

Gist of YOJANA

VOL.01 | March 2021



Union Budget 2021-22

Finance Commission

Towards **Aatmanirbhar
Bharat**

Conditional Borrowings

Enabling the **Social
Sector**

A Booster Shot for
Economic Growth

Outstanding performance by BYJU'S students in IAS 2019

Congratulations to our toppers

04

Ranks in
Top 10

09

Ranks in
Top 20

13

Ranks in
Top 50

22

Ranks in
Top 100



RANK 03

Pratibha Verma



RANK 06

Vishakha Yadav



RANK 08

Abhishek Saraf



RANK 10

Sanjita Mohapatra



RANK 11

Nupur Goel



RANK 12

Ajay Jain



RANK 14

Anmol Jain



RANK 16

Gunjan Singh



RANK 19

Shresta Anupam



RANK 23

Nidhi Bansal



RANK 24

Abhishek Jain



RANK 30

Pari Bishnoi



RANK 34

Apurv Chauhan



RANK 52

Om Kant Thakur



RANK 56

Pankaj



RANK 66

Saurav Pandey



RANK 69

Navneet Mittal



RANK 81

Anil Kumar Rathore



RANK 84

Jivani Kartik Nagjibhai



RANK 85

Shubhank Mishra



RANK 96

Hardik Aggarwal



RANK 98

Y Megha Swaroop

INCREDIBLE RESULTS

CSE 2018 Results

11 Ranks in Top 50

28 Ranks in Top 100

183 Ranks in the Final List



Rank 11
Puja Priyadarshni



Rank 16
Dhodmise Trupti Ankush



Rank 21
Rahul Jain



Rank 24
Anuraj Jain

CSE 2017

5 Ranks
in top 50

34 Ranks
in top 100

236 Ranks
in the final list



Rank 3
Sachin Gupta



Rank 6
Koya Sree Harsha



Rank 8
Anubhav Singh



Rank 9
Soumya Sharma



Rank 10
Abhishek Surana

CSE 2016

8 Ranks
in top 50

18 Ranks
in top 100

215 Ranks
in the final list



Rank 2
Anmol Sher
Singh Bedi



Rank 5
Abhilash Mishra



Rank 12
Tejaswi Rana



Rank 30
Prabhash Kumar



Rank 32
Avdhesh Meena

CSE 2015

5 Ranks
in top 50

14 Ranks
in top 100

162 Ranks
in the final list



Rank 20
Vipin Garg



Rank 24
Khumanthem
Diana Devi



Rank 25
Chandra Mohan
Garg



Rank 27
Pulkit Garg



Rank 47
Anshul Agarwal

CSE 2014

6 Ranks
in top 50

12 Ranks
in top 100

83 Ranks
in the final list



Rank 4
Vandana Rao



Rank 5
Suharsha Bhagat



Rank 16
Ananya Das



Rank 23
Anil Dhameliya



Rank 28
Kushaal Yadav



Rank 39
Vivekanand T.S

CSE 2013

5 Ranks
in top 50

62 Ranks
in the final list



Rank 9
Divyanshu Jha



Rank 12
Neha Jain



Rank 23
Prabhav Joshi



Rank 40
Gaurang Rath



Rank 46
Udit Singh

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Team BYJU'S

Gist of Yojana March 2021 Issue: Union Budget 2021-22

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Chapter 1: Union Budget 2021 - Introduction

The Union Budget 2021-22 lays emphasis on making the country self-reliant. The Budget proposals are expected to further strengthen the Sankalp of Nation First, Doubling Farmer's Income, Strong Infrastructure, Healthy India, Good Governance, Opportunities for Youth, Education for All, Women Empowerment, and Inclusive Development.

