public expenditure as a per cent of GDP increased from 2.8 per cent in 2014-15 to 3 per cent in 2018-19. The share of expenditure on social services out of total budgetary expenditure increased from 24.9 per cent in 2013-14 to 26 per cent in 2018-19.

Education in India: As per Educational Statistics at a Glance

(ESAG), 2018, the thrust on providing primary education has yielded results across social categories and gender in Gross Enrolment Rate (GER). Over the years, remarkable progress has been made in respect of female participation up-to secondary level and GER for girls has exceeded that of boys. But girls' enrolment rate is lower than that of boys at the higher education level. At this level, the gap is visible across the social categories too. The Pupil Teacher Ratio (PTR) at national level for primary schools is 23, 17 for upper primary, 27 for secondary and 37 for senior secondary schools.

Gender Parity Index (GPI) based on GER: GPI based on GER indicates increasing trend of female participation at all levels. At the higher education level the GPI is low. Although, enrolment of girls is higher than that of boys in government schools, the pattern gets reversed in private schools. The gender gap in enrolment in private schools has consistently increased across age groups.

Status of Health: Public health expenditure (centre, states and local bodies), as a percentage of Total Health Expenditure (THE) increased from 22.5 per cent in 2004-05 to 30.6 per cent in 2015-16. The National Health Mission (NHM), with its two sub-missions National Urban Health Mission (NUHM) and National Rural Health Mission (NRHM) envisages achievement of universal access to equitable, affordable and quality healthcare services that are accountable and responsive to peoples' needs. Under this Mission, support is provided to States/UTs to provide accessible, affordable, accountable and effective healthcare up to District Hospital level. Major programme components under NRHM are Reproductive-Maternal-Neonatal-Child and Adolescent Health and Communicable and Non-Communicable diseases.

Skill Development: The schooling system improves the educational level of the population. It is skill training

that equip the youth to enter the labour market and improves their employability. According to NSSO Report 2011-12, only 2.3 per cent of the total workforce in India had formal sector skill training. Keeping in view the predominance of young population, the government had formulated the National Policy on Skill Development & Entrepreneurship, 2015 under which the Skill India Mission by 2022 was formulated.

Human Development Index

India's Human Development Index (HDI) has improved significantly over the years between 1990 and 2017. The country's HDI value increased from 0.427 to 0.640, but its position is still lowest among its peer countries (Asian and developing economies). As per the UNDP Human Development Index (HDI), India is ranked 130 among 189 countries. Moreover, India also reflects inter-State disparities in regional and human development which are reflected by state level HDIs.

The Key Announcement of Union Budget 2019

Naari Tu Narayani/Women: Approach shift from women-centric-policy making to women-led initiatives and movements. A Committee proposed with government and private stakeholders for moving forward on Gender Budgeting.

New National Education Policy: It proposed, major changes in both school and higher education, Better governance systems and greater focus on research and innovation. 'Study in India' proposed to bring foreign students to study in Indian higher educational institutions.

Pradhan Mantri Awas Yojana – Urban (PMAY-Urban): Under this scheme, over 26 lakh houses completed of which nearly 24 lakh houses delivered to the beneficiaries.

- ◆ More than 95% of cities also declared Open Defecation Free (ODF).
- ◆ Target of achieving Gandhiji's resolve of Swachh Bharat to

make India ODF by 2nd October 2019. To mark this occasion, the 'Rashtriya Swachhta Kendra' to be inaugurated at Gandhi Darshan, Rajghat on 2nd October, 2019.

Grameen Bharat / Rural India: Ujjwala Yojana and Saubhagya Yojana have transformed the lives of every rural family, dramatically improving ease of their living. Electricity and clean cooking facility to all willing rural families by 2022.

Under Pradhan Mantri Awas Yojana – Gramin : Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).

Pradhan Mantri Matsya Sampada Yojana (PMMSY)

- ◆ A robust fisheries management framework through Pradhan Mantri Matsya Sampada Yojana (PMMSY) to be established by the Department of Fisheries.
- ◆ To address critical gaps in the value chain including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.

Pradhan Mantri Gram Sadak Yojana (PMGSY)

- ◆ Target of connecting the eligible and feasible habitations advanced from 2022 to 2019 with 97% of such habitations already being provided with all weather connectivity.
- ◆ 30,000 kilometers of PMGSY roads have been built using Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprint.
- ◆ 1,25,000 kilometers of road length to be upgraded over the next five years under PMGSY III with an estimated cost of Rs. 80,250 crore.

Government Initiatives

The government has been committed to provision of social security which is

evident in the initiation of major social sector schemes by the Government of India during the last five years given below:

Pradhan Mantri Suraksha Bima Yojana, 2015 - It offers a one-year accidental death and disability cover with annual premium of Rs. 12. It is available to people in the age group 18 to 70 years.

Pradhan Mantri Jeevan Jyoti Bima Yojana, 2015 - It is government-backed life insurance scheme with annual premium of Rs. 330. It is available to people between 18 and 50 years of age.

Pradhan Mantri Vaya Vandana Yojana, 2018 - It is a pension scheme exclusively for the senior citizens aged 60 years and above.

PM-KISAN, 2019 - It offers income support of Rs. 6000 per annum in three equal instalments to all eligible farmers irrespective of land holdings.

National Nutrition Mission (POSHAN Abhiyaan) - It ensure attainment of malnutrition free India by 2022. Targeted intervention in areas with high malnutrition burden.

Mission Indradhanush (MI) and Intensified Mission Indradhanush (IMI) - To vaccinate unreached/partially reached pregnant women and children so as to reduce vaccine preventable under-5 mortality rate. The drive is focused on pockets of low immunization average and hard to reach areas where proportion of unvaccinated and partially vaccinated children and pregnant women is high.

Samagra Shiksha - A comprehensive programme subsuming Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and Teacher Education (TE). For first time, it also includes provisions for support at pre-school level, library grants and grants for sports and physical equipment.

ICT Driven Initiatives - Shaala Sidhi (to enable all schools to self-evaluate their performance), e-Pathshala (providing digital resources such as textbooks, audio, video, periodicals etc.) and Saransh (an initiative of CBSE

for schools to conduct self-review exercises).

LaQshya - 'LaQshya - Quality Improvement Initiative' was launched in December, 2017 with the objectives of reducing preventable maternal and new born mortality, morbidity and stillbirths associated with the care around delivery in Labour room and Maternity OT (Operation Theatre) and to ensure respectful maternity care.

Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA): PMSMA was launched in 2016 to provide comprehensive and quality Ante-Natal Care (ANC) to pregnant women on the 9th of every month. Under PMSMA, doctors from both the public and private sector examine pregnant women on 9th of every month at Government health facilities.

Skilling Ecosystem - Skilling ecosystem in India is equipping the youth to meet the challenges of a dynamic labour market by providing various short term and long term skilling under programmes like 'Pradhan Mantri Kaushal Vikas Yojana' (PMKVY). PMKVY has had positive impact on employment and incomes of the youth as per evaluation studies.

Rural Infrastructure - Connectivity is critical for rural areas to improve quality of lives of the poor by enhancing access to various social services, education, health and access to markets. PMGSY has played a crucial role in connecting the unconnected in rural India and enhanced their livelihood opportunities. Government has accorded highest priority to rural housing, by providing dwelling with all basic facilities to the most needy under Pradhan Mantri Awas Yojana (Gramin) (PMAY-G). Government has also prioritized employment programmes like MGNREGS which is reflected in the upward trend in budget allocation and release of funds to the States in the last four years.

Financial Inclusion - Financial inclusion of women is considered as

an essential tool for empowerment of women as it enhances their self-confidence and enables financial decision-making to a certain extent. As far as financial inclusion in India is concerned, significant progress has been made during the last decade. At all India level, the proportion of women having a bank or saving account that they themselves use have increased from 15.5 per cent in 2005-06 to 53 per cent in 2015-16.

Way Forward

India's development trajectory is critically intertwined with the investments in social infrastructure. To reap the benefits of demographic dividend, the government is committed to improve the outcomes in education and skilling and to provide employment and affordable healthcare to all. Scaling up development programmes for improving connectivity, providing housing and bridging gender gaps in socio-economic indicators is of paramount importance for sustainable development. India's march towards achieving SDGs is firmly anchored in investing in human capital and inclusive growth.

Inclusiveness has been the cornerstone of India's development agenda. As India is a developing economy with resource constraints, we have to prioritize and optimize the expenditure on social infrastructure to promote sustainable and inclusive growth.

General Studies Paper- II

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

Topic: Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.



3. SELF-HELP GROUPS : ROAD TOWARDS WOMEN EMPOWERMENT

Why in News?

The Budget allocation to the Ministry of Women and Child Development (WCD) has gone up by 18 per cent this year. Union Finance Minister Nirmala Sitharaman, announced a slew of measures for micro, small and medium enterprises (MSME) sector and self-help groups (SHGs). Government of India is promoting SHGs for realization of socio-economic development through the various programmes.

Introduction

In the last decades, the concept of women empowerment has changed from welfare to equity approach by which the powerless gain control over their lives and resources to overcome external barriers (lack of health, mobility, education and awareness, status in the family, participation in decision making) and gain internal qualities such as self-awareness and self-confidence. In this way, women's empowerment has become a pre requisite for the socio-economic development of any community in the process of change.

Empowerment is the process of obtaining basic opportunities for marginalized people, either directly by those people, or through the help of non-marginalized others who share their own access to these opportunities. Empowerment of women signifies harnessing women power by promoting their tremendous potential and encouraging them to work towards attaining a dignified and satisfying way of life through confidence and competence.

The empowerment of women is crucial for the development of the country. In India, where population maintain equal ratio of males and females the emergence of women entrepreneurs have great relevance and importance otherwise it will

be amounting to neglecting 50 per cent of the entrepreneurial talent of the country. For this, self-help groups represent a unique approach to financial intermediation. Self help groups are novel and innovative organizational setup in India for the women up-liftment and welfare.

Genesis of Self-help Group

The origin of self-help group can be traced is from Grameen bank of Bangladesh, which was founded by Mohamed Yunus. SGHs were started and formed in 1975. In India NABARD initiated in 1986-1987. The absence of institutional credits available in the rural area has led to the establishment of SHGs. The concept of self help groups has been evolved to organize the rural poor to meet their productive and consumption needs out of their saving. India has adopted the Bangladesh model in a modified form. To alleviate the poverty and empower the women. The micro-finance has emerged as powerful instrument in the new economy. With availability of micro-finance, SHGs and credit management groups have also started in India. And thus the movement of SHG has spread out in India. In 1991-92 Nabard started promoting self help groups an a large scale. And it was the real take off point for the SHGs movement. In 1993, the Reserve Bank of India also allowed SHGs to open saving accounts in banks facility of availing bank services was a major boost to the movement.

In 1999, Government of India, introduced Swarn Jayanti Gram Swarozgar Yojana (SGSY) to promote self-employment in rural areas through formation and skilling of SHGs. The programme evolved as a national movement in 2011 and became National Rural Livelihoods Mission (NRLM) – world's largest poverty alleviation programme. Today, State

Rural Livelihood Missions (SRLMs) are operational in 29 states and 5 UTs (except Delhi and Chandigarh). NRLM facilitated universal access to the affordable cost-effective reliable financial services to the poor like financial literacy, bank account, savings, credit, insurance, remittance, pension and counselling on financial services.

What are Self-help Groups (SHGs)?

Self-help Groups (SHGs) is a voluntary and self-managed group of poor women belonging to similar socio-economic conditions who save a certain amount contributing to a common fund from which small loans are given to the members for meeting their productive and emergent needs. This model emerged in the 1980s and 1990s with the support of the government of India, state governments, National Bank of Agriculture and Rural Development (NABARD), the banking sector and NGOs and it has spread in the entire country especially in rural areas where 70% of India's 1.2 billion population live without access to productive assets and financial resources, with high levels of illiteracy, inadequate health care and limited access to social services.

Objectives of SHGs

The SHGs significantly contribute to the empowerment of poor.

- ◆ To sensitize people of target area for the need of SHG and its relevance in their empowerment process.
- ◆ To create group feeling among members.
- ◆ To enhance the confidence and capabilities of members.
- ◆ To develop collective decision making among members.

- ◆ To encourage habit of saving among members and facilitate the accumulation of their own capital resource base.
- ◆ To motivate members taking up social responsibilities particularly related to development.

Need for SHGs for Rural Development

In India there is a substantial presence of rural poverty and reason behind this poverty is low access to credit and financial services.

Dr. C. Rangarajan committee in its report titled 'Financial Inclusion in the Country' identified four major reasons for lack of financial inclusion:

- ◆ Inability to provide collateral security;
- ◆ Poor credit absorption capacity;
- ◆ Inadequate reach of the institutions; and
- ◆ Weak community network.

To empower this section through credit linkage, SHGs are highly relevant to make the people of below poverty line hopeful and self-reliant. SHGs enable them to increase their income, improve their standard of living and status in society. It acts as a catalyst for bringing this section of society to the main stream.

They help in accessing credit to the poor, especially women. This empowers women and gives them greater voice in the society.

Financial independence through self-employment has many externalities such as improved literacy levels, better health care and even better family planning.

Benefits of SHGs

Women Empowerment: Gender equality is considered the milestone of development because when women and men are equal in the society, the economy and health of the family improves reducing poverty.

Social: India is a hierarchical society where people are ranked according to families, clans, castes, and religions. Self help groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural people, particularly among women who are mostly invisible in the social structure.

Financial: All types of financial services such as micro loans, savings and insurance provided to low-income households and enterprises (less favored sectors of society). In this context, SHGs can be considered as a model or vehicle to deliver those products and services to the poor.

Pressure Groups: SHGs work as pressure entities to address social issues such as education, health, lack of access to natural resources, etc.

Awareness of Group: The group will create a awareness among the members and empowerment of members take place. The members will have to know the purpose of group formation, activities and operations, savings, credits etc.

Challenges

India is a hierarchical society where people are ranked according to families, clans, castes, and religions. Some SHGs do not provide women with enough training to effectively pursue economic development for their households.

The movement of the SHGs has had its major achievements mainly in the southern states of the country. The main reason for the poor coverage of the program in some states is the lack of efforts by bankers to identify NGOs with savings and credit groups; a lack of NGOs already working with SHGs, and the unsuitability of the approach to the region. The movement has still a long way to go with regards to outreach in order to make a serious change in India's situation; only linking millions of people within the banks is not the way of alleviating poverty.

The groups are informal institutions and this rapid expansion without monitoring has led to their poor functioning, where women, especially from poor families, are not being benefited mainly because their lack of economic independence, their fear, ignorance, powerlessness and vulnerability

Opportunities

- ◆ To obtain desirable employment transformation and to take full advantage of booming secondary and tertiary sectors, NRLM may focus on manufacturing and service sectors.
- ◆ The small and medium enterprises may be promoted to village/ cluster; sub-district/ block and district level SHG federations.
- ◆ The potential units could be agro-processing units; milk processing units; common service providing units; cold storages; rural warehouses; market yards to organize weekly markets; etc
- ◆ Appropriate institutions like commodity cooperatives and producer companies may be promoted under SHG federations to take up small and medium enterprises as per the pattern of the borrowing from the SHGs.
- ◆ SHG concept should target the holistic development of women members. The government may bring out publications pertaining to different aspects of SHG and its development / empowerment.
- ◆ It is felt that efficiency and effectiveness of SHG should be regularly monitored by a qualified and designated body to give corrective input wherever necessary as well as encourage the deserving ones.
- ◆ Women should be properly educated so that they will enhance the capability to manage communities and community projects.

Government Initiatives

Government of India is promoting SHGs for realization of socio-economic development through the following programmes:

Deen Dayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM)

The objective of this mission is to organise the rural poor women into SHGs and continuously nurturing and supporting them to take economic activities till they attain appreciable increase in income over a period of time to improve their quality of life and come out of abject poverty.

The programme aims to ensure that at least one woman member from each rural poor household (about 9 crore) is brought into the fold of women SHGs and their federations within a definite time frame. The programme is being implemented in all the states and Union Territories, except Delhi and Chandigarh, in a phased manner. As on 31st May, 2019, 5.96 crore women have been mobilised into 54.07 lakh women SHGs under the programme.

Deendayal Antyodaya Yojana- National Urban Livelihoods Mission (DAY-NULM)

This mission aims to reduce poverty and vulnerability of urban poor households on sustainable basis. The mission, inter alia, is mandated to build strong grassroots level institutions of the poor. Under Social Mobilization

and Institution Development (SM&ID) component, the mission envisages universal social mobilization of urban poor into SHGs and their federations by bringing at least one member from each urban poor household, preferably a woman, under the SHG network. These groups serve as a support for the poor, to meet their financial and social needs.

Self-Employment Programme

Under the Self-Employment Programme (SEP), interest subvention over and above 7 per cent rate of interest is available to all SHGs accessing bank loans. An additional 3 per cent interest subvention is also available to all women SHGs who repay their loan in time

Nari tu Narayaani (Budget 2019)

The government has supported and encouraged women entrepreneurship through various schemes such as MUDRA Scheme, Startup India and SHGs support. In order to further encourage women enterprises, government to expand the Women SHG interest subvention programme to all districts in India. Main feature are:

- ◆ 70% of beneficiaries under MUDRA scheme are Women.
- ◆ To expand women SHG interest subvention programme to all districts.
- ◆ For every verified woman SHG member, having a Jan Dhan Bank account, an overdraft of 5,000 will be allowed.

- ◆ One woman in every SHG will also be made eligible for a loan up to 1 lakh under the MUDRA scheme.

Government is also providing training, financial assistance and opportunities to promote SHGs throughout the country. Through 'Mahila Kisan Sashaktikaran Pariyojna', training has been given to over 33 lakh women farmers. At present there are 45 lakh SHGs with active participation of around five crore women all over rural India.

Conclusion

In this era of liberalization, privatization and globalization, women are more conscious for their liberty, rights and freedom, security, social status etc, but till date they are deprived from same; hence, they should be provided with their deserving rights and liberties with dignity. SHGs play a very important role in the economic and social advancement of women from rural strata of society. Further, government programmes can be implemented through various SHGs. This will not only improve the transparency and efficiency but also bring our society closer to 'self governance' as envisioned by Mahatma Gandhi.

General Studies Paper- II

Topic: Development processes and the development industry- the role of NGOs, SHGs, various groups and associations, donors, charities, institutional and other stakeholders.



4. E-GOVERNANCE IN INDIA : EMPOWERING CITIZENS

Why in News?