Resonating with the vision of Aatmanirbhar Bharat, the Budget is laid on the following **six pillars**:

1. Health and Well-being
2. Physical & Financial Capital and Infrastructure
3. Inclusive Development for Aspirational India
4. Reinvigorating Human Capital
5. Innovation and R&D
6. Minimum Government and Maximum Governance

The [Economic Survey 2020-21](#) highlights the crucial role of investments in social infrastructure in economic growth and the government's commitment towards investment in the social sector in order to bring overall improvement in socio-economic indicators and achieving the Sustainable Development Goals. However, it does not miss to remind that Covid-19 has raised unprecedented health challenges posing unique policy dilemmas. The budget proposals aim to lay a renewed thrust on promoting the principle of 'minimum government, maximum governance' as well as improving the ease of doing business and ease of living.

Also read: [Union Budget 2020-21](#)

Chapter 2: Finance Commission

The concept of the Finance Commission is embedded in the constitutional history of this country. The Finance Commission has been described as the balancing wheel in the Constitution because it is designed to correct the structural and inherent imbalances between the resources and the expenditure of the Union and the States.

Constitutional Provisions:

- The constitution of the [Finance Commission](#) is governed by Article 280 of the Constitution.

- Article 280 spells out the manner and modality for the management of the finances of the Union and the States as well as the principles for governing the divisible resources.
- In 1949, an interim Finance Commission was appointed under the chairmanship of C.D. Deshmukh to consider the distribution of resources between the Union and the States.
- After the interim Commission, the first Finance Commission was constituted on November 22, 1951, and was chaired by K.C. Niyogi.
- Thereafter, there have been fifteen Finance Commissions.
- The Finance Commission transfers are made under Articles 270, 275 and 280 of the Constitution, which provides a mechanism for skating of taxes and revenues vertically between the Centre and states; and horizontally among all states.

Fifteenth Finance Commission:

- The Fifteenth Finance Commission (FC-XV) was constituted by the President under Article 280 of the Constitution in 2017.
- The title of the report 'Finance Commission in Covid Times', submitted to the President for the period 2021-26, speaks of the onerous task it had in hand when the pandemic had significantly impacted the economy and shrunk the pie of resources.
- It was additionally tasked with reviewing and commenting on the design of fiscal principles for various grants that are typically provided alongside revenue shares.
- It was also asked to consider performance-based incentives to support and motivate the efforts of State and/or local governments.
- Another unique term of reference given to it included recommending funding mechanism for defence and internal security.

Read more about the [Fifteenth Finance Commission](#) in the link.

Vertical Transfer: Approach and Logic

- The Constitution empowered both the Union and the States to raise revenues from different sources of taxation and also assigned responsibilities of expenditure through subjects in three lists - Union List, State List and Concurrent List, in the Seventh Schedule.
- By constitutional design, this distribution has assigned higher and more buoyant taxation and resource raising powers to the Union Government whereas higher responsibilities in arming expenditure have been assigned to the States.
 - For example, in 2018-19, the Union Government raised 62.7 per cent of the aggregate resources raised by both the Union and States, whereas the States spent 62.4 per cent of the aggregate expenditure of the Union and the States.
- There is thus a structural vertical imbalance that necessitates the orderly transfer of resources from the Union to the States.
- The Fifteenth Finance Commission recommended this devolution to be at 41 per cent.

Horizontal Distribution

- The horizontal distribution of taxes is mainly driven by considerations of needs, equity and performance.
- Additional financial resources are certainly needed to help a state develop, but the ability to effectively use those resources is undoubtedly more crucial, and is a distinctive feature visible across States.
- Considering these factors, Fifteenth Finance Commission has tried to harmonise the principles of expenditure needs, equity and performance in determining the criteria for horizontal sharing by broadly assigning appropriate weightages.

Criterion Recommended by Fifteenth Finance Commission for Horizontal Distribution of Taxes

Criteria	Weight (Per cent)
Population	15.0
Area	15.0
Forest & Ecology	10.0
Income Distance	45.0
Tax & Fiscal Efforts	2.5
Demographic Performance	12.5

- Population, area and forest and ecology represent the need-based principle, while the income distance criterion represents an equity-based principle.
- Fifteenth Finance Commission was mandated by its ToR to use the population data of the most recent Census. After four decades a sudden use of the latest Census data will be unfair to States which have performed well on the national objective of demographic management.

Grants-in-aid:

- After the distribution of the net proceeds of taxes, the second core function entrusted to the Finance Commission is to determine the principles which should govern grants-in-aid, assess the needs of States in relation to such norms developed and applied to both revenue effort and desirable levels of expenditure and thereafter recommend grants in specific sums.
- The Commission has recommended five different categories of grants:
 1. Revenue deficit grants,
 2. Grants for local governments,
 3. Grants for disaster management,
 4. Sector-specific grants, and

5. State-specific grants.

- The overall size of the grants, as a proportion of total transfers, is 19.65 percent of total recommended transfers to States.
- Grants-in-aid are more directly targeted and equalize the standards of basic social services to some extent.
- Some of these grants have been linked with performance-based criteria.

Revenue Deficit Grants:

- It is evident that no formula-based horizontal devolution can meet the needs of each of the 28 States whose cost disabilities and fiscal capabilities are different from each other.
- Therefore, the Commission has recommended an allocation of 1.92 per cent of the gross revenue receipts of the Union as revenue deficit grants to specific States.

Local Government Grants:

- The local bodies grants focus on national priorities.
- The grants to local bodies - both rural and urban contain a mix of basic, tried as well as performance grants such as sanitation, solid waste management and ease of breathing in the metro cities.
- The efficient smooth functioning and accountability of local bodies have been plagued by:
 - Absence of timely recommendations of State Finance Commissions and suitable actions thereon,
 - Lack of readily accessible and timely accounts, and
 - Inadequate mobilization of property tax revenues.

Disaster Management Grants:

- While assessing disaster management grants, the Commission recommended Mitigation Funds to be set up at both the national and state levels, in line with the provisions of the [Disaster Management Act](#).

Other Sector-specific and State-specific Grants:

- Under the category of sector-specific grants, the Commission has also recommended performance-based grants and incentives for sectors like health, education, agriculture, PMGSY roads, judiciary, statistics and aspirational districts and blocks.
- The Commission laid special focus on the health sector while doing a detailed analysis of health expenditure and related facilities and infrastructure in various States.

- The health sector still faces critical challenges like low investment, sharp inter-State variations in the availability of health infrastructure and health outcomes and supply-side problems of doctors, paramedics and inadequate number of healthcare centres.
- The Government of India, in its budget of 2021-22 has a special emphasis on the health sector.
- Grants in respect of sector-specific grants in the action taken report would be subsumed under the centrally-sponsored schemes or other initiatives of the central government.

Defence Fund:

- Keeping in view the extant strategic requirements for national defence in the global context, the Commission made changes in the relative share of Union and States in gross revenue receipts by reducing its grants component by 1 per cent.
 - This will enable the Union to set aside resources for the special funding mechanism that has been proposed in the report.
 - It has also been recommended that the Union Government may constitute in the Public Account of India, a dedicated non-lapsable fund, Modernization Fund for Defence and Internal Security (MFDIS).
- The principles of a non-lapsable fund have been accepted by the government.
 - This is an important landmark. The defence forces have for long argued in favour of greater stability and predictability of finances for meeting their capital expenditure.
 - This would make a significant difference in addressing the issue of adequacy of capital expenditure both for defence and internal security.
- Rs 1,000 crore per annum has been recommended as Jawan Welfare Fund given the enormous sacrifices of India's armed and paramilitary forces.

Chapter 3: Towards Aatmanirbhar Bharat

In the light of the Covid-19 pandemic and consequent nationwide lockdown, the Government brought out various packages under Aatmanirbhar Bharat and PM's Garib Kalyan packages which included relief measures for households such as in-kind (food, cooking gas) and cash transfers to senior citizens, widows, disabled, women Jan Dhan Account holders, farmers; insurance coverage for workers in the healthcare sector, and wage increase for [MGNREGS](#) workers, support for building and construction workers, collateral-free loans to self-help groups, reduction in EPF contributions, employment provision for migrant workers.

- This budget may be considered as the budget-in-continuation to the mini-budgets (packages).
- It is the first-ever paperless budget.