Recently, government of Delhi has inaugurated six major e-governance initiatives of the Delhi Development Authority (DDA) to make the organization paperless and technology-

driven. These initiatives are the implementation of e-Office, Physical File Tracking, Provakil Application for Court Case Monitoring, Online Record Room Management, Ease of Doing Business: Online E-Mutation and Online Allotment of Staff Quarters.

Introduction

Government of India has been at the forefront or using technology in different aspects of governance, be it satellite based communication in 1980s or use of electronic messaging

much before the advent of internet in the country or even the use of video conference for monitoring the implementation of government programmes and schemes across the country. National Informatics Centre, an attached office of Ministry of Electronics & IT has been closely working with government in provisioning state-of-the-art infrastructure in the form of nationwide network (NICNET), data centers and video conferencing facilities to name a few.

Digital technologies are vital for the inclusive growth of a country like India, which is at the peak of its demographic dividend. The present government is committed to provide governance and services to the citizens in an affordable and efficient manner within the shortest span of time. The only way in which this can be accomplished is through the efficient use of innovation and technology. Presently, digital transformation of India is on an exponential growth path and aiming towards a trillion dollar digital economy by 2025.

Digital Infrastructure: Core of e-Governance

The story of India's digital transformation is one of an Information and Communications Technology (ICT)-led development by use of technology that is affordable, inclusive and transformative. By ensuring digital access, digital inclusion and digital empowerment, the 'Digital India' programme has harnessed digital technologies to bring about a positive change towards good governance that is easy, economical, transparent and efficient governance. In fact, it would be correct to say that digital delivery of services to citizens forms the driving force to the next generation growth trajectory towards a robust and knowledge-based economy. India is now poised for the next phase of growth - creation of tremendous

economic value and empowerment of citizens as new digital applications permeate sector after sector.

Digital India has given boost to entrepreneurship and has enhanced access to health, education and public utilities. It has led India to revolutionise governance by delivering speedy and transparent services to citizens, ensuring their participation and empowering them with the conducive environment to connect and grow.

Digital Identity

Aadhaar is world's largest digital identity programme that has provided a unique digital identity to around 122 crore residents of the country. It provides an identity infrastructure for delivery of various social welfare programmes. It has enabled portability and diversion elimination in public distribution system (PDS), reduction of manual intervention, faster delivery of LPG cylinders and access to cleaner fuel and facilitating access to digital services of government.

Key Components of Digital Infrastructure

Digital delivery of services has simplified the way in which the citizens interact with government to avail various services and enhanced the ease of living of citizens. Citizen centric e-Services aim to digitally empower the society and transform the economy. Various new citizen centric and transformational digital platforms that have been developed include BHIM-UPI, e-NAM, GSTN, DigiLocker, GeM, e-Hospital, MyGov, UMANG, SWAYAM, Jeevan Pramaan, etc.

Broadband Highway

Broadband for All (Rural) aims to provide broadband connectivity by connecting 2,50,000 gram panchayats by optical-fibre cables. About 2,90,162 kilometres of optical fibre have been laid, connecting 1,15,643 gram panchayats. Limited private-sector participation in building infrastructure is a challenge.

Broadband for All (Urban) aims to improve broadband connectivity in urban areas. Guidelines for the grant of unified licences to virtual network operators (service providers that do not own infrastructure) and spectrum management have been issued. The government is working on guidelines for reforming right-of-way policy and allowing cable TV networks to provide broadband service to increase its availability to the public.

National Information Infrastructure

It aims to integrate the country's digital infrastructure to provide high-speed connectivity and cloud platform services to government departments up to the panchayat level besides social sector services like e-education, e-health, e-agriculture, financial inclusion, etc. Currently, a pilot is under way in one district each in five states (Gujarat, Nagaland, Karnataka, Kerala and Uttarakhand) and two Union Territories (Chandigarh and Pondicherry).

Universal Access to Mobile Connectivity

It aims to deliver mobile coverage to every corner of the country by 2018. Currently, about 52% of people living in rural areas have smart phones and more than 90% of 597,608 villages in the country have mobile service coverage. Generating demand for mobile services in rural areas is a challenge, which also results in limited participation from private-sector telecoms and internet service providers.

GI Cloud (Meghraj)

In order to utilise and harness the benefits of Cloud Computing, this initiative aims to accelerate delivery of e-services in the country while optimizing ICT spending of the government. This has ensured optimum utilisation of the infrastructure and speed up the development and

deployment of e-Gov applications. More than 890 applications are running on 15300 virtual servers.

National Knowledge Network

National Knowledge Network (NKN) is a state-of-the-art network and is an important step towards knowledge society. Some of the NKN enabled applications are: Virtual Class Rooms, Collaborative research groups over NKN (closed user groups), National Digital Library of India (NDL), National Programme on Technology Enhanced Learning (NPTEL), various grids (like Cancer Grid, Brain Grid, Climate Change Grid), etc.

eSign

Electronic Signature (eSign) service is an innovative initiative for allowing easy, efficient and secure signing of electronic documents by authenticating signer using e-KYC services. Some applications enhancing services delivery are Digital Locker, e-filing Financial Sector, account opening in banks and post office, driving licence renewal, vehicle registration, certificates for birth, caste, marriage, income certificate etc. 5 e-Sign providers have been on-boarded and more than 5.89 crore e-Signs have been issued.

Initiatives for e-Governance

Through the applications of digital technologies, the government of India is undertaking specific initiatives to improve the delivery system to ensure that the benefits of the welfare schemes of the government reach directly to the targeted beneficiaries, including the poorest of poor in a convenient manner without any pilferage. Some of them are discussed below:

JAM Trinity for Direct Benefit Transfer (DBT)

The combination of 32.94 crore Jandhan bank Accounts, 121 Crore

mobile phones and digital identity through 122 crore Aadhaar is helping the poor receive the benefits directly into their bank account leading to a saving of Rs. 90,000 crore.

Digital Payments

The growth of digital payments ecosystem is set to transform the economy. Over the past four years digital payment transactions have grown multifold from 316 crore transactions in 2014-15 to 2430 crore transactions in 2017-18.

e-Governance Models	
➤	Government to Government (G2G): Information is shared between various government agencies, department and organizations.
➤	Government to Citizen (G2C): Citizens will use the government services.
➤	Government to Business (G2B): Information is shared between various business organizations and government.
➤	Government to Employee (G2E): Increases the transparency between government and its employee.

UMANG App

It has put the power of governance in the hands of common people. It is a single mobile app that offers more than 307 government services. The target is to provide more than 1200 digital services on a single mobile app.

Digital Delivery of Services

It is now easily available to common people through various platforms. Some of them are discussed below:

- ◆ **National Scholarship Portal** which has 1.08 Crore students registered with scholarships worth Rs 5295 Crore disbursed in last 3 years.
- ◆ **Jeevan Pramaan** for ease of verification of pensioners using Aadhaar digital identity.
- ◆ **eHospital and Online registration** Services to ensure that patients can get easy access to doctors.

Currently it is implemented in 318 hospitals.

- ◆ **National Soil Health Card Scheme** was launched in 2015 to provide information on soil health digitally. So far, 13 crore cards have been issued.
- ◆ **National Agriculture Market (eNAM)** is a pan-India electronic trading portal which networks the existing Agricultural Produce Marketing Committee (APMC) mandis to create a unified national market for agricultural commodities. Over 585 markets in 16 states have already been integrated. It has around 93 lakh farmers and 84,000 traders registered.
- ◆ **DigiLocker** is now possible to eliminate the need to carry any paper to avail a government service. With more than 1.56 crore registered users, 68 issuers, 27 requesters DigiLocker provides access to over 336 crore certificates in digital format on a single platform.
- ◆ **eVisa services** involve completely online application for which no facilitation is required by any intermediary / agents etc. E-Tourist Visa (e-TV) has been introduced in 165 countries, 24 airports and at 5 Sea Ports.
- ◆ **National Judicial Data Grid (e Courts)** has been launched with objective to provide efficient and time-bound citizen centric service delivery, provide transparency of Information and access to its stakeholders and enhance judicial productivity both qualitatively & quantitatively. E-court is a justice delivery system which is affordable, accessible, cost effective & transparent. NJDG provides information on cases pending, cases disposed and cases filled for

both High Court and District Court complexes in the areas of civil and criminal cases. Information on category wise pending cases and period wise pending cases is also available on the NJDG portal.

- ♦ **Government e-Marketplace (GeM)** is a transparent online market place for government procurements. It is attempting to increase efficiency and transparency in public procurements.

Challenges of e-Governance

Privacy and Security

A critical obstacle in implementing e-governance is the privacy and security of an individual's personal data that he/she provides to obtain government services. With the implementation of e-government projects, some effective measures must be taken to protect the sensitive personal information of the people. Lack of security standards can limit the development of e-government projects that contain personal information such as income, medical history etc.

Authentication

It is very important to know the right user of the services or it may be misused by private competitors. Meanwhile, the digital signature plays major role in providing authenticity.

Interoperability

Interoperability is the ability of systems and organizations of different qualities to work together. The e-governance applications must have this characteristic so that the newly developed and existing applications can be implemented together.

Accessibility

In India, there is still gap arising between users and nonusers; it is because of language barrier, inadequate infrastructure in rural areas, etc.

Infrastructure

It is essentially required for implementation of e-governance as much as possible in India. Electricity, internet and poor adaptability of technology will retard the progress of e-governance.

Low IT Literacy

Much of the Indian people are not Information Technology (IT) literate i.e they do not have much knowledge about IT. So, in India, having such low level of IT literacy is a major obstacle in implementation of e-governance in India.

Digital Divide

It refers to any inequalities between groups or countries measured in terms of access to, use of, or knowledge of ICT. Digital divide inside any country refers to inequalities mainly among individuals and households. The digital divide can exist between those living in rural areas and those living in urban areas, between the educated and uneducated, between economic classes, and on a global scale between more and less industrially developed nations. In India, majority of the masses, who living below poverty line and they deprived of government services. In contrast, some portions of people are immensely using the e-services of government. However, this gap needs to be made narrow, then only, the benefits of e-governance would be utilized equally.

Cost

In developing countries like India, cost is one of the most important obstacles in the path of implementation of e-governance where major part of the population is living below poverty line. A huge amount of money is involved in implementation, operational and evolutionary maintenance tasks. These costs must be low enough so that to guarantee a good cost/benefit ratio.

Way Forward

Government of India is spending a lot of money on e-governance projects but still these projects are not successful in all parts of India. There are various challenges for the implementation of e-governance in India. Unawareness in people, interoperability, local language of the people of a particular area, privacy for the personal data of the people, digital divide, poverty, illiteracy, cost of implementation, etc. are main challenges which are responsible for the unsuccessful implementation of e-Governance in India.

But in spite of all challenges India has number of award winning e-governance projects. e-governance is getting momentous in India. As the usage of information technology is growing very fast, Indian government is making many efforts to provide services to its citizens through e-governance. And for the future implementation government must take some actions to make the people aware about the e-governance activities so that people may take full advantage of these activities and e-governance projects. The participation of people can play a vital role in implementation of e-governance in India.

Therefore, we can say that e-governance is the key to the 'good governance' for the developing countries like India to minimize corruption, provides efficient and effective or quality services to their citizens.

General Studies Paper- II

Topic: Important aspects of governance, transparency and accountability, e-governance-applications, models, successes, limitations and potential; citizens charters, transparency & accountability and institutional and other measures.



5. EXTERNAL SECTOR OF INDIA : A MACROECONOMIC OVERVIEW

Why in News?

The External Sector Report of the International Monetary Fund (IMF) has found that India's Net International Investment Position had slightly improved with the deficit coming down from \$438 billion in 2017-18 to \$431 billion in 2018-19. India's overall international reserves, though stood at \$411.9 billion at the end of March this year, down from March last year by \$12.5 billion. The report said that the reserve level is adequate for "precautionary purposes relative to various criteria".

Introduction

India's macroeconomic situation on the external side continues to be stable. Though the current account deficit is projected at 2.4 per cent of Gross Domestic Product (GDP) in 2018-19, up from 1.8 per cent in 2017-18, this is within reasonable levels. The widening of the current account deficit has been driven by a deterioration of trade deficit from 6.0 per cent of GDP to 6.7 per cent across the two years. Rise in crude prices in Q4 of 2018-19 and a decline in the growth of merchandise exports have led to the deterioration of trade deficit. The acceleration in the growth of remittances has offset the deterioration of the current account deficit. In funding the current account deficit, the total liabilities-to-GDP ratio, inclusive of both debt and non-debt components, has declined from 43 per cent in 2015 to about 38 per cent at end of 2018. The share of foreign direct investment has risen and that of net portfolio investment has fallen in total liabilities, thereby reflecting a transition to more stable sources of funding the current account deficit. In sum, although the current account deficit to GDP ratio has started to increase lately,

the external indebtedness continues to be on a declining path.

India's foreign exchange reserves continue to be comfortably placed in excess of US\$400 billion. The Indian Rupee traded in the range of 65-68 per US\$ in 2017-18 but depreciated to a range of 70-74 in 2018-19. The Real Effective Exchange Rate also depreciated in 2018-19, making India's exports potentially more competitive. The income terms of trade, a metric that measures the purchasing power to import, has been on a rising trend, possibly because the growth of crude prices has still not exceeded the growth of India's export prices. The exchange rate in 2018-19 has been more volatile than in the previous year, mainly due to volatility in crude prices, but not much due to net portfolio flows. The composition of India's exports and import basket has almost remained unchanged in 2018-19 over 2017-18.

The external sector position in 2018 was broadly in line with the level implied by fundamentals and desirable policies. India's low per capita income, favorable growth prospects, demographic trends, and development needs justify running CA deficits. External vulnerabilities remain, as highlighted by bouts of turbulence in 2018. India's economic risks stem from volatility in global financial conditions and an oil price surge, as well as a retreat from cross-border integration. Progress has been made on Foreign Direct Investment (FDI) liberalization, whereas portfolio flows remain controlled. India's trade barriers remain significant.

Global Economic Environment

2018-19 has closed with growth in world output on a downward trajectory. The World Economic Outlook (WEO) in its April 2019

issue has projected growth in world output at 3.3 per cent in 2019, down from 3.6 per cent obtained in 2018. Heightened US-China trade tensions has been stated as one of the reasons behind the global slowdown that has spilled into other economies including India through the channel of exports. Beginning 2019 global slowdown has made advanced countries persist with their accommodative monetary policy stance. This has escalated portfolio investment into emerging market economies making their currencies stronger and imports cheaper.

Composition of Trade

Major Products Exchanged in 2018-19

In 2018-19, petroleum products continued to be the largest exported commodity, in value terms, with a share of 14.1 per cent in the country's export basket. Other major exports included pearls, precious, semi-precious stones as also gold and other precious metal jewelry besides drug formulations, biologicals. However, it was exports of organic chemicals which grew the highest at 30.6 per cent in 2018-19.

In the import basket of 2018-19, petroleum: crude, at 22.2 per cent had the largest share followed by gold and other precious metal jewelry at 6.4 per cent and pearls precious/semi-precious stones at 5.3 per cent. Growth rates of gold and pearls (including precious and semi-precious stones) however declined in 2018-19. Electronics components grew the fastest at 54.6 per cent in 2018-19, followed by petroleum, crude and iron and steel.

Major Trading Partners In 2018-19

India's largest export destination country continues to be the United States of America (USA), which

accounted for 16 per cent of India's exports (in value terms) in 2018-19, followed by United Arab Emirates (UAE), China and Hong Kong (Figure 34). However, in 2018-19, growth of India's exports to the Netherlands was the highest (40.7 per cent), followed by China (25.6 per cent) and Nepal (17.4 per cent). China continues to be the largest source of imports of India accounting for 13.7 per cent of the total imported value in 2018-19. The other important sources from which India imports are the USA, UAE and Saudi Arabia. In terms of growth rates, imports from Singapore grew the highest at 118.1 per cent in 2018-19, followed by Hong Kong (68.5 per cent) and UAE (37.0 per cent). Further, though China continues to be the largest exporter to India, India's imports from China fell from US\$76.4 billion in 2017-18 to US\$70.3 billion in 2018-19, registering a negative growth.

Trade Policy

- ♦ India has bilateral trade arrangements with all major regional groupings. In Europe, it is a part of European Free Trade Association (EFTA), consisting of Switzerland, Norway, Iceland and Liechtenstein. In 2018-19, India exports to and imports from EFTA stood at US\$1,534.00 million and US\$18,076.88 million respectively.
- ♦ Among South Asian Association for Regional Cooperation (SAARC) countries, India and Bangladesh have a bilateral trade agreement and both countries are exploring the possibility of entering into a bilateral Comprehensive Economic Partnership Agreement (CEPA). Negotiations for India and Iran entering into a Preferential Trading Agreement (PTA) is under way. Review meetings for India Nepal Treaty of Trade is going on. With Sri Lanka, India has India-Sri Lanka Free Trade Agreement (ISLFTA), under which duty-free access for almost

all the products except a few is provided. India is also negotiating a new Economic and Technology Cooperation Agreement (ETCA) with Sri Lanka.

- ♦ India and Association of Southeast Asian Nations (ASEAN) have agreed to start examining the preliminary proposals related to the scope of the review of ASEAN India Trade in Goods Agreement (AITIGA). Within ASEAN, India has Comprehensive Economic Cooperation Agreement (CECA) with Singapore, Thailand and Malaysia. In 2018-19, India exports to and imports from the ASEAN block stood at US\$37,460.34 million and US\$59,293.36 million respectively.

Trade Facilitation

India ratified the World Trade Organisation (WTO) Agreement on Trade Facilitation (TFA) in April 2016 and subsequently constituted a National Committee on Trade Facilitation (NCTF) with the Cabinet Secretary of India as the Chair. Since then, the NCTF has played an important role in reducing the high cost of imports and exports so as to integrate our cross-border trade with the global value chain. Some of the landmarks being –

- i. Establishment of a National Single Window system to route all import related formalities viz., examination, sampling, clearance, etc., which involves plethora of agencies, through a single online national portal;
- ii. Simplification of fees and charges for various clearance related activities at the borders;
- iii. Paperless filing of import/ export documents through 'E-sanchit' project; and
- iv. Publishing of resource information viz., procedures for import/ export, laws and regulations, etc., online for ease of access.