- Budget 2021-22, on the one hand, addresses core welfare issues like health and well-being which are very critical in the pandemic/post-pandemic time and on the other hand, it defines a dynamic roadmap along with a potential course of action to propel the economy with disinvestment, privatization of two PSU Banks and one General Insurance Company, assets monetization, huge spend on infrastructure to create capital assets, jobs and demands so much so that no one is left behind in the journey of development post-pandemic.
- It carves out the Government's strategy to trigger a virtuous cycle of economic growth and envisions the constructive role of the private sector.
- The Budget further enhances the ease of doing business and assures more simplification of compliance and other process reforms to generate additional ease of living.
- It has many unique features including realistic revenue projection, no tax rates tweaking and transparent fiscal accounting.
- It acknowledges the fiscal deficit situation and draws a map to tackle the same.
- The Budget persuades liberalization of [FDI](#) in insurance and rationalizes financial sector regulation.
- Following the principle of Maximum Government Maximum Governance, the government has laid the roadmap for disinvestment and privatization wherein the government's role will be confined to the minimum and in strategic sectors.
- Without increasing any tax burden on the taxpayers, it introduces a cess, just by adjusting a few duties, to fund Agricultural Infrastructure and Development besides agriculture market reforms.
- The Government has gone digital and brought in landmark changes and structural reforms in tax administration and compliance processes, both for direct and indirect taxes to further enhance the ease of compliance for the taxpayers.
- The Government introduced the faceless system in assessment, appeal and now even in dispute resolution. Now income tax assessment is being done in a faceless manner.
- For the first time, a Taxpayers' Charter is issued to reflect certain principal commitments of the Income Tax Department towards the taxpayers.
- Also, Faceless Appeal, launched on September 25, 2020, provides a fully faceless procedure for appeals in tax dispute matters pending before the Commissioner (Appeals) and imparts greater efficiency, transparency and accountability by eliminating the interface, optimizing utilization of the resources and introducing an appellate system with dynamic jurisdiction in which appeal shall be disposed of by one or more Commissioners.
- Indirect Taxes, Customs and GST, various process reform leading to ease of compliance have been introduced like validated input tax statement, e-invoice system, NIL returns with SMS, quarterly return and monthly payment for small taxpayers, pre-filled editable GST return, staggering of returns filing, enhancement of the capacity of GSTN system, etc., which is using technology to provide convenience to genuine taxpayers.

Goods and Services Tax (GST):

- A mandatory requirement of getting annual accounts audited and reconciliation statements has been removed.
- Interest on delayed payment of GST shall be charged only on net cash liability with effect from July 1, 2017.
- Input tax credit shall be allowed only when the details have been furnished by the supplier in the statement of outward supplies.

Customs:

- The import duty rate structure has been meticulously designed to ensure adequate availability of raw materials to meet the requirements of the manufacturing sector.
- Domestic manufacturing is encouraged through various Phased Manufacturing Programmes (PMP) and [Performance Linked Incentive \(PLI\) Schemes](#).
- Due to focused efforts in this direction, the electronics products manufacturing sector has taken off in a remarkable manner.
- Significant changes have also been announced in respect of trade remedial measures for securing national economic interest against a surge in imports, dumping of goods or export of subsidized goods to India by circumventing the trade.
- Customs duty rates have been calibrated with the twin objectives of making raw material available at a lower cost to the domestic manufacturer and also for enhanced integration of India in the Global Value Chain.

Agriculture Infrastructure and Development Cess (AIDC):

- The budget also proposes a cess to be called Agriculture Infrastructure and Development Cess (AIDC).
- This cess has been proposed on import of specified goods as well as a duty of central excise on petrol and diesel.
- To ensure that imposition of cess does not lead to additional burden in most of these items on the consumer, the BCD rates have been lowered.
- It shall be used to finance the improvement of agriculture infrastructure and development projects.

Sector-specific concessions:

- In sectoral highlights, the duties on metals (steel) have been significantly rationalized.
- Anti-dumping duty and countervailing duty on certain steel products have been temporarily revoked till September 30, 2021.
- Certain key changes have been made for the benefit of farmers.
 - Import duty is being raised on raw cotton and cotton waste from nil to 10 percent, raw silk and silk yarn from 10 per cent to 15 percent.