Consistent trade facilitation efforts have resulted in substantive improvement of India's performance in Trading Across Borders indicator from 146 in 2017 to 80 in the year 2018. Further, these initiatives have also contributed to overall improvement in 'Ease of Doing Business' environment in the country, as also recognized by the World Bank.

Trade Related Logistics

The Indian logistics sector is expected to grow at a rate of 8-10 per cent over the medium term. According to the Global Ranking of the World Bank's 2016 Logistics Performance Index, India jumped to 35th rank in 2016 from 54th rank in 2014 in terms of overall logistics performance. In 2018, India stood at 44th rank. Government of India has announced a draft National Logistics policy for which a national logistics action plan is being developed.

The key objective is to drive economic growth and trade competitiveness of the country through a truly integrated, seamless, efficient, reliable and cost effective logistics network, leveraging best in class technology, processes and skilled manpower. Various logistics schemes have been introduced, which are as under:

- i. The government has launched many flagship programmes like the 'Bharatmala Yojana', 'the Sagarmala Yojana' and 'the Dedicated Freight Corridors'. The objective of these programmes is to develop infrastructure to meet the growing demand of logistics in the country and to make a modal shift on more cost effective modes of transport.
- ii. 111 waterways have been identified for development.
- iii. Infrastructure status has been given to select logistics activities like warehousing, cold chains, Multi modal logistics parks and slurry pipelines.

iv. Subsidy is provided to develop cold chains and pack houses.

Driving logistics cost down from estimated current levels of 13-14 per cent of GDP to 10 per cent in line with best-in-class global standards is essential for India to become globally competitive.

Anti-Dumping and Safeguard Measures

India conducts anti-dumping investigations on the basis of applications filed by the domestic industry with prima facie evidence of dumping of goods in the country, injury to the domestic industry and causal link between dumping and injury to the domestic industry. The countries involved in these investigations are China, Hong Kong, Korea, Germany, EU, USA, Malaysia, South Africa, Thailand, Brazil among others. During the period from 2018-2019, Directorate General of Trade Remedies (DGTR) initiated 24 anti-dumping (both fresh and review) investigations, and issued final findings in 50 anti-dumping investigations. During 2018-19, DGTR initiated 5 countervailing duty investigations and issued final findings in two CVD cases.

Major Initiative taken in Union Budget 2019

- ◆ Measures to make India a more attractive FDI destination:

- ◆ FDI in sectors like aviation, media (animation, AVGC) and insurance sectors can be opened further after multi-stakeholder examination.
- ◆ Local sourcing norms to be eased for FDI in single brand retail sector.
- ◆ Government to organize an annual Global Investors Meet in India, using National Infrastructure Investment Fund (NIIF) as an anchor to get all three sets of global players (pension, insurance and sovereign wealth funds).
- ◆ Statutory limit for Foreign Portfolio Investor (FPI) investment in a company is proposed to be increased from 24% to sectoral foreign investment limit. Option to be given to the concerned corporate to limit it to a lower threshold.
- ◆ NRI-Portfolio Investment Scheme Route is proposed to be merged with the Foreign Portfolio Investment Route.
- ◆ Exemptions from Custom Duty on certain electronic items now manufactured in India withdrawn.
- ◆ Mission to integrate traditional artisans with global markets proposed, with necessary patents and geographical indicators.

Way Forward

The World Economic Outlook, 2019 has forecast acceleration of world output in second half of 2019. The key assumptions in this regard are continued accommodative monetary policy stance in advanced countries and fiscal stimulus in China and de-escalation of trade tensions between the US and China. There could be pressure on crude prices to increase as world output grows yet that may not impact India since growth in world output will also favorably impact India's exports, which is not decoupled from growth of world trade. Government policies are expected to further lift restrictions on FDI inflows, which will continue to increase the stability of sources funding the current account deficit. From a macro-economic perspective the deterioration of CAD may be contained if consumption slows down in the economy while increase in investment and exports become the new drivers of the Indian economy.

General Studies Paper- III

Topic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

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6. STARTUP ECOSYSTEM IN INDIA : AN UNDERSTANDING

Why in News?

In a major boost to thousands of startups in India, the Union Budget 2019-20 has announced a host of incentives such as a TV programme exclusively for startups, easing foreign direct investment rules ensuring that startups do not feel the heat of angel tax from I-T authorities, among others, to "release the entrepreneurial spirit".

Introduction

The Indian startup ecosystem is buzzing like never before. A total of 1,200 new tech startups were added in 2018 till September, including eight unicorns - the highest number in a calendar year in Indian startup history. From around 7,000 startups in 2008 to over 49,000 startups in 2018, Indian startup ecosystem has grown exponentially.

The Indian startup ecosystem is home to 26 tech Unicorns with a combined valuation of \$73.49 billion and 31 Soonicorns who have the potential to turn into a Unicorn by 2020.

Ranked third in the world in the startup ecosystem, a growing number of domestic Indian enterprises are developing solutions aimed at managing and solving urban challenges.

While a majority of these are techstart-ups concerned with e-commerce and consumer products and services, 2018 was touted as the year of food start-ups.

Startups in India have been attracting large investments. Startups in India have raised a record \$3.9 billion from venture capitalists in the six months ended 30 June, as the world's biggest investors doubled down on their bets in the country buoyed by the Flipkart-Walmart deal last year. The investments this year across 292 deals is a 44.4% jump from the \$2.7 billion received by domestic startups in the first half of 2018. Overall the startups have raised about \$7.5 billion in funding in 2018, as against \$4.3 billion in 2017 and \$3.5 billion in 2016.

However, while the number of startups rose, seed-stage (under \$1 million) funding fell 21% in 2018, after a 53% drop in the previous year. Meanwhile, early-stage (\$1-5 million) funding remained flat at 4%, accounting to \$1 billion. But it's raining deals in the growth and expansion stages. According to the report, late-stage funding increased 259% year-on-year to \$3 billion in 2018.

Key Terms

Unicorn - A venture with \$1 billion valuation

Decacorn- Venture valued at \$10 billion

Hectocorn- Venture valued at \$100 billion

Soonicorns are startup companies that are good candidates for late-stage investment and have a good possibility of becoming 'unicorns' (companies that could cross the \$1 billion valuation mark soon).

The valuation, in turn, is based on growth potential rather than real returns, as the 'growth' could come via discounts, frequently seen among startups.

Union Budget 2019-20 and Startups

To encourage start-ups in the country, Union Budget 2019-20 has announced a series of measures for the sector, from easing of the much-debated angel tax to exclusive TV channel for startups

to promoting investment in this sector. The important measures are as follows:

- ◆ Several of the tax proposals announced to promote investments in Sunrise Advanced Technology industries and in Start-ups. To boost economic growth and 'Make in India', a Scheme is to be launched to invite global companies through a transparent competitive bidding to set up mega-manufacturing plants in sunrise and advanced technology areas such as Semiconductor Fabrication (FAB), Solar Photo Voltaic cells, Lithium storage batteries, Solar electric charging infrastructure, Computer Servers, Laptops, etc. Such global companies are to be given investment linked income tax exemptions under Section 35 AD of the Income Tax Act, and other indirect tax benefits.
- ◆ To resolve the so-called 'angel tax' issue, the start-ups and their investors who file requisite declarations and provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premiums. The issue of establishing identity of the investor and source of his funds will be resolved by putting in place a mechanism of e-verification. With this, the funds raised by start-ups will not require any kind of scrutiny from the Income Tax Department.
- ◆ Special administrative arrangements shall be made by CBDT for pending assessments of start-ups and redressal of their grievances. No inquiry or verification in such cases can be carried out by the Assessing Officer without obtaining approval of his supervisory officer. Start-ups will not be required to justify fair market value of their shares issued to Category-II Alternative Investment Funds also. Valuation of shares issued to these funds shall be beyond the scope of income tax scrutiny. It proposed the relaxation

of the some conditions for carry forward and set off of losses in the case of start-ups. It is also proposed to extend the period of exemption of capital gains arising from sale of residential house for investment in start-ups up to 31.3.2021.

Angel Tax

Angel tax is a term used to refer to the income tax payable on capital raised by unlisted companies via issue of shares where the share price is seen in excess of the fair market value of the shares sold. The excess realisation is treated as income and taxed accordingly. The tax was introduced in the 2012 Union Budget to arrest laundering of funds. It has come to be called angel tax since it largely impacts angel investments in startups.

- ◆ India's ranking in ease of doing business under the category of 'paying taxes' was 172 in the year 2017. It has improved massively to currently rank at 121.
- ◆ The government has proposed a series of measures that leverage technology to make being tax-compliant easier.
- ◆ 80 new livelihood and 20 technology incubators are announced. These incubators are designed with the intent to help aspiring entrepreneurs to come up with their own start-ups.
- ◆ It proposed to start a television programme within the DD bouquet of channels exclusively for start-ups. This shall serve as a platform for promoting startups, discussing issues affecting their growth, matchmaking with venture capitalists and for funding and tax planning. This channel shall be designed and executed by start-ups themselves.

There are encouraging plans to get India skilled in the realm of artificial intelligence (AI), Internet of Things (IoT) and virtual reality (VR). And the critical gap in research to achieve the well-intentioned goals in the emerging fields of AI and IoT would hopefully be addressed by the setting up of a

National Research Foundation, which was another major announcement in the budget speech.

Alternate Investment Fund

Alternative Investment Fund (AIF) means any fund established or incorporated in India which is a privately pooled investment vehicle which collects funds from sophisticated investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors.

Categories

Category I AIFs: AIFs which invest in start-up or early stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the government or regulators consider as socially or economically desirable and shall include venture capital funds, SME Funds, social venture funds, infrastructure funds and such other AIFs as may be specified.

Category II AIFs: AIFs which do not fall in Category I and III and which do not undertake leverage or borrowing other than to meet day-to-day operational requirements and as permitted in the SEBI (AIF) Regulations, 2012. Various types of funds such as real estate funds, private equity funds (PE funds), funds for distressed assets, etc. are registered as Category II AIFs.

Category III AIFs: AIFs which employ diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted derivatives. Various types of funds such as hedge funds, PIPE Funds, etc. are registered as Category III AIFs.

Startup India, Standup India: An Analysis

Startups drive economic growth, create employment and foster a culture of innovation. In order to promote innovation and entrepreneurship among enterprising youth, the government of India had announced the 'Start-up India, Standup India' initiative on August 15, 2015. Now, it is extended by the government upto the year 2025.

The initiative aims to create an ecosystem that is conducive for the growth of startups. As on March 1, 2019, 16,578 new start-ups were recognized across 499 districts, 47%

startups from Tier II and III cities and 46% of recognized startups have at least one woman director. Steps are taken for easing regulations such as exemption from Income tax on investments raised by startups, 22 regulatory reforms implemented to improve ease of doing business for startups, selfcertification regime for six labour laws and three environmental laws, Startup India Hub as 'One Stop Shop' for the startup ecosystem in which 2,37,902 users have availed free Startup India Learning Program to build business plans, 647 startups supported through dedicated facilitation services, 1,262 startups connected to mentors, etc. Maharashtra, followed by Karnataka and Delhi, are among the top ten performers in terms of state-wise distribution of recognized start-ups in India. As per industry-wise distribution of recognized startups, IT Services accounted for around 15% followed by healthcare and life sciences at around 9% and education at 8%.

This scheme has delivered enormous benefits. The country is witnessing emergence of thousands of entrepreneurs from women and also from the Scheduled Castes (SCs) and Scheduled Tribes (STs), most of them assisted to set up their businesses and industry with capital provided under the scheme. Considering the beneficial results of the scheme and strong demand for its continuance by the SC and ST communities, the scheme would be continued for the entire period coinciding with the 15th Finance Commission period of 2020-25. The Banks will provide financial assistance for demand based businesses, including for example for acquisition of scavenging machines and robots.

Although the scheme looks promising, still there are some hindrances which should be looked into. In India, startups have always faced snags like corruption and government indifference and the fear of giant corporate that might oppose or kill the start-ups which challenge them. India needs to do more to keep

pace with the changing economic demands of the startup sector. A few other issues faced by startups need urgent attention. The government has been trying to address some of them, such as funding, tax on employee stock option plan (Esop), intellectual property rights (IPR) and the official definition of accredited investors, but much more needs to be done.

With regard to funding, the government has established a Rs. 10,000 crore Fund of Funds for Startups (FFS) to extend funding support to innovation-driven startups. While it is a great initiative which began in 2016 under the aegis of the Startup India initiative, it is moving at a snail's pace.

Challenges faced by Startups in India

The start-up economy, although may be booming now, it is going through the initial stages of growth and maturity in India.

Some of these are discussed below:

- ◆ Availability of finance is critical for the startups and is always a problem to get sufficient amounts. A number of finance options ranging from family members, friends, loans, grants, angel funding, venture capitalists, crowdfunding etc. are available. But access to seed stage funding (initial level) is getting difficult.
- ◆ Several startups fail due to poor revenue generation as the business grows. As the operations increase, expenses grow with reduced revenues forcing startups to concentrate on the funding aspect, thus, diluting the focus on the fundamentals of business. Hence, revenue generation is critical, warranting efficient management of burn rate which in common parlance is the rate at which startups spend money in the initial stages. The challenge is not to generate enough capital but also to expand and sustain the growth.

- ◆ There are a number of support mechanisms that play a significant role in the lifecycle of startups which include incubators, science and technology parks, business development centers etc. Lack of access to such support mechanisms increases the risk of failure.
- ◆ Startups fail due to lack of attention to limitations in the markets. The environment for a startup is usually more difficult than for an established firm due to uniqueness of the product. The situation is more difficult for a new product as the startup has to build everything from scratch.
- ◆ Starting a business requires a number of permissions from government agencies. Although there is a perceptible change, it is still a challenge to register a company. Regulations pertaining

to labor laws, intellectual property rights, dispute resolution etc. are rigorous in India.

Angel Fund

Angel fund is a sub-category of Venture Capital Fund under Category I AIF. It refers to a money pool created by high net worth individuals or companies (generally called as angel investors), for investing in business start ups. Angel investors fill in the gap between the small-scale financing provided by family and friends and venture capitalists.

Way Forward

Startups and innovative ventures face significantly greater uncertainty than traditional "brick-and-mortar" firms. Yet, policy ambiguities that create collateral damage for genuine risk-takers can affect investments by dampening the animal spirits in the economy. Further, intensive regulation and scrutiny of startups, hampers their

growth, they have minimum resources to pursue tax and regulatory matters.

Providing them with a conducive regulatory environment is critical for keeping the investors interested. Further, enabling structured institutional support for early stage startups to tap global markets, aligning state policies to help create sector-specialist startup hubs and focus on capacity building are some of the areas to be worked on by the industry to accelerate growth in India's startup ecosystem.

General Studies Paper- III

Topic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

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7. PUBLIC PRIVATE PARTNERSHIP MODEL FOR FASTER DEVELOPMENT

Why in News?

The Union Budget 2019 stressed the need for private participation to fulfil the requirement of Rs 100-lakh-crore investment needed for infrastructure development over the next five years.

Introduction

The current demographic transition and the consequent growing need for better infrastructure, it is important for India to mature its current model of Public Private Partnership (PPP). PPPs have the potential to deliver infrastructure projects better and faster. India has emerged as the largest PPP market in the world with over 900 projects in various stages of development. PPPs have delivered some of the iconic infrastructure like airports, ports and highways, which are seen as models for development globally. But we have also seen the weaknesses of the PPP framework, the rigidities in contractual arrangements,

the need to develop more nuanced and sophisticated models of contracting and develop quick dispute redressal mechanism.

Concept of Public - Private Partnership

A public-private partnership (PPP) is a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility and remuneration is linked to performance.

Types

There is several type of PPP contract given below:

Service Contract: Under a service contract, the government (public authority) hires a private company or entity to carry out one or more specified tasks or services for a period, typically 1–3 years. The government pays the private partner a predetermined fee

for the service, which may be a one-time fee, based on unit cost, or some other basis.

Management Contract: A management contract expands the services to be contracted out to include some or all of the management and operation of the public service (i.e., utility, hospital, port authority, etc.). Management contract variants include supply and service contract, maintenance management and operational management.

Lease contract: Under a lease contract, the private partner is responsible for the service in its entirety and undertakes obligations relating to quality and service standards. Except for new and replacement investments, which remain the responsibility of the public authority, the operator provides the service at his expense and risk. The duration of the leasing contract is typically for 10 years and may be renewed for up to 20 years.

Concessions: A concession makes the private sector operator (concessionaire) responsible for the full delivery of services in a specified area, including operation, maintenance, collection, management, and construction and rehabilitation of the system. A concession contract is typically valid for 25–30 years. Government may contribute to the capital investment cost by way of subsidy (Viability Gap Funding - VGF) to enhance commercial viability of the concession. The concessions are effective contracts to provide investment for creation of new facilities or rehabilitation facilities.

Build Operate Transfer (BOT) : BOT and similar arrangements are a kind of specialized concession in which a private firm or consortium finances and develops a new infrastructure project or a major component according to performance standards set by the government. Under BOTs, the private partner provides the capital required to Build the new facility, Operate & Maintain (O&M) for the contract period and then return the facility to government as per agreed terms. The main characteristic of BOT and similar arrangements are given below:-

- ◆ **Design Build (DB):** Where private sector designs and constructs at a fixed price and transfers the facility.
- ◆ **Build Transfer Operate (BTO):** Where private sector designs and builds the facility. The transfer to the public owner takes place at the conclusion of construction. Concessionaire is given the right to operate and get the return on investment.
- ◆ **Build-Own-Operate (BOO):** A contractual arrangement whereby a developer is authorized to finance, construct, own, operate and maintain an infrastructure or development facility from which the developer is allowed to recover his total investment by collecting user levies from facility users.

◆ **Design-Build Operate (DBO):** Where the ownership is involved in private hands and a single contract is let out for design construction and operation of the infrastructure project.

◆ **Build- Operate- Transfer (BOT):** Annuity/Shadow User Charge : In this BOT Arrangement, private partner does not collect any charges from the users. His return on total investment is paid to him by public authority through annual payments (annuity) for which he bids. Other option is that the private developer gets paid based on the usage of the created facility.

Evolution of PPP in India

India has significant experience with private sector participation in infrastructure which traces its roots back to the liberalisation era in the early 1990s. Its evolution can broadly be classified in three phases:

The first phase marked the inception of PPPs and saw key projects primarily in the transport and power sectors. However, the early initiatives failed to scale up PPP projects in the absence of an integrated approach, clear policy framework, lack of an institutional mechanism and detailed road map for future growth.