- End-use based concession is being withdrawn on denatured ethyl alcohol.

Direct Taxes:

- The direct taxes proposals this year have introduced procedural simplification. The time limit for reopening of assessment has been reduced from the earlier 6 years to 3 years.
- For small taxpayers, a Dispute Resolution Committee has been constituted.
- Appellate Tribunal has also been made faceless and free of territorial jurisdiction while the Settlement Commission has been abolished.
- A number of relief measures have been rolled to give respite to taxpayers.
 - The senior citizen pensioners who are 75 years of age or above having only pension and interest income have been exempt from the requirement of filing an income tax return if the full amount of tax payable has been deducted by the paying bank.
- Relaxation has also been given to expand the business activities in the [Gujarat International Finance Tec \(GIFT\) City](#), Ahmedabad.

Conclusion:

The Budget proposals deliver progressively on the promise of Aatmanirbhar Bharat besides creating an environment of competition, innovation and delivery of economic growth towards benefits for all, especially for the poor and marginalized sections of the society.

Chapter 4: Conditional Borrowings

Borrowing by States in India is guided by provisions of Article 293 of the Constitution. States are permitted to borrow within the territory of India against the security of the Consolidated Fund of the State, subject to the limit fixed by the Legislature of the State. However, according to Article 293(3), if a State is yet to repay any central loan extended to the State by the Government of India or by its predecessor Government, it has to obtain the consent of the Government of India before raising any such loan. Based on the recommendations of the Finance Commission, the central government had fixed the net borrowing ceiling of States for the year 2020-21 at three per cent of GSDP.

- Although the socio-economic situation had justified the raising of additional debt of two per cent by the States, hedging for future debt sustainability was equally important.
- Therefore, to alleviate the ill-effects of the current additional borrowings, half of the additional borrowing permissions were used as an instrument to nudge the States to push reforms in various citizen-centric areas.
- After detailed deliberations, four areas were identified for undertaking the much-needed reforms:
 - Implementation of '[One Nation One Ration Card](#)' system

- Reforms to promote the ease of doing business
 - Local bodies and public utilities reforms
 - Reforms in the power sector
- The Department of Food and Public Distribution (DFPD), Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Housing and Urban Affairs (MoHUA), and Ministry of Power (MoP) were respectively designated to certify completion of stipulated reforms and recommend grant of permission for additional borrowings from the bond market.
- Each area was assigned equal weightage and an incentive of an additional borrowing ceiling of 0.25 per cent of the GSDP was linked to the completion of reforms in each sector.

One Nation One Ration Card:

- Concerted efforts of the Department of Food & Public Distribution have led to an increase in the seeding of Aadhaar numbers in beneficiary data of the National Food Security Act ([NFSA](#)) and other welfare schemes.
- This had enabled biometric authentication of beneficiaries through electronic point of sale (e-PoS) devices installed at Fair Price Shops (FPSs).
- It has also prepared the ground for nationwide portability of ration card and realizing the dream of 'One Nation One Ration Card' (ONORC).
- 'One Nation One Ration Card' is a technology-driven reform that enables beneficiaries of NFSA and other welfare schemes to get their entitled monthly quota of food grains from any e-PoS-enabled FPS of their choice, anywhere in the country.
- The reform also enables the States to better target beneficiaries, eliminate bogus/duplicate/ineligible cardholders resulting in enhanced welfare and reduced leakage.
- The yardsticks for assessing the completion of this reform are seeding of Aadhaar number of 95 per cent of the beneficiaries in the database, and automation of 100 per cent FPSs in the State by installing e-PoS devices.

Ease of Doing Business:

- Ease of doing business (EDB) serves as an important indicator for the investment-friendly business climate in the country. Improvements in the business environment, in turn, attract investments leading to the faster future growth of the economy.
- Therefore, the ease of doing business was identified as one of the areas for reforms.
- It aims at making the processes simpler and transparent, reduce the timelines for various regulatory approvals and eliminate the physical interface between the department and the business.