The second phase, from 2004 to 2011, saw private partnerships scale up significantly. Strong political will to scale up PPP in infrastructure led to the formation of the Committee on Infrastructure chaired by the Prime Minister. Launch of new initiatives like the Viability Gap Funding (VGF) Scheme, setting up of India Infrastructure Finance Company Limited (IIFCL) helped increase financial flexibility and capacity in the ecosystem.

The third or the current phase has seen a decline in the momentum gained during the second phase. Encouraged by the performance during the Eleventh Five Year Plan, targets for the Twelfth Year Plan (2012 - 2017) were set with a view to

continue on the upward trajectory. However, as per second report of the High Level Committee on Financing Infrastructure (HLCFI), achieving the projected investment goal of Rs. 55.7 Lakh Crore is highly unlikely. Various issues have led to stalled projects in different stages of award, construction and operation. Significant dilution in important terms of the standard bidding documents, over engineering of project design, aggressive bidding by project developers, financing issues, especially bank funding as well as lack of equity funding led to a series of stalled projects, lack of investor interest and overall slowdown in roll out of PPP projects.

Issues and Challenges

Despite of partial success, the PPP projects had faced numerous challenges. The PPP route has been criticized for not meeting the supply-demand gap exactly in the infrastructure facilities. There are six key hurdles faced by PPPs projects namely policy and regulatory gaps; inadequate availability of long-term finance; inadequate capacity in public institutions and public officials to manage PPP processes; inadequate capacity in the private sector-both developer/investor and technical manpower; inadequate shelf of bankable infrastructure projects that can be bid out to the private sector; and inadequate advocacy to create greater acceptance of PPPs by stakeholders.

The most important challenge for PPP projects have emerged as delay in achieving commercial operation date (COD) which lead to time and cost overruns. It has occurred partly due to land acquisition issues, willful default by promoters, irrational biddings, huge difference between approved project costs and ones that are given to lenders. On the land acquisition front, issues related to huge difference between the registered value offered and the actual market value have been very disputing.

The problems for PPP projects on the ground of governance and monitoring have also been acute.

The PPP model is no exception for being criticized on the basis of delivery, rather overall infrastructure sector suffered from this problem.

Another biggest setback for PPP projects came into light with the selection of projects partly due to limited information of demand in the system and partly due to lack of well defined databases related to the traffic data, land related records and details of inventory.

The long term finance for PPP projects has dried up due to excessive dependance on banks and lack of proper corporate bond market in the country. Banks are further stressed due to high NPAs and governance issues.

PPP Current Scenario

The share of private investors in India's infrastructure funding has been on the decline in recent years. For 2019-20, the PPP component of the extra budgetary resources (EBR) — which has increasingly become the mainstay of the railway capex — is projected to be 33%. The share of PPP in railways' EBR in 2016-17 was 51%.

In the roads sector, as per a report by rating agency ICRA Ltd, the National Highways Authority of India's (NHAI) debt has risen from Rs 25,000 crore in 2014-15 to an estimated Rs 1.7 lakh crore in 2018-19 mostly because land acquisition costs have been rising.

The hybrid annuity model (HAM) also warrants higher financial participation by the government through the project's construction phase. Under HAM, 124 projects have been awarded till date, of which 105 have achieved financial closure. Under HAM, the government contributes 40% of the project cost in phases throughout the construction period and incentivises banks by lowering risks and other favourable clauses. As far as the railways sector is concerned,

expert panels have suggested that the private operators be allowed to run trains by paying track access charges to the Indian Railways.

In the port sector, the archaic Tarrif Authority for Major Ports (TAMP) regulations and the Major Port Trusts Act have been impediments. The PPP model in the port sector had also faced hurdles like the high revenue share for the port trusts.

Kelkar Committee: Revitalising the PPP model of infrastructure

The Committee on Revisiting and Revitalizing the PPP model of Infrastructure Development under the chairmanship of Dr. Vijay Kelkar has submitted its report to the government. The key findings and recommendations of the report are:

Revisiting PPPs: Currently, PPP contracts focus more on fiscal benefits. The Committee recommended that the focus should instead be on service delivery for citizens. Further, fiscal reporting practices and performance monitoring of PPPs should be improved. The PPP model requires the involvement of a private partner to leverage financing and improve operational efficiencies. Therefore, state owned enterprises or public sector undertakings should not be allowed to bid for PPP projects. Further, PPP structures should not be adopted for very small projects, since the benefits are not commensurate with the costs.

Risk Allocation and Management: PPP contracts should ensure optimal risk allocation across all stakeholders by ensuring that it is allocated to the entity that is best suited to manage the risk. A generic risk monitoring and evaluation framework should be developed covering all aspects of a project's lifecycle.

Strengthening Policy and governance: Ministry of Finance may develop a national PPP policy

document, endorsed by Parliament. The Committee also recommended formulating a PPP law, if feasible.

Strengthening Institutional Capacity: The capacity of all stakeholders including regulators, authorities, consultants, financing agencies, etc. should be built up. A national level institution should be set up to support institutional capacity building activities and encouraging private investments with regard to PPPs. Independent regulators must be set up in sectors that are going for PPPs.

An infrastructure PPP project review committee to be set up to evaluate PPP projects. An infrastructure PPP adjudication tribunal should also be constituted. A quick, efficient, and enforceable dispute resolution mechanism must be developed for PPP projects.

Way Forward

A lot has been done, but a lot more still needs to be done. The Government needs to undertake more concerted efforts to revive the credibility of PPP framework and build capacity within various public institutions for PPP implementation. These may include implementation of some of the key recommendations of the Kelkar Committee Report including setting-up of national level PPP institution, a dedicated PPP tribunal, and a formal framework for post award contract renegotiation. Undertaking these measures shall send strong signal to the market about the commitment level of the nation to overall PPP framework. Further it is imperative for the government to push PPP pilot projects in newer sectors, along with formulation of newer or revision of existing Model Concession Agreements (MCAs), to ensure replicability.

General Studies Paper- III

Topic: Investment models.



SEVEN SUBJECTIVE QUESTIONS WITH MODEL ANSWERS

Union Budget 2019-20 : At a Glance

Q 1. What is 'Union Budget'? Discuss its key highlights related to rural India.

Hints:

- ◆ According to Article 112 of the Indian Constitution, the Union Budget of a year, also referred to as the annual financial statement, is a statement of the estimated receipts and expenditure of the government for that particular year.
- ◆ Union Budget keeps the account of the government's finances for the fiscal year that runs from 1st April to 31st March. Union Budget is classified into Revenue Budget and Capital Budget.
- ◆ Ujjwala Yojana and Saubhagya Yojana have transformed the lives of every rural family, dramatically improving ease of their living.
- ◆ Electricity and clean cooking facility to all willing rural families by 2022.
- ◆ Pradhan Mantri Awas Yojana – Gramin (PMAY-G) aims to achieve "Housing for All" by 2022: Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).
- ◆ Pradhan Mantri Matsya Sampada Yojana (PMMSY): A robust fisheries management framework through PMMSY to be established by the Department of Fisheries.

Social Infrastructure and Human Development

Q 2. Discuss how social infrastructure and human development are the cornerstone of India's development agenda.

Hints:

- ◆ India is committed to achieve Sustainable Development Goals (SDGs) and a strong social infrastructure is key to achieve them. The government has been focusing on provisioning of assets such as schools, institutes of

higher learning, hospitals, access to sanitation, water supply, road connectivity, affordable housing, skills and livelihood opportunities.

- ◆ India's development trajectory is critically intertwined with the investments in social infrastructure.
- ◆ Scaling up development programmes for improving connectivity, providing housing and bridging gender gaps in socio-economic indicators is of paramount importance for sustainable development.
- ◆ Inclusiveness has been the cornerstone of India's development agenda. As India is a developing economy with resource constraints, we have to prioritize and optimize the expenditure on social infrastructure to promote sustainable and inclusive growth.

Self-help Groups : Road towards Women Empowerment

Q 3. Examine the benefits of self-help groups (SHGs) in the socio-economic development of poor rural women and analyze their empowerment status in India.

Hints:

- ◆ Empowerment of women signifies harnessing women power by promoting their tremendous potential and encouraging them to work towards attaining a dignified and satisfying way of life through confidence and competence.
- ◆ The empowerment of women is crucial for the development of the country. In India, where population maintain equal ratio of males and females the emergence of women entrepreneurs have great relevance and importance otherwise it will be amounting to neglecting 50 per cent of the entrepreneurial talent of the country. For this, self-help groups (SHGs) represent a unique approach to financial intermediation. SHGs are novel and innovative organizational setup in India for the women up-liftment and welfare.
- ◆ All types of financial services such as micro loans, savings and insurance provided to low-income households and enterprises (less favored sectors of

society). In this context, SHGs can be considered as a model or vehicle to deliver those products and services to the poor.

- ◆ SHGs play a very important role in the economic and social advancement of women from rural strata of society. Further, government programmes can be implemented through various SHGs. This will not only improve the transparency and efficiency but also bring our society closer to 'self governance' as envisioned by Mahatma Gandhi.

e-Governance in India : Empowering Citizens

Q 4. Government of India is spending a lot of money on e-governance projects but still these projects are not successful in all parts of India. Discuss the challenges related to implementation of e-governance projects in India.

Hints:

- ◆ The present government is committed to provide governance and services to the citizens in an affordable and efficient manner within the shortest span of time.
- ◆ Digital technologies are vital for the inclusive growth or a country like India, which is at the peak of its demographic dividend. The present government is committed to provide governance and services to the citizens in an affordable and efficient manner within the shortest span of time.
- ◆ A critical obstacle in implementing e-governance is the privacy and security of an individual's personal data that he/she provides to obtain government services.
- ◆ It is essentially required for implementation of e-governance as much as possible in India. Electricity, internet and poor adaptability of technology will retard the progress of e-governance.
- ◆ But in spite of all challenges India has number of award winning e-governance projects. e-governance is getting momentum in India.

External Sector of India : A Macroeconomic Overview

Q 5. Discuss the challenges and opportunities related to external sector of India.

Hints:

- ◆ India's macroeconomic situation on the external side continues to be stable. Though the current account

deficit is projected at 2.4 per cent of Gross Domestic Product (GDP) in 2018-19, up from 1.8 per cent in 2017-18, this is within reasonable levels.

- ◆ India's economic risks stem from volatility in global financial conditions and an oil price surge, as well as a retreat from cross-border integration. Progress has been made on Foreign Direct Investment (FDI) liberalization, whereas portfolio flows remain controlled. India's trade barriers remain significant.
- ◆ Budget 2019-20 there could be pressure on crude prices to increase as world output grows yet that may not impact India since growth in world output will also favorably impact India's exports, which is not decoupled from growth of world trade.
- ◆ Government policies are expected to further lift restrictions on FDI inflows, which will continue to increase the stability of sources funding the current account deficit. From a macro-economic perspective the deterioration of CAD may be contained if consumption slows down in the economy while increase in investment and exports become the new drivers of the Indian economy.

Startup Ecosystem in India : An Understanding

Q 6. "Startups drive economic growth, create employment and foster a culture of innovation." Critically discuss it in the context of Indian startup ecosystem.

Hints:

- ◆ The Indian startup ecosystem is buzzing like never before. A total of 1,200 new tech startups were added in 2018 till September, including eight unicorns - the highest number in a calendar year in Indian startup history.
- ◆ Ranked third in the world in the startup ecosystem, a growing number of domestic Indian enterprises are developing solutions aimed at managing and solving urban challenges. While a majority of these are techstart-ups concerned with e-commerce and consumer products and services, 2018 was touted as the year of food start-ups.
- ◆ Maharashtra, followed by Karnataka and Delhi, are among the top ten performers in terms of state-wise distribution of recognized start-ups in India. As per industry-wise distribution of recognized startups, IT Services accounted for around 15% followed by healthcare and life sciences at around 9% and education at 8%.

- ◆ Providing them with a conducive regulatory environment is critical for keeping the investors interested. Further, enabling structured institutional support for early stage startups to tap global markets, aligning state policies to help create sector-specialist startup hubs and focus on capacity building are some of the areas to be worked on by the industry to accelerate growth in India's startup ecosystem.

Public Private Partnership Model for Faster Development

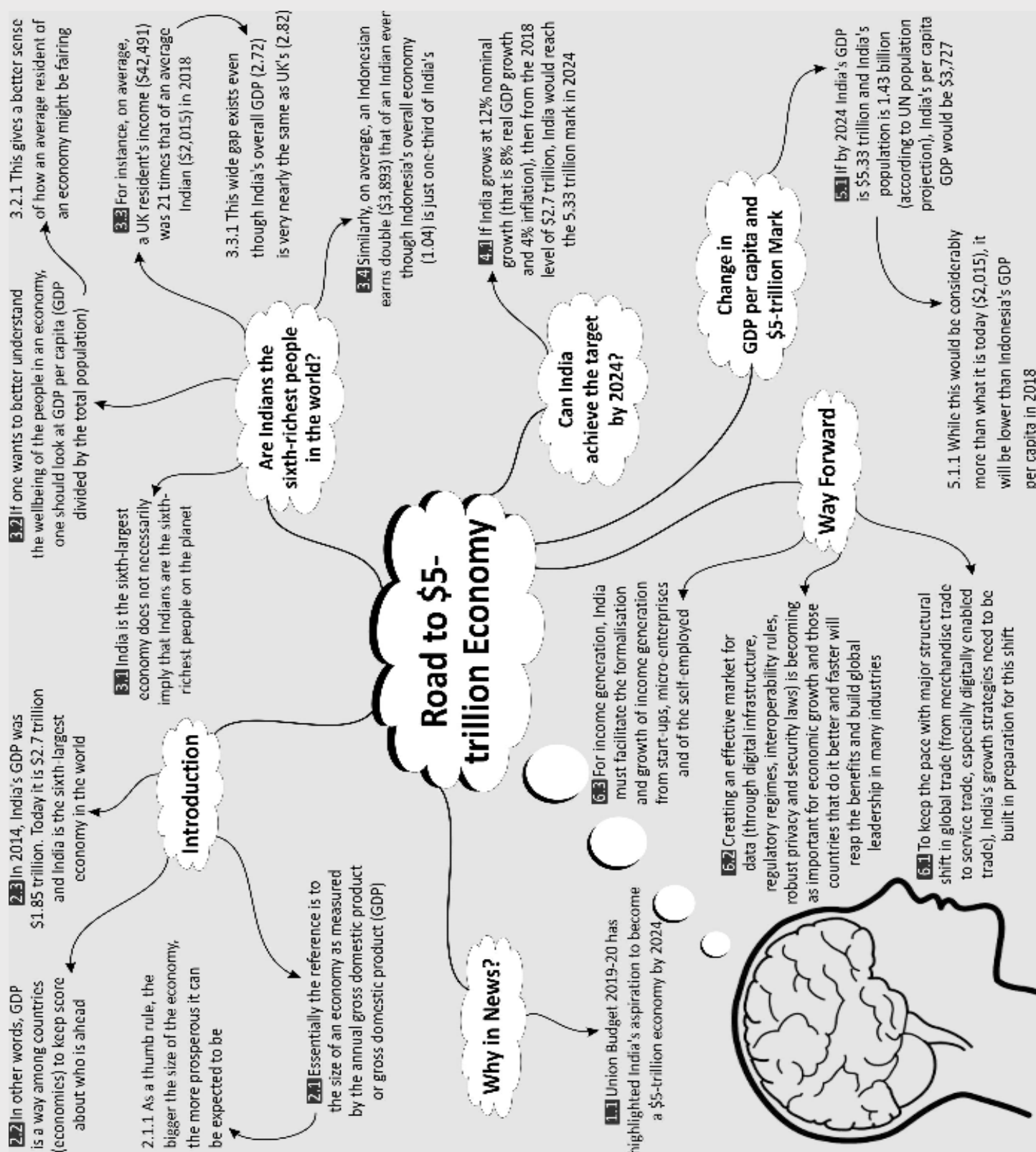
Q 7. What do you understand by 'public private partnership' model of investment? Discuss challenges and issues related to it in Indian context.