Urban Local Bodies/Utilities Reforms:

- A financially sound local body that is working effectively enhances the quality of life of the citizens.
- Reforms in the Urban Local Bodies (ULBs) are aimed at their financial strengthening to enable them to provide better public health and sanitation services and create good civic infrastructure.

Governance Reforms:

- The Treasury Single Account (TSA) System will be extended for universal application from 2021-22 enabling autonomous bodies to directly draw funds from the Government's account, saving interest costs.
- On the recommendation of the 15th Finance Commission, Govt has undertaken a detailed exercise to rationalize and bring down the number of Centrally sponsored schemes to consolidate outlays for better impact.
- To further streamline the 'Ease of Doing Business' for cooperatives, the Govt will set up a separate administrative structure for them.

Power Sector Reforms:

- Power sector reforms stipulated by the Ministry of Finance aim at reducing losses, and creating a transparent and hassle-free provision of power subsidy to farmers.
- They also aim at improving the health of power distribution companies by alleviating their liquidity stress in a sustainable manner.
- States have been asked to undertake reforms in the power sector and incentive for completing each reform has been prescribed.

Linking the grant of additional borrowing permissions by the Government of India to the States to reforms in various citizen-centric sectors has motivated the States to undertake reforms. Many states have even issued Ordinances to fast track the reforms.

Chapter 5: Enabling the Social Sector

The Budget saw the introduction of several measures of extending inclusive development strategies. Schemes across health, education and infrastructure reflect this priority of inclusion and growth for all. The proposed increase in the capital expenditure is 34.5 per cent higher than last year.

Health:

- Health and well-being is the first pillar among the six pillars that the Finance Minister has stressed upon.

- Budgetary allocation for this sector marks a growth of 137 per cent.
- Finance Minister has emphasized the need to cover holistic healthcare: preventive, curative and well-being.
- The PM Aatmanirbhar Swasth Bharat Yojana focuses on emergency response and preparedness with the objective of strengthening the health system.
- Most importantly, the focus is not just on Covid-19 management but also on disease burden as a whole and addressing the infrastructure deficit that one very often comes across.
- There is also a proposal to establish critical care hospitals and five regional branches of the National Centre for Disease Control (NCDC).
- Digitalization of the health sector especially an Integrated Health Information Portal (IHIP) for all states and Union Territories would assume importance.
- Health issues are also linked with access to clean water ([Jal Jeevan Mission](#)) and nutrition.
- The idea to merge the Supplementary Nutrition Programme (SNP) and Poshan Abhiyan and launch the Mission Poshan 2.0 focusing on 112 aspirational districts merits attention.
 - JJM has got a jump of almost 335 per cent this year.
- The budgetary allocations for AYUSH Ministry and health research have gone up by 40 per cent and 25 per cent respectively.

The health system crucially depends on strengthening national institutions catering to detection and cure. It is important to evolve mechanisms for better coordination among various agencies.

Education:

- Reinvigorating human capital is another important pillar of this Budget.
- The Budget has announced a partnership with NGOs and private sectors for setting up 100 Sainik Schools in different States.
- Similarly, in the tribal areas, 730 Eklavya Model Residential Schools are to be set up.
- The National Post-metric Scholarship Scheme for students from scheduled caste till 2025-26 is a significant step.
- In this paradigm, human skills are adequately emphasized with the possible partnership with Japan and the United Arab Emirates for new skills for the workforce in those countries.
- Schemes like the National Digital Educational Architecture (NDEAR) and the National Initiative for School Heads and Teachers for Holistic Advancement (NISHTHA) are actually gearing up the system towards what is enshrined in the Sustainable Development Goal (SDG) 4: from quantitative to qualitative education.
 - These programmes have been given sufficient funding for such a transition.
- Usage of technology in schools and in their administration would strengthen the prospects for effective implementation of the [new education policy](#).
- The Finance Minister has also reemphasized the commitment of the government to establish a Higher Education Commission (HFC).

- This umbrella body with four verticals would undertake standard-setting, accreditation, regulation, and the funding of higher educational institutions.