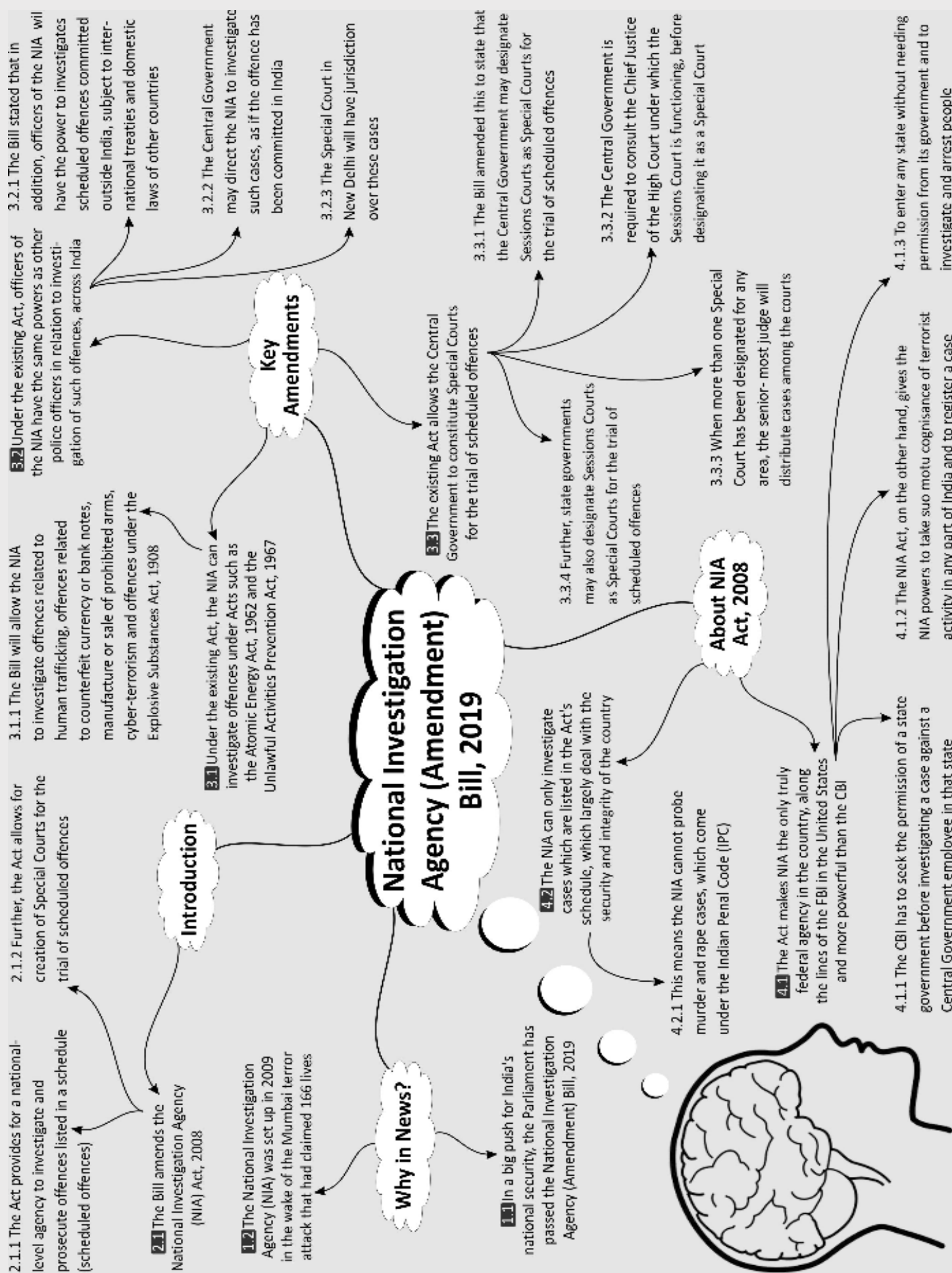
Hints:

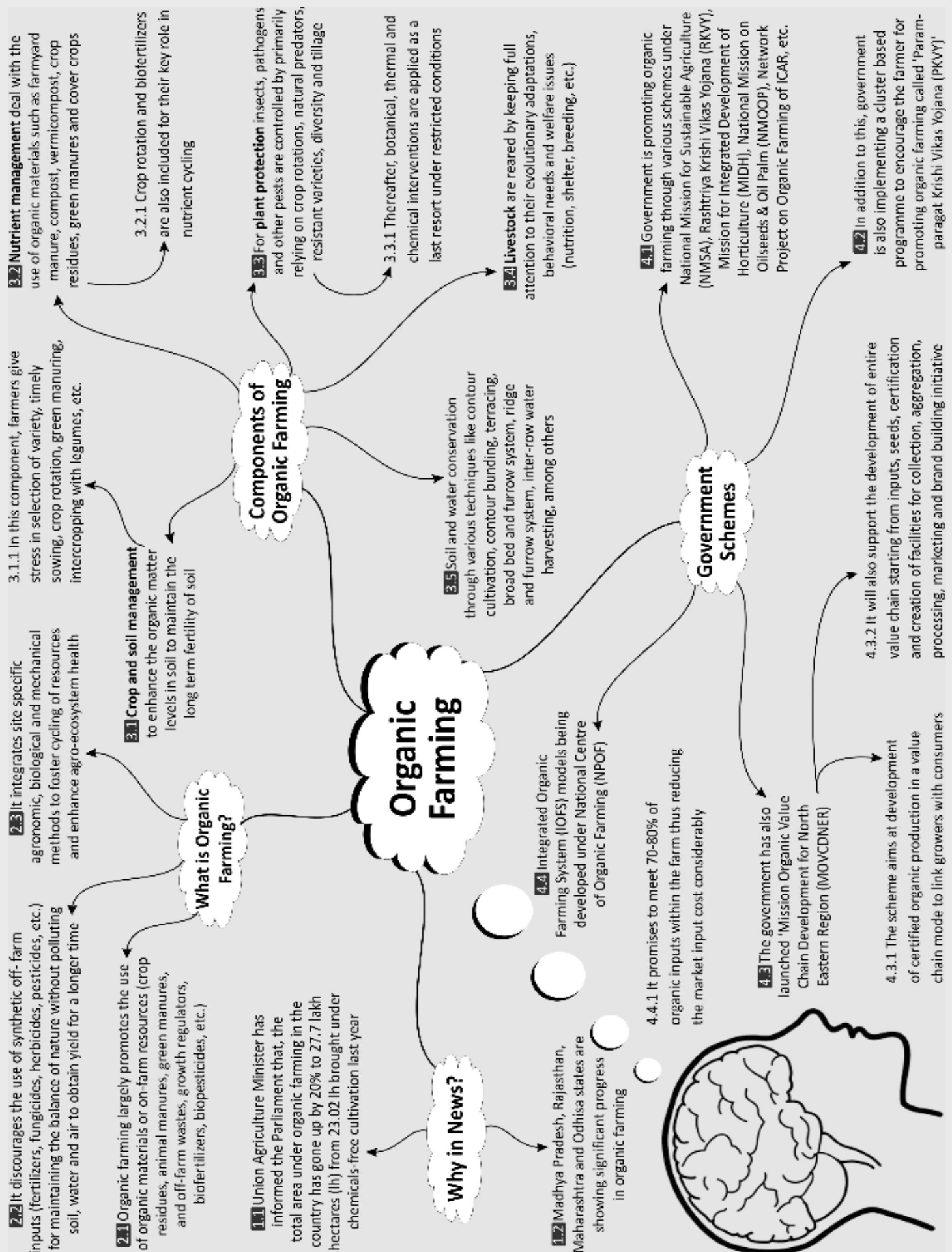
- ◆ A public-private partnership (PPP) is a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility and remuneration is linked to performance.
- ◆ There are six key hurdles faced by PPPs projects namely policy and regulatory gaps; inadequate availability of long-term finance; inadequate capacity in public institutions and public officials to manage PPP processes; inadequate capacity in the private sector-both developer/investor and technical manpower; inadequate shelf of bankable infrastructure projects that can be bid out to the private sector; and inadequate advocacy to create greater acceptance of PPPs by stakeholders.
- ◆ The long term finance for PPP projects has dried up due to excessive dependance on banks and lack of proper corporate bond market in the country. Banks are further stressed due to high NPAs and governance issues.
- ◆ The PPP model is no exception for being criticized on the basis of delivery, rather overall infrastructure sector suffered from this problem.
- ◆ A lot has been done, but a lot more still needs to be done. The Government needs to undertake more concerted efforts to revive the credibility of PPP framework and build capacity within various public institutions for PPP implementation. These may include implementation of some of the key recommendations of the Kelkar Committee Report including setting-up of national level PPP institution, a dedicated PPP tribunal and a formal framework for post award contract renegotiation. Undertaking these measures shall send strong signal to the market about the commitment level of the nation to overall PPP framework.
- ◆ Further it is imperative for the government to push PPP pilot projects in newer sectors, along with formulation of newer or revision of existing Model Concession Agreements (MCAs), to ensure replicability.

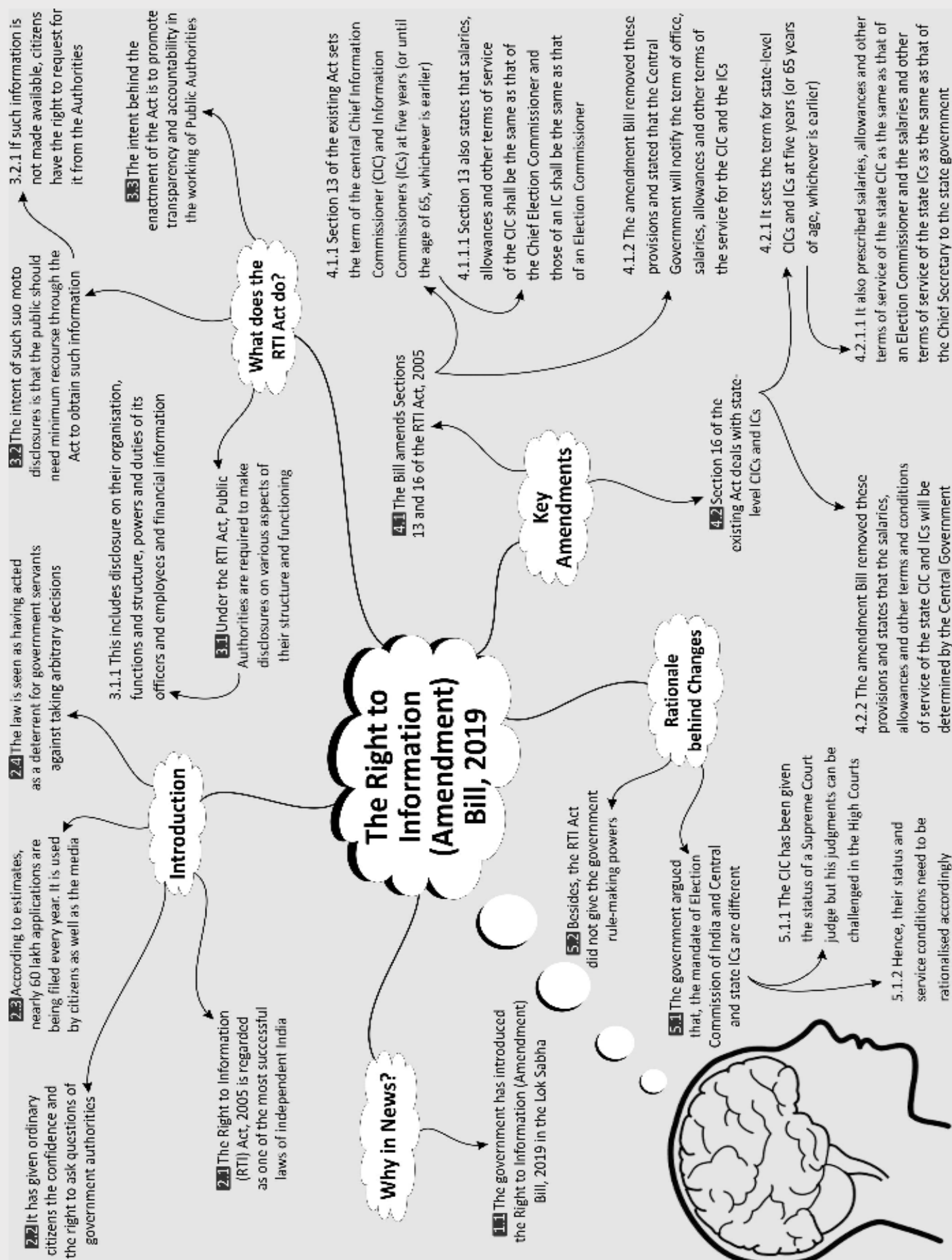
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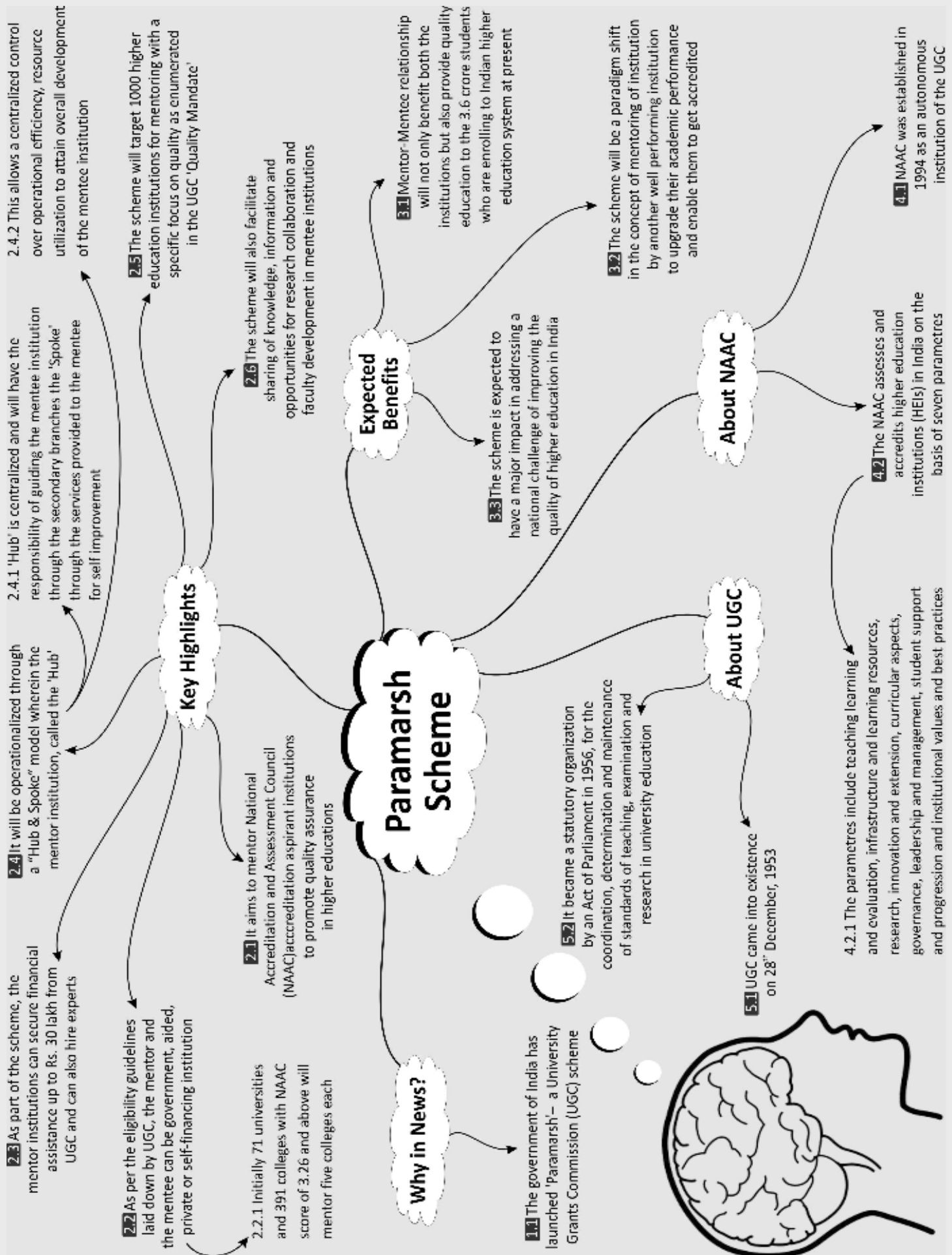
SEVEN BRAIN BOOSTERS

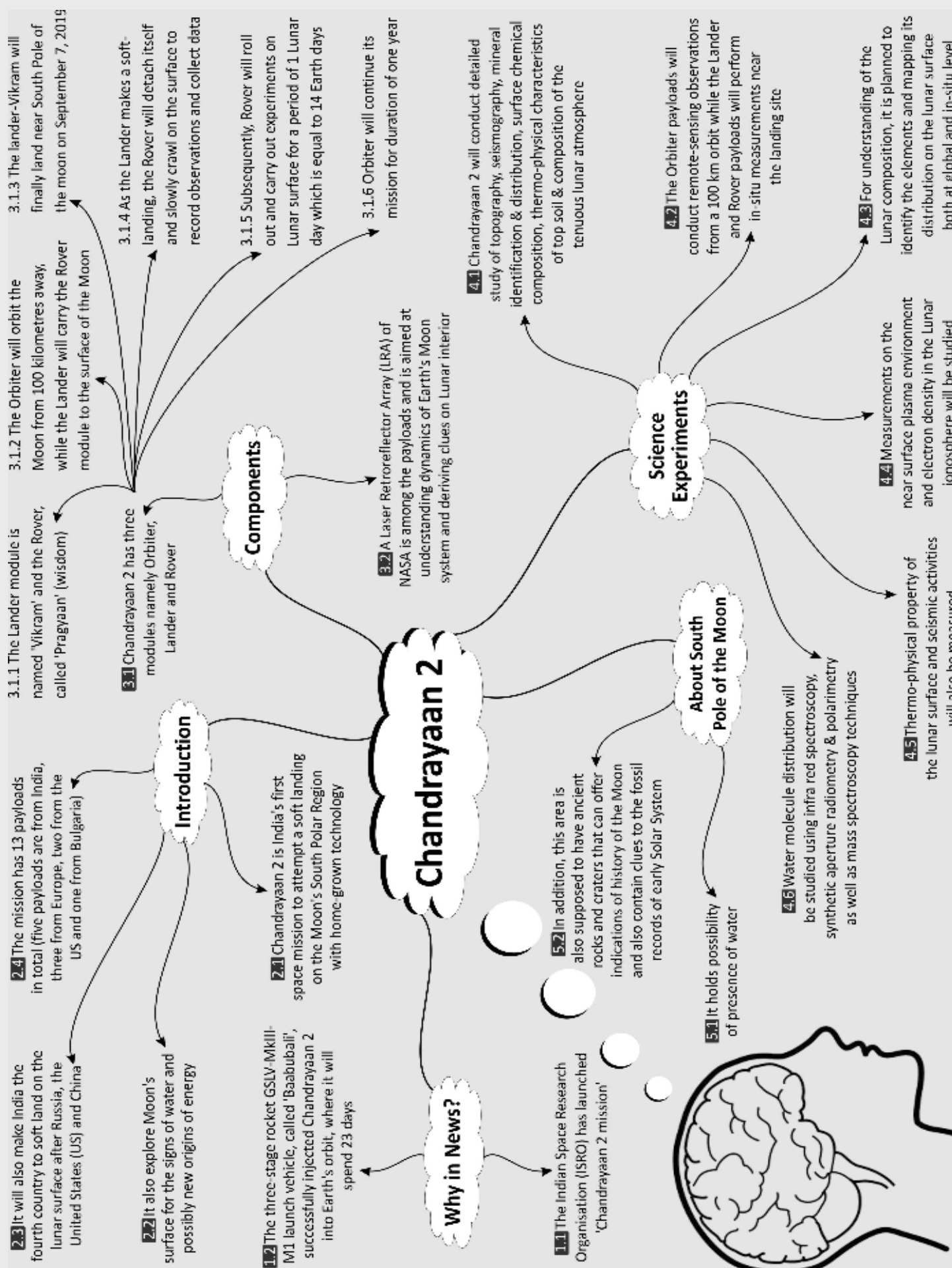


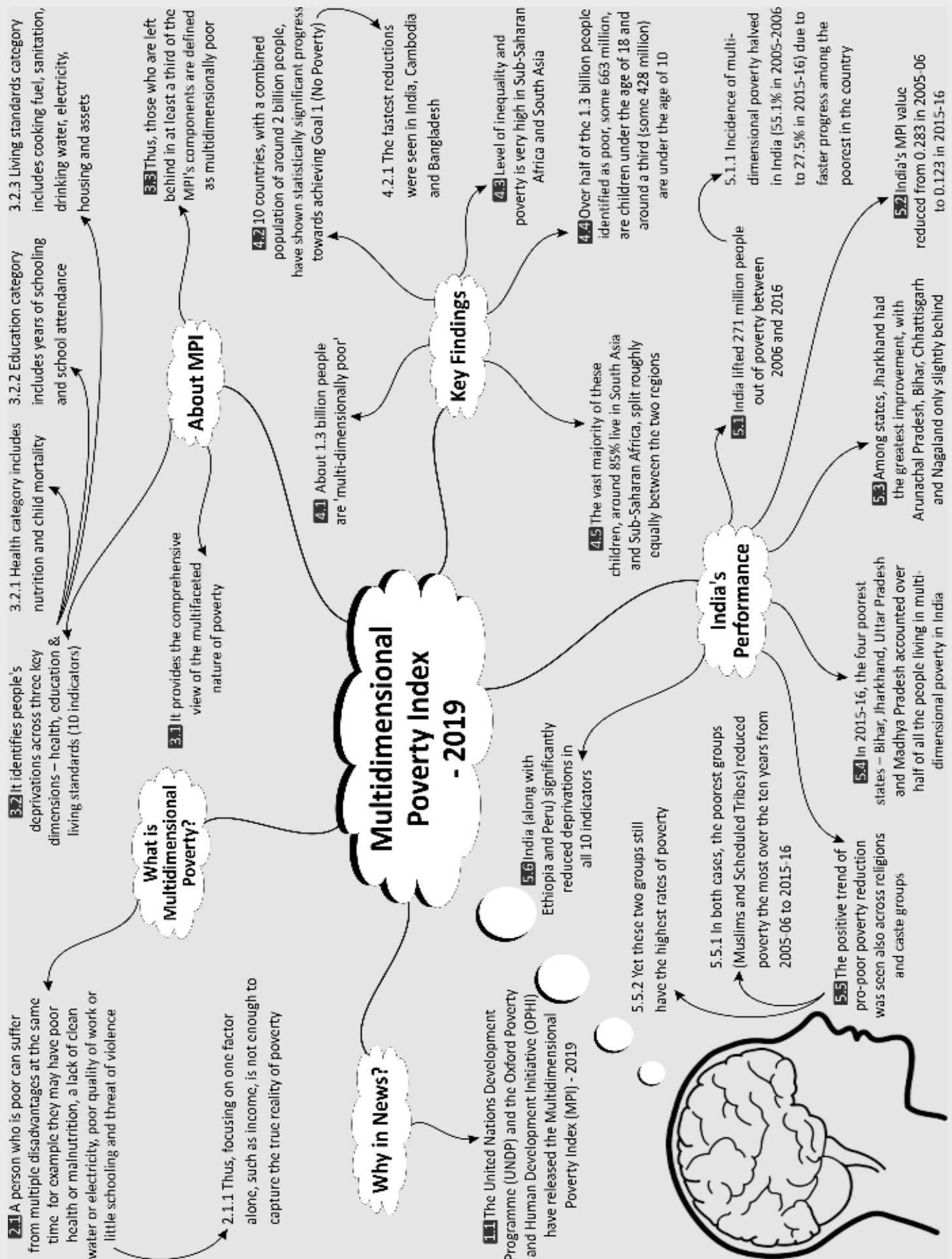












SEVEN MCQ's WITH EXPLANATORY ANSWERS

(Based on Brain Boosters)

Road to \$5-trillion Economy

Q1. Consider the following statements in respect of '\$5-trillion economy' :

1. Union Budget 2019-20 has highlighted India's aspiration to become a \$5-trillion economy by 2024.
2. It means by 2024, the per capita GDP of Indians will be the fifth largest in the world.

Which of the statements given above is/are correct?

- a) 1 only b) 2 only
c) Both 1 and 2 d) Neither 1 nor 2

Answer: (a)

Explanation: Statement 1 is correct. Union Budget 2019-20 has highlighted India's aspiration to become a \$5-trillion economy by 2024.

Statement 2 is not correct. No. If by 2024 India's GDP is \$5.33 trillion and India's population is 1.43 billion (according to UN population projection), India's per capita GDP would be \$3,727. While this would be considerably more than what it is today (\$ 2015), it will be lower than Indonesia's GDP per capita in 2018.

National Investigation Agency (Amendment) Bill, 2019

Q2. Consider the following statements in respect of 'National Investigation Agency (Amendment) Bill, 2019':

1. It allows the NIA to investigate offences related to human trafficking, offences related to counterfeit currency, manufacture or sale of prohibited arms, cyber-terrorism and offences under the Explosive Substances Act, 1908.
2. The NIA has powers to take suo motu cognisance of terrorist activity in any part of India and to register a case.

Which of the statements given above is/are correct?

- a) 1 only b) 2 only

- c) Both 1 and 2 d) Neither 1 nor 2

Answer: (c)

Explanation: Both statements are correct. It allows the NIA to investigate offences related to human trafficking, offences related to counterfeit currency, manufacture or sale of prohibited arms, cyber-terrorism and offences under the Explosive Substances Act, 1908.

The Act gives the NIA powers to take suo motu cognisance of terrorist activity in any part of India and to register a case.

Organic Farming

Q3. Consider the following statements in respect of 'organic farming':

1. Organic farming largely promotes the use of organic materials or on farm resources and off farm wastes.
2. 'Mission Organic Value Chain Development for North Eastern Region (MOVCDNER) is a cluster based programme to encourage the farmer for promoting organic farming.

Which of the statements given above is/are correct?

- a) 1 only b) 2 only
c) Both 1 and 2 d) Neither 1 nor 2

Answer: (a)

Explanation: Statement 1 is correct. Organic farming largely promotes the use of organic materials or on farm resources (crop residues, animal manures, green manures, on and off farm wastes, growth regulators, biofertilizers, biopesticides, etc.)

Statement 2 is not correct. MOVCDNER aims at development of certified organic production in a value chain mode to link growers with consumers and to support the development of entire value chain starting from inputs, seeds, certification and creation of facilities for collection, aggregation, processing, marketing and brand building initiative.

The Right to Information (Amendment) Bill, 2019

Q4. With reference to the 'RTI (Amendment) Bill, 2019', consider the following statements:

1. The Bill proposed to empower the government to fix the term of service of information commissioners among other things.
2. Under the RTI Act, Public Authorities are required to make disclosures on various aspects of their structure and functioning.

Which of the statements given above is/are correct?

- a) 1 only
- b) only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: (c)

Explanation: Both statements are correct. The Bill proposed to empower the government to fix the term of service, salaries, allowances and other terms of service information commissioners.

Under the RTI Act, Public Authorities are required to make disclosures on various aspects of their structure and functioning.

Paramarsh Scheme

Q5. Consider the following statements in respect of 'Paramarsh Scheme':

1. NITI Aayog and UGC have launched this scheme to promote quality assurance in higher educations.
2. It will be operationalized through a "Hub & Spoke" model wherein the mentor institution, called the 'Hub'.
3. 'Hub' will have the responsibility of guiding the mentee institution through the secondary branches the 'Spoke'.

Which of the statements given above is/are correct?

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

Answer: (c)

Explanation: Statement 1 is not correct. The government of India has launched 'Paramarsh'—a University Grants Commission (UGC) scheme.

Statements 2 and 3 are correct. It will be operationalized through a "Hub & Spoke" model wherein the mentor institution, called the 'Hub'. 'Hub' is centralized and will have the responsibility of guiding the mentee institution through the secondary branches the 'Spoke' through the services provided to the mentee for self improvement.

Chandrayaan 2

Q6. With reference to the 'Chandrayaan 2', consider the following statements:

1. It is India's first space mission to attempt a soft landing on the Moon's South Polar Region with the help of Russia.
2. South Polar Region of the Moon holds possibility of presence of water and fossil records of early Solar System.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: (b)

Explanation: Statement 1 is not correct. Chandrayaan 2 is India's first space mission to attempt a soft landing on the Moon's South Polar Region with home-grown technology.

Statement 2 is correct. South Polar Region of the Moon holds possibility of presence of water area. This area is also supposed to have ancient rocks and craters that can offer indications of history of the Moon and also contain clues to the fossil records of early Solar System.

Multidimensional Poverty Index - 2019

Q7. With reference to the 'Multidimensional Poverty Index 2019', consider the following statements:

1. It is the flagship report of the World Bank and United Nations Development Programme (UNDP).
2. India lifted 271 million people out of poverty between 2006 and 2016.
3. In 2015-16, only two states Bihar and Uttar Pradesh accounted over half of all the people living in multidimensional poverty in India.

Which of the statements given above is/are correct?

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

Answer: (b)

Explanation: Statement 1 is not correct. The United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI) have released the Multidimensional Poverty Index (MPI) – 2019.

Statement 2 is correct. India lifted 271 million people out of poverty between 2006 and 2016.

Statement 3 is not correct. In 2015-16, the four poorest states – Bihar, Jharkhand, Uttar Pradesh and Madhya Pradesh accounted over half of all the people living in multidimensional poverty in India.



SEVEN IMPORTANT FACTS FOR PRELIMS

1. Which Indian athlete has won five gold medals in the last 19 days?

–Hima Das

2. Which country has become the 76th member country to join 'International Solar Alliance'?

–Palau

3. Who has been elected as the first female President of European Commission?

–Ursula Von der Leyen (Germany)

4. Which country will host 'International Shooting Sport Federation (ISSF) Combined World Cup 2020'?

–India (combined involves events in rifle, pistol and shotgun)

5. Who won the men's singles at Wimbledon 2019?

–Novak Djokovic

6. Who won the women's singles at Wimbledon 2019?

–Simona Halep

7. Which state has become the first to have its own 'State Water Policy' to conserve water?

–Meghalaya

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SEVEN PRACTICE QUESTIONS FOR MAINS EXAM

- Q1. "Replacing subsidies with direct cash transfers to farmers' accounts will empower them as well as consumers." Critically discuss.
- Q2. "Fairer system of parental care would lead to more equality in families." Discuss it in the context of the daughter disadvantage in the Indian families.
- Q3. What do you understand by '\$5-trillion economy'? What does it mean for India to become a \$5-trillion economy? Analyse.
- Q4. Discuss how the churn in the Persian Gulf provides India an opening to step up its strategic engagements beyond investments in the Chabahar port.
- Q5. What is 'Blue Economy'? Discuss how the development of the Blue Economy can play a critical role in nation building by enhancing the GDP, by developing it as a platform for infrastructure expansion into the ocean, especially when there is a shortage of space on land.
- Q6. What is the mandate of National Investigation Agency (NIA)? Discuss the changes made by the amendment bill to the NIA Act .
- Q7. What are 'smart grids'? Discuss how 'smart grids' can be a solution to India's power woes.

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SEVEN IMPORTANT NEWS

1. Chandipura Virus Infection

Recently, a 5-year-old girl along with one more child has lost their lives due to suspected Chandipura virus infection in Dahod, Gujarat.

The virus is named after a small village in Maharashtra. It was detected for the first time in 1965 in a few children between the age group of 14 years and below. It has been detected

in sand flies in Senegal and Nigeria, apart from India. The virus is a member of the Vesiculovirus genus of the family Rhabdoviridae.

What is Chandipura Virus?

The Chandipura Vesiculovirus (CHPV) spreads mainly through the bite of sand flies (female phlebotomine) and sometimes through mosquitoes. The virus affects neurons and causes neurodegeneration. Sand flies are found in mud and sand houses and mostly breed in the cracks of such houses. Cases of Chandipura virus are mostly reported during

monsoon and pre-monsoon months, when the sand flies breed.

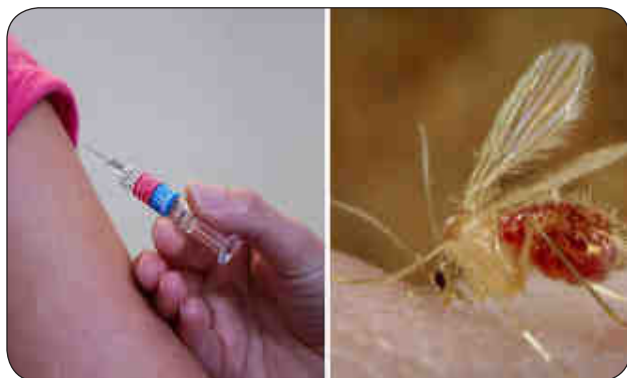
Symptoms

Chandipura Virus directly attacks the brain of the children which causes swelling in it and turns out to be a life-taking disease.

The symptoms include sudden high fever accompanied by headache, convulsions and vomiting, sometimes leading to unconsciousness.

Treatment

There is no specific medicine for its treatment. However with timely detection, hospitalisation and symptomatic treatment is given to the patient, which could help save lives. ■



2. 'Internet Saathi' Programme

Google India and Tata Trusts has expanded their 'Internet Saathi' initiative, that aims to facilitate digital literacy among women in rural India, to villages in Punjab and Odisha. Launched in July 2015, the 'Internet Saathi' programme has so far, trained 70,000 'Internet Saathis', who have in turn impacted 2.6 crore million women in the country.

Key Highlights

The programme now reached around 2.6 lakh villages across 18 states. 'Internet Saathi' has contributed towards bridging the digital gender

divide in rural India - female to male ratio was 1 in 10 in 2015 and in 2018, it has increased to 4 in 10.

In Punjab, the program will cover around 5,000 villages, like Paras Rampur, Kotli Than Singh, Burj, Vehra and from Hoshiarpur and Kapurthala districts. In Odisha, the program has been kicked off from Sindhia in Baleswar, Parakana in Puri, Bhuinpur in Kendrapara and will cover over 16,000 villages.

'Internet Saathi' program has shown that with the right opportunities, there is no limit to what women can

achieve. The women in rural India are learning about the internet, not just for their own needs but for their families, kids and their communities.

Some of the women trained under the programme have started their own micro-business like stitching, honeybee farming and beauty parlours.

The study showed that 8 in 10 Saathis and their beneficiaries believe people in their village respect them more. Also, 9 in 10 women beneficiaries believe in a woman's right to express herself and earn a living for her family. ■

3. New Mercury Project of Japan and UNEP

Japan's Ministry of the Environment and the UN Environment Programme (UNEP) have announced a new USD 3 million project to protect the environment and human health from the adverse impacts of mercury.

Key Highlights

The project will help establish a regional mercury monitoring laboratory network in Asia and the Pacific to enhance science-based policymaking towards reducing mercury pollution and provide capacity building and training for countries in the region.

The project, which aims to bring all relevant stakeholders on board,

will support the creation of a scientific database with information that governments and institutions can apply to effective mercury management.

Why?

Japan has first-hand experience with the devastating impacts of mercury when an illness caused by mercury poisoning was first discovered in the city of Minamata, for which the Minamata Convention on Mercury was named.

About Minamata Convention

Minamata Convention on Mercury was adopted at the Conference of

Plenipotentiaries held in Kumamoto city and Minamata city in October, 2013.

This convention aims to protect the human health and the environment from anthropogenic emissions/releases of mercury and mercury compounds and stipulates appropriate management and reduction of the emissions through the entire lifecycle of mercury including mining, use in products and manufacturing processes, emission to atmosphere, disposal as waste.

4. Rotavirus Vaccination

The government of India is set to roll out rotavirus vaccine in the universal immunisation programme across all states by September 2019. As part of the exercise, all 2.6 crore children born in India annually will be eligible to receive free of cost the vaccine that will protect them from diarrhoea. The vaccine is currently being administered in Himachal Pradesh, Haryana, Odisha, Andhra Pradesh, Assam, Tripura, Rajasthan, Madhya Pradesh and Tamil Nadu. By September, all remaining states and Union Territories will be covered under the programme.

Rotavirus vaccine will be provided free of cost under Universal Immunization Programme (UIP). The vaccine will prevent Rotavirus diarrhoea in children which accounts

for approximately 40 per cent of hospitalizations from diarrhoea in India. Rotavirus diarrhoea is responsible for nearly 78,000 deaths, 32 lakh out-patient visits and nearly 9 lakh hospitalizations every year. Rotavirus diarrhoea can also lead to dehydration, malnutrition and delayed physical and mental development in children.

About UIP

India's UIP provide free vaccines against 11 life threatening diseases, to 26 million children annually, the largest birth cohort in the world. The UIP provides life-saving vaccines to all children across the country free of cost to protect them against Tuberculosis, Diphtheria, Pertussis, Tetanus, Polio,

Hepatitis B, Pneumonia and Meningitis due to Haemophilus Influenzae type b (Hib), Measles, Rubella, Japanese Encephalitis (JE) and Rotavirus diarrhoea. (Rubella, JE and Rotavirus vaccine in select states and districts).

What is Rotavirus?

Rotavirus is a highly contagious virus and makes thousands of babies and young children sick every year. Rotavirus is the most common cause of severe diarrhea among infants and children throughout the world. Rotavirus is transmitted by the faecal-oral route via contact with contaminated hands, surfaces and objects and possibly by the respiratory route.

5. Bhabha Kavach

Recently, Bhabha Kavach, billed as "India's lightest bullet-proof jacket", was launched at the International Police Expo 2019 in New Delhi.

Key Highlights

The bullet-proof jacket, developed jointly by the Ordnance Factories Board (OFB) and the public sector metals and

metal alloys manufacturer MIDHANI. It can withstand bullets from an AK-47 assault rifle (7.62 mm hard steel core bullets) and the 5.56 mm INSAS rifle.

The Kavach weighs 9.2 kg, a half kilogram less than the weight for a bullet-proof jacket prescribed by the Union Ministry of Home Affairs (MHA).

The trials have validated that the Bhabha Kavach meets US National Institute of Justice (NIJ) Level III standards, which guarantees protection against 7.62 mm NATO-standard bullets.

Bhabha Kavach is built from layers of “high-density, high-tenacity polyethylene. This means the layers are fused together at high temperature. This forms a thick, hard armour plate, which is then sprayed with BARC’s carbon nanomaterial. Soaking into the layers of the plate, the nanomaterial instils the toughness and tenacity needed to slow down and trap a bullet as it passes through

the plate. Bulletproof jacket armour is of two types. Soft armour provides lesser protection, suitable for threats from handgun and small arms bullets and is worn by bodyguards and VIPs against personal threats. Hard armour is stronger and heavier and is designed to stop high calibre rounds. NIJ Level IV jackets even provide protection against armour-piercing rounds.

6. Alarming Decrease in Hangul Population

Latest census of the endangered Kashmir stag or Hangul has revealed alarming decrease in the animal’s population structure, with lowest ever male-female and fawn-female ratios. It was conducted by the Department of Wildlife Protection, Jammu & Kashmir (DWLP) in collaboration with the Wildlife Institute of India (WII).

Key Highlights

There were 7.5 fawns per 100 females and 15.5 males per 100 females. This ratio is way lower than 19.1 and 15.8

found during the 2017 population monitoring exercise.

Today though, the viable population of hangul is limited to the Dachigam Wildlife Sanctuary near Srinagar, which is spread over 141 square kilometers. Very small fragmented groups have been seen in its adjoining protected areas which include Overa-Aru Wildlife Sanctuary in south Kashmir.

The Kashmir stag is the state animal of Jammu and Kashmir and is only surviving species of red deer in India. It was once widely distributed

in the mountains of Kashmir and parts of the Chamba district in Himachal Pradesh, with a population of about 5,000 individuals.

The lack of stability in the hangul population is a nagging concern for conservationists, including the wildlife department of Kashmir for years, as poor female-fawn and male-female ratios, increasing rate of fragmentation of forested habitats and poaching have played havoc with the hangul population in Kashmir.

7. Subansiri Hydroelectric Project

Despite National Green Tribunal’s (NGT) order of not resuming construction or concretization work at Lower Subansiri Hydroelectric Project (LSHP) till safety issues are resolved, massive concretization has been carried out to construct the project’s extended spillway that has widened the dam base by over 100 metres. A spillway is a structure for controlled release of dam water into the riverbed downstream.



Key Highlights

The Lower Subansiri HEP (LHEP) is designed as a run-of-the river power project on the lower reach of Subansiri River, a tributary of River Brahmaputra. River Subansiri flows from Arunachal Pradesh into Assam where it joins the Brahmaputra. The LHSEP consists of a concrete gravity dam, which will be 116m high from the river bed level and 130m from foundation. The length of the dam will be 284m. The gross storage capacity of the reservoir will be 1.37km³.

What is Gravity Dam?

A gravity dam is a dam constructed from concrete or cement (unlike mud and

masonry stones used in embankment). It is designed to hold back water by primarily utilising the weight of the material alone to resist the horizontal pressure of water pushing against it. Gravity dams are designed so that each section of the dam is stable, independent of any other dam section.

Background

NGT in December 2015 asked NHPC Ltd. not to resume construction till safety issues were resolved. The work on the Lower Subansiri Hydroelectric Project on the Assam-Arunachal Pradesh border had been “kept pending” since 2011 due to a local agitation.

SEVEN IMPORTANT HIGHLIGHTS FROM PIB

1. The Protection of Human Rights (Amendment) Bill, 2019

The Parliament has passed the Protection of Human Rights (Amendment) Bill, 2019. It provides:

- ◆ That a person who has been a Judge of the Supreme Court is also made eligible to be appointed as Chairperson of the Commission in addition to the person who has been the Chief Justice of India;
- ◆ To increase the Members of the Commission from two to three of which, one shall be a woman;
- ◆ To include Chairperson of the National Commission for Backward Classes, Chairperson of the National Commission for Protection of Child Rights and the Chief Commissioner for Persons with Disabilities as deemed Members of the Commission;
- ◆ To reduce the term of the Chairperson and Members of the Commission and the State Commissions from five to three years and shall be eligible for re-appointment;
- ◆ To provide that a person who has been a Judge of a High Court is also made eligible to be appointed as Chairperson of the State Commission in addition to the person who has been the Chief Justice of the High Court; and,
- ◆ To confer upon State Commissions, the functions relating to human rights being discharged by the Union territories, other than the Union territory of Delhi, which will be dealt with by the Commission.

Other Key Facts

The Protection of Human Rights Act, 1993 was enacted to provide for the constitution of a National Human Rights Commission (NHRC), the State Human Rights Commission (SHRC) and the Human Rights Courts for protection of human rights.

2. Promotion of FASTags at Toll Plazas

The Ministry of Road Transport and Highways has decided to declare all lanes in all Toll Fee Plazas on National Highways across the country as dedicated 'FASTag Lanes' from 1st of December this year.

What is FASTag?

FASTag is an electronic toll connection device installed in the vehicle to enable drivers to drive through toll plazas without having to stop. FASTag is attached to the windscreen and uses radio frequency identification (RFID) technology to enable direct toll payments while the vehicle is moving. The toll fare is deducted from the bank account linked to FASTag.

Key Facts

According to the National Highways Fee (Determination of Rates and Collection) Rules, 2008, a FASTag lane in a toll plaza is reserved exclusively for the movement of FASTag users.

The move is part of the government's larger plan to promote digital payments at toll plaza and decongest national highways, thereby ensuring seamless movement of vehicles.

Among all lanes, one 'hybrid lane' will be allowed at every toll plaza to facilitate and monitor over-dimensional or oversized vehicles, where FASTag and other modes of payment will be accepted. This lane will also be converted into FASTag-only lane in a time-bound manner.

After December 1, there is also a provision under the rule according to which non-FASTag users are to be charged double the fee if they pass through FASTag lanes.

It is found that currently even non-FASTag users are passing through FASTag lanes and making cash payments. This is leading to crowding of the FASTag lanes and overall traffic congestion at the plaza, defeating the very purpose of the FASTags. As a result, electronic toll collection through FASTags has not grown as much as was desired.

3. 'Tuberculosis Free India' Initiative

Ministry of AYUSH and Ministry of Health & Family Welfare have signed Memorandum of understanding (MoU) to forge inter-sectoral convergence at the level of policy, planning and programme implementation for accelerated response towards "Tuberculosis (TB) Free India" initiative.

Key Highlights

AYUSH systems have potential knowledge base, qualified & trained human resources and holistic healthcare practices to help achieving the objective of TB- free India.

The MoU outlines the scope and extent of AYUSH involvement in sensitization, awareness generation, capacity building of AYUSH institutions and health service providers in the areas of TB diagnosis, control and management.

Focused activities envisaged under the MoU will cover joint planning to work with AYUSH organisations & professional bodies and promote adjuvant use of evidence-

based AYUSH interventions for, TB control and management. It is also intended to facilitate research collaboration and best practices of AYUSH healthcare and build up capacities for TB-free work places and communities.

Why?

Tuberculosis is not only a challenge for medical fraternity but also a serious social problems mainly hitting the populations battling with poverty, malnutrition, poor hygiene, housing and working conditions.

What is TB?

TB is caused by bacteria (*Mycobacterium tuberculosis*) that most often affect the lungs. TB is spread from person to person through the air. When people with lung TB cough, sneeze or spit, they propel the TB germs into the air. A person needs to inhale only a few of these germs to become infected.

4. Sagar Maitri Mission-2

Oceanographic research vessel of Defence Research and Development Organisation (DRDO), INS Sagardhwani, embarked on a two-month long Sagar Maitri (SM) Mission-2.

Key Highlights

Sagar Maitri is a unique initiative of DRDO which aligns with the broad objective of "Safety And Growth for All in the Region (SAGAR)" to promote closer co-operation in socio-economic aspects as well as greater scientific interaction especially in ocean research among Indian Ocean Rim (IOR) countries.

The prime objectives of the Sagar Maitri mission are data collection from the entire North Indian Ocean, focussing on the the Andaman Sea and adjoining seas and establishing long-term collaboration with eight IOR countries in the field of ocean research and development.

The other IOR countries, include Oman, Maldives, Sri Lanka, Thailand, Malaysia, Singapore, Indonesia and Myanmar. The programme also aims at establishing long term scientific collaboration with these countries in the field of 'Ocean Research & Development' and data collection with a focus in the Andaman Sea.

Sagar Maitri Mission-2 commemorates the Golden Jubilee Celebrations of India's lone research ship INS Kistna's missions as part of the historic International Indian Ocean Expeditions(IIOE), which took place during 1962-65. As part of the mission, INS Sagardhwani will revisit the selected tracks of INS Kistna and provide Naval Physical & Oceanographic Laboratory (NPOL) scientists ample opportunities to collaborate and garner a close working relationship with the oceanographic counterparts of the IOR countries.

5. 'Incredible India' Campaign has won Pata Gold Award 2019

The Incredible India "Find the Incredible You" campaign released globally by the Ministry of Tourism during 2018-19 has been declared winner of the PATA (Pacific Asia Travel Association) Gold Award 2019 in the "Marketing - Primary Government Destination" category. The Ministry of Tourism, as part of its promotional initiatives annually releases Global

Media Campaigns under the 'Incredible India' brand-line. To take the Campaigns to the next level, the 'Incredible India 2.0' Campaign was launched in September 2017, which marks a shift from generic promotions undertaken across the world to market specific promotional plans and content creation.

The campaign focuses on digital and social media and the promotion of Niche Tourism products of the country. As part of the 2.0 Campaign, five new television commercials were produced by the Ministry, which were aired globally in the television, digital and social media. These were: Yoga - "The Yogi of the Racetrack", Wellness - "The Reincarnation of Mr. and Mrs. Jones", Luxury - "The Maharani of Manhattan", Cuisine - "The Masala Master Chef", Wildlife - "The Sanctuary in Paris".

About PATA Awards

PATA Gold Awards are given to tourism industry organizations and individuals making outstanding contribution towards the successful promotion of the travel industry throughout the Asia Pacific Region. The winners of the awards set industry standards for excellence and innovation and serve as examples for others to follow.

6. Adopt Schools and Counsel Students on Preventive Healthcare

The Vice President (VP) of India, Shri M. Venkaiah Naidu has called upon private hospitals, medical colleges, nursing institutions and people in medical fraternity to adopt schools in their respective neighborhoods and counsel the students on preventive healthcare.

Key Highlights

Referring to the growing incidence of Non-Communicable Diseases (NCDs), including cancer, heart disorders and diabetes, VP pointed out that modern lifestyle changes were aggravating NCDs. He wanted the medical fraternity, including the private hospitals and other institutions, to reach out to schools and colleges and create awareness among the students on the dangers of lifestyle diseases.

He urged doctors, actors and media houses to adopt professional social responsibility on the lines of corporate social responsibility to create awareness among people, particularly the youth, on the need to avoid physical inactivity and unhealthy dietary habits.

He also wanted the Indian Medical Association to take the lead in promoting awareness among the people, particularly school and college students.

Despite the improved reach of healthcare delivery, there is a huge disparity in the healthcare services provided between urban and rural areas, he called upon the private sector and hospitals to step in and complement the efforts of the government in reaching modern healthcare facilities to the rural areas, including the remote places.

Expressing concern over the shortage of around 600,000 doctors and two million nurses, he wanted both the private and the public sector to join hands to remedy the situation and also suggested the setting up of more medical colleges, hospitals and health infrastructure that can deliver affordable diagnostic and treatment services to the people.

In India, about 61% of deaths are attributed to NCDs, including heart disorders, cancer and diabetes.

7. Skill India Mission to Farmers

The Ministry of Skill Development and Entrepreneurship (MSDE) is implementing its flagship scheme 'Pradhan Mantri Kaushal Vikas Yojana 2.0' (PMKVY 2.0) on pan-India basis with a target to provide skilling to one crore people across the country in various sectors including Agriculture. Further, under Recognition of Prior Learning (RPL) component of PMKVY 2.0, up skilling of farmers have been made via bridge course training in the job roles namely organic grower, dairy farmer, pulses cultivator etc.

To keep pace with technological innovations, new trades like the Internet of Things (SMART Agriculture) and Soil Testing and Crop Technician have also been introduced.

About Mission

The National Skill Development Mission (NSDM) was launched by government on 15th July, 2015, to provide a

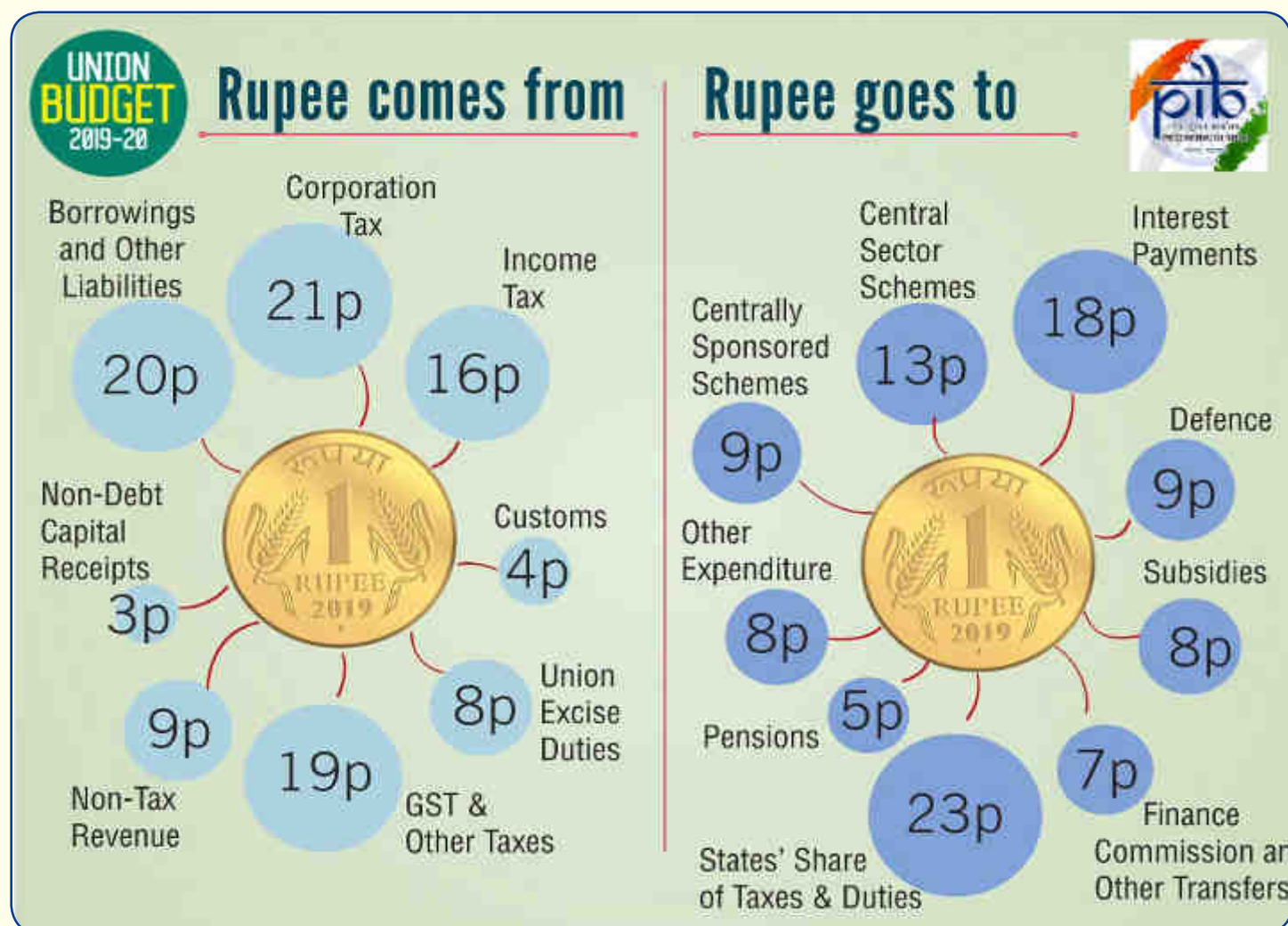
strong institutional framework to implement and scale up skill development efforts across the country. Under this initiative, the government is implementing more than 40 skill development schemes/programmes across 20 Central Ministries/Departments, for providing a variety of skill development training programmes on pan India basis. As per the information provided by Ministries, 85.98 Lakh persons have been trained in 2018-19.

Owing to the success of PMKVY 1.0, the scheme was re-launched in October, 2016 called PMKVY 2.0 (2016-2020) on pan-India basis with a target to provide skilling to one crore people under Short Term Training (STT), Recognition of Prior Learning (RPL) and Special Project (SP) across the country over four years (2016-2020) with an outlay of 12,000 crore.



SEVEN IMPORTANT CONCEPTS THROUGH GRAPHICS

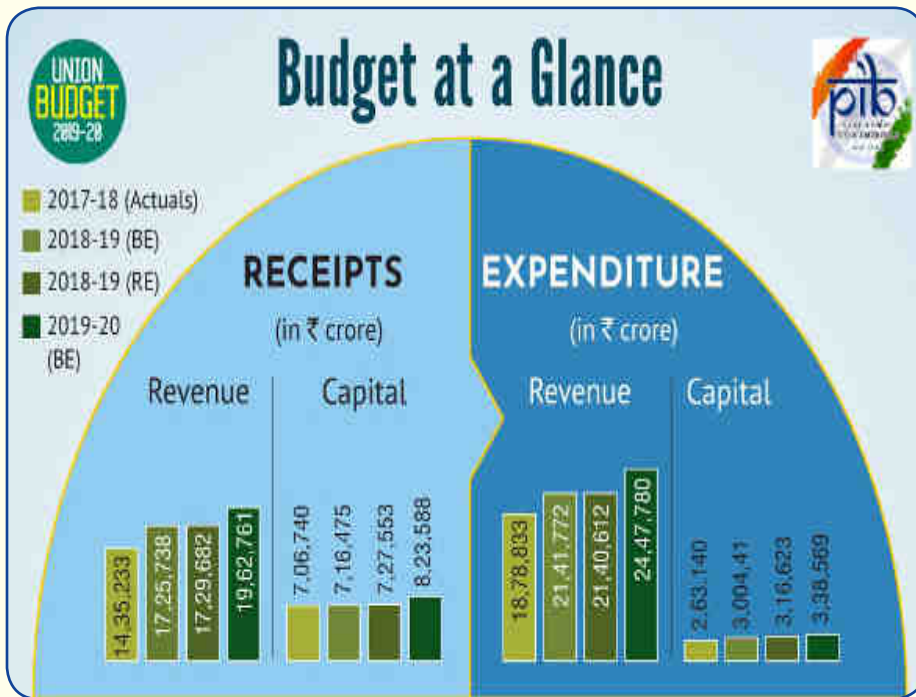
1. Rupee Coming and Going



Key Facts

- For every rupee in the government coffers, 68 paise will come from direct and indirect taxes, while the government will spend 23 paise towards state's share of taxes and duties. According to the Union Budget 2019-20 for the every rupee earned, the collection from Corporation Tax has been pegged at 21 paise, amounting to the single largest source of revenue followed by Goods and Services Tax (GST), which collected 19 paise.
- Income tax mobilisation for the next fiscal has been estimated as 16 paise. The collection from borrowing and other liabilities will be 20 paise, while mobilisation from Union Excise duties will be 8 paise. The government intends to earn 9 paise from non-tax revenue like disinvestment, while it plans to mobilise 3 paise from non-debt capital receipts.
- On the expenditure side, the biggest component is states' share of taxes and duties at 23 paise and interest payment of 18 paise. Allocation towards defence has been increased to 9 paise from 8 paise in Interim Budget 2019-20. Expenditure on central sector schemes will be 13 paise, while allocation for centrally sponsored schemes will be 9 paise.

2. Budget at a Glance



Key Facts

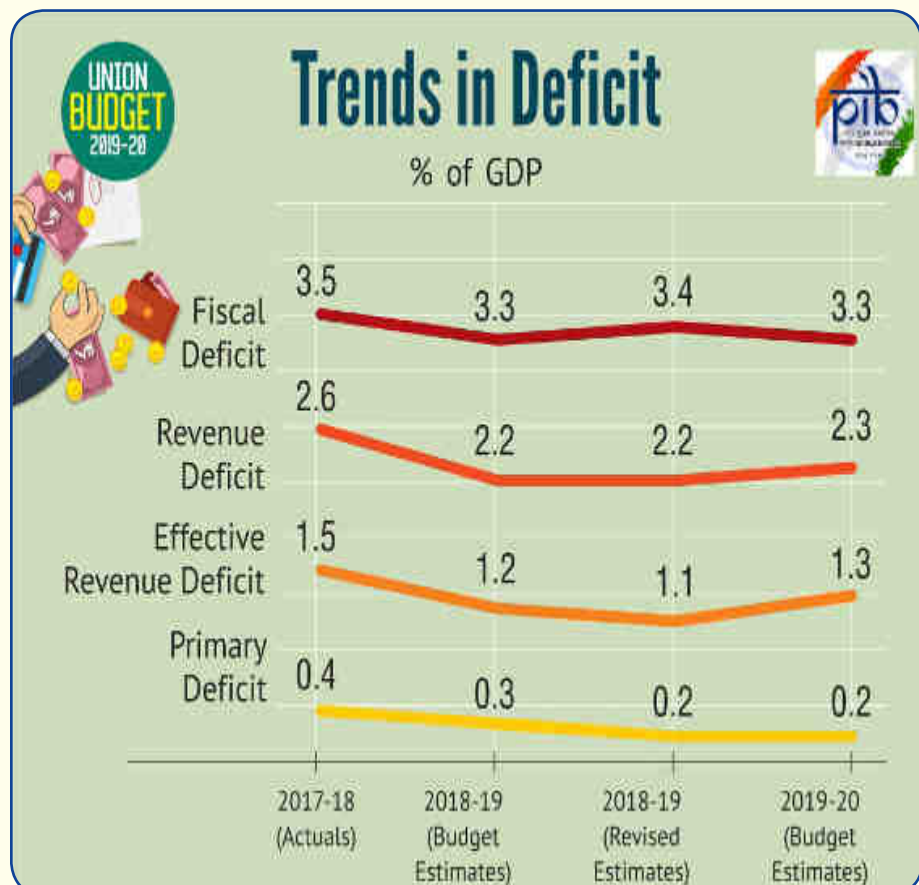
- The total expenditure of Union Budget 2019-20 is of 27.86 lakh crore rupees. It has increased significantly when compared with the Union Budget 2018-19, where the expenditure figure was 24.42 lakh crore rupees.
- The total revenue expected in the financial year 2019-20 (without considering borrowing) is only Rs. 20.82 lakh crores. Thus the total expenditure is way higher than the receipts. To balance the expenditure and receipts side of the budget, the Indian government needs to borrow around Rs. 7 lakh crore in the financial year 2019-20 to meet its expenditure.
- Borrowings and other liabilities is known as 'Fiscal Deficit', which as per Union Budget 2019-20 is 3.3% of Gross Domestic Product (GDP).

- The increase in total expenditure is on account of increased support to agricultural sector, interest payments and internal security.
- Union Budget 2019-20 reflects the government's firm commitment to substantially boost investment in agriculture, social sector, education and health.

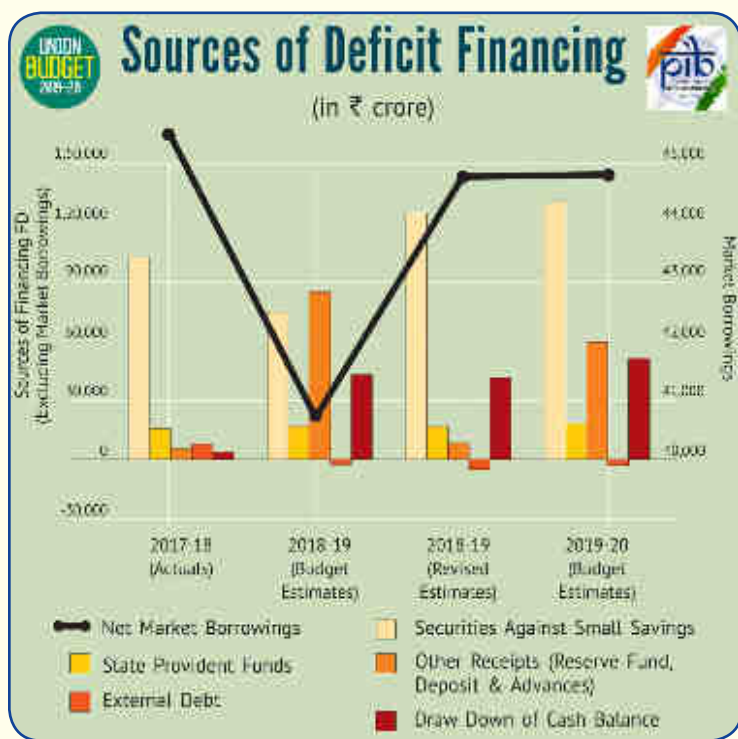
3. Trends in Deficit

Key Facts

- The fiscal deficit (FD) is the excess of total budget expenditure over total budget receipts excluding borrowings during a fiscal year. In simple words, FD is reflective of the total borrowing requirements of government to meet its expenses.
- Revenue deficit is the excess of total revenue expenditure of the government over its total revenue receipts. Alternatively, the shortfall of total revenue receipts compared to total revenue expenditure is defined as revenue deficit. It is targeted at 2.3% of GDP for fiscal year 2019-20.
- Effective Revenue Deficit is the difference between revenue deficit and grants for the creation of capital assets. In other words, the Effective Revenue Deficit excludes those revenue expenditures which were done in the form of grants for the creation of capital assets. Effective Revenue Deficit was introduced in the Budget of 2011-12 for the first time. It is targeted at 1.3% of GDP for fiscal year 2019-20.
- Primary deficit is defined as the fiscal deficit of current year minus interest payments on previous borrowings. It is targeted at 0.2% of GDP for fiscal year 2019-20.



4. Sources of Deficit Financing



Key Facts

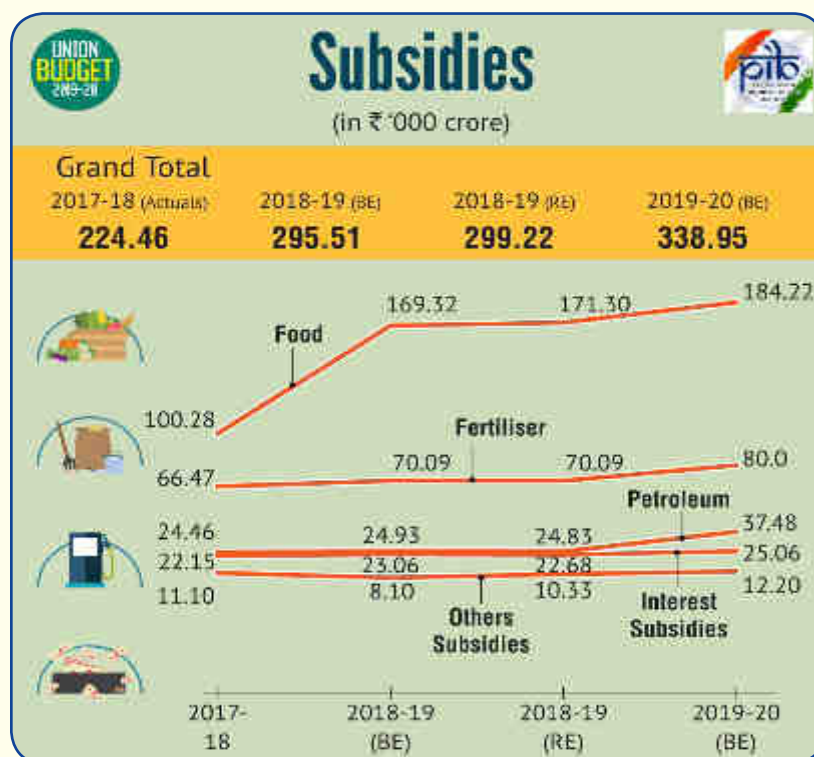
- Deficit financing is the budgetary situation where expenditure is higher than the revenue. It is a practice adopted for financing the excess expenditure with outside resources. The expenditure revenue gap is financed by either printing of currency or through borrowing.
- Nowadays most governments both in the developed and developing world are having deficit budgets and these deficits are often financed through borrowing. Hence the fiscal deficit is the ideal indicator of deficit financing.
- India's external debt stock stood at US\$ 519.8 billion at end-March 2019 as against US\$ 446.3 billion at end-March 2014. Notwithstanding the increasing external debt stock during 2014-15, crucial debt indicators such as external debt-GDP ratio and debt service ratio remained in the comfort zone. External debt of the country continues to be dominated by the long term borrowings. In simple terms, debt-to-GDP ratio is the ratio of country's government debt (measured in currency terms) and its GDP. The higher the ratio, the more likelihood of a country of defaulting on its payment.
- Debt service ratio is measured by the proportion of total debt service payments (i.e. principal repayment + interest payment) to current receipts (minus official transfer) of Balance of Payment (BoP).

- Currently, the gross borrowing programme of the government is funded entirely through domestic borrowings. The government is also planning to raise a part of its borrowings abroad in foreign currency.

5. Subsidies

Key Facts

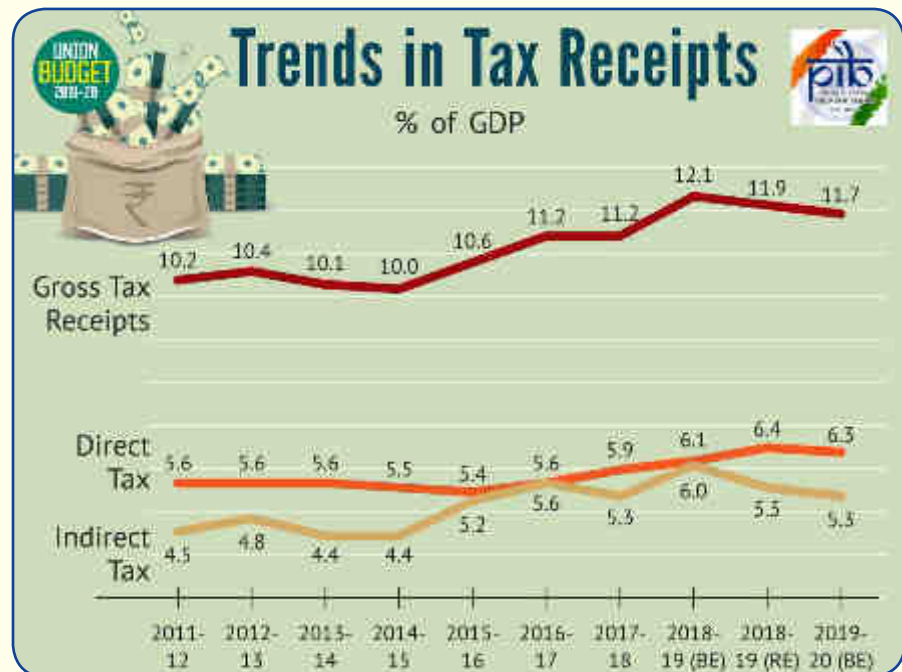
- The overall subsidies expenditure has been increased (13.3%) from 2.99 lakh crore in previous budget to 3.38 lakh crore in Union Budget 2019-20.
- The Union government provides subsidies on three major heads: food subsidy (Rs 1.84 lakh crore), fertiliser subsidy (Rs 80,000 crore) and subsidy on petroleum (Rs 37,480 crore). Petroleum subsidy consists of subsidy on LPG (Rs. 32,989 crore) and kerosene subsidy (Rs 4,489 crore).
- The government is budgeting for a mammoth around 51% jump in overall petroleum subsidy expenditure at Rs 37,480 crore for next financial year (2019-20). The subsidies given are highest in food sector followed by fertilizer, petroleum, interest subsidies and others respectively.
- Expenditure on other subsidies includes interest subsidies for various government schemes, subsidies for the price support scheme for agricultural produce, import of pulses, and assistance to state agencies for procurement, among others. In Budget 2019-20, the expenditure on these other subsidies has increased by Rs. 4,251 crore (9%) over the revised estimate of 2018-19.
- According to the official portal of DBT scheme, the government has eliminated 4.09 crore bogus LPG connections and over 2.82 crore bogus ration cards for distribution of food under public distribution system. According to the information available on the DBT portal, cumulative saving so far has been pegged at Rs 1.09 lakh crore.



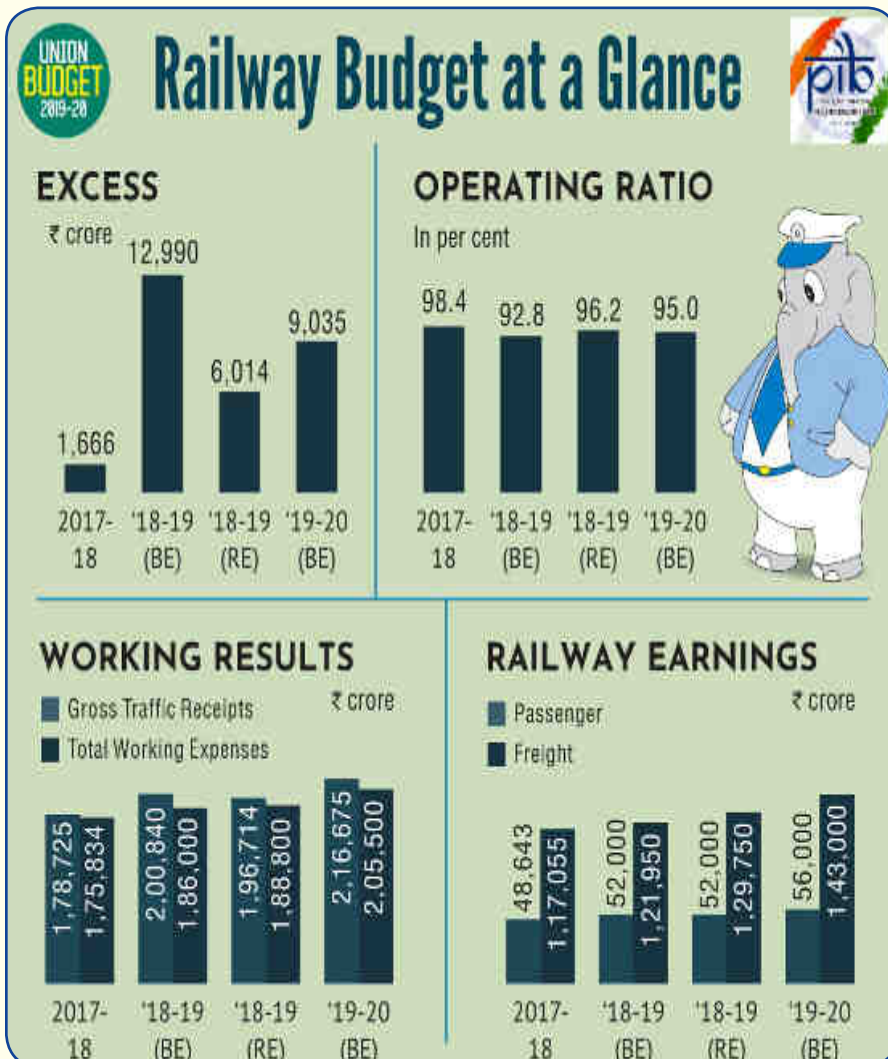
6. Trends in Tax Receipts

Key Facts

- Gross Tax Receipt has followed an increasing trend on an average from 10.2 % of GDP in 2011-12 to 11.7% of GDP in the Union Budget 2019-20.
- Same trend has been followed by the Direct Tax Receipt and Indirect Tax Receipt with few minute exceptions. In the Union Budget 2019-20, Direct Tax Receipt has been 6.3% of GDP while estimated Indirect Tax Receipt has been at 5.3% of GDP.
- The net tax revenue of the central government (excluding state's share in taxes) is estimated to be Rs 16,49,582 crore.
- In Union Budget 2019-20, the surcharge on income tax for individuals earning between two crore rupees and five crore rupees has been increased to 25% and for persons earning over five crore rupees has been increased to 37%.



7. Railway Budget at a Glance



Key Facts

- Union Budget 2019-20 has proposed a capital expenditure of Rs. 1,60,175.64 crore for the Railways Ministry. This is the highest-ever allocation for the railways, surpassing last year's Rs. 1,48,528 crore. This is mainly on account of an increase in the expenditure on railways' staff and fuel cost.
- Railways' major out go continues to be 'staff costs' at Rs. 86,740 crore.
- In the railway Budget 2019-20, Indian Railways is aiming for an operating ratio of 95%. Last year, the operating ratio stood at 96.2%.
- The operating ratio is a crucial indicator of the railways' financial health since it points to what the railways earns for every Rs 100 spent. An operating ratio of 95% means that Railway is spending 95 paise to earn 100 paise (i.e. one rupee). A lower figure of operating ratio is thus regarded better and is indicative of better financial health of the system.
- In the financial year 2019-20, the gross traffic receipts are estimated to be Rs 2,16,675 crore and total working expenses will be Rs 2,05,500 crore.
- In the financial year 2019-20, the earnings from passenger trains are expected to be Rs 56,000 crore and the earnings from freight trains are likely to be Rs 1,43,000 crore.
- Rail freight and passenger traffic grew by 5.33% and 0.64% respectively in 2018-19 as compared to 2017-18.



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