Infrastructure:

- The budget proposes the setting up of a Development Finance Institution (DFI).
- Railways and roads have attracted the huge attention of the government. Road projects in a couple of States have also received enhanced attractions strengthening the focus on the [National Infrastructure Pipeline \(NIP\)](#) launched last year.
- Various steps are announced for supporting NIP including the creation of institutional structure, monetization of assets and finally by enhancing the share of capital expenditure in Central and State Governments.

Chapter 6: A Booster Shot for Economic Growth

The budget proposals laid a renewed thrust on promoting the principle of 'minimum government, maximum governance' as well as improving the ease of doing business and ease of living in the country.

- The annual budget of the country is a good indicator of economic management by the government.
- From that perspective, India's Union Budget 2021-22 has been meticulous, inclusive, transparent, growth-oriented, reflecting the government's commitment towards the transformation of the Indian economy, making it fundamentally strong and self-reliant.
- The major takeaway from the budget is the impetus given to growth apart from health care.
- A huge thrust has been laid on capital expenditure.
- Besides logistics infrastructure, the government has also announced the establishment of 7 Mega Investment Textile Parks, which are expected to encourage greater exports and create more jobs in this labour-intensive sector.
- There has been a continued focus on agriculture, steps have been taken to enhance productivity, bring efficiency in the agri-supply chain and also to augment farmers' income.
 - The introduction of 22 additional perishable crops under the 'Operation Green Scheme' will also help in increasing productivity and quality standards and enable greater exports of perishables from the country.
 - Enhanced agriculture credit target will help in meeting the financing needs of the farmers.
- To further release capital for growth and strengthen the banking system, FICCI for long has been advocating the need to set up a National Asset Management Company.
 - The government's announcement to set up an Asset Reconstruction and Asset Management Company is a timely action.

- The aftermath of the pandemic is expected to deteriorate the balance sheet of banks and such a mechanism will help banks to unlock stuck capital and use it for more productive purposes.
- The additional Rs. 20,000 crore for recapitalization of Public Sector Banks will also lend support to meet the credit requirements in the near term.
- Setting up of a Development Finance Institution with seed money of Rs. 20,000 crore, targeting a lending portfolio of Rs. 5,00,000 crore over the next 3-4 years for financing the planned infrastructure outlay is commendable.
- The increase in the FDI limit in insurance is another bold step that will bring in more capital into the system.
- The budget aims at making capital markets and the financial sector to be the catalyst for growth revival and growth acceleration.

Chapter 7: Strengthening the Agriculture Sector

The budget provisions for agriculture and allied sectors are set to energize the sector with substantial investments in building agricultural infrastructure. Money in the hands of farmers through the MSP regime will keep the momentum seen during Covid times. Through the budget, the Government is also eyeing a paradigm shift in agriculture, 'from a rural livelihood sector to a modern business enterprise'.

- In pursuance of its commitment to doubling the farmers' income by 2022, the Government of India rolled out its budget for fiscal 2021-22 with the welfare of farms and farmers at the core.
- The Union Budget further accelerates, strengthens and reaffirms agricultural reforms with renewed thrust on allied sectors.

MSP, Mandis and Markets:

- Amid many speculations on the future of the Agriculture Produce Market Committee ([APMC](#)) mandis, the Government signalled its intention by announcing that the [agriculture infrastructure fund](#) would also be made available to APMCs for augmenting their infrastructure facilities.
- Additionally, an increase was announced in allocation to the Rural Infrastructure Development Fund from Rs 30,000 crore Rs. 40,000 crore.
 - This fund will help the creation of agri-infrastructure mainly to support farm-gate processing and post-harvest facilities to reduce farm-to-farm wastage.
- Provision of the Agricultural Infrastructure Development Cess of Rs 2.5 per litre on petrol and Rs 4.0 on diesel will further add to the kitty to meet development targets.
- To facilitate and extend the benefits of online trading to farmers, it is proposed to integrate 1,000 more mandis with e-NAM.

- E-NAM, the electronic National Agricultural Market of India is a pan-India electronic trading portal that links the existing APMC mandis across the country to bring transparency and competitiveness in the agricultural market. Know more about [e-NAM](#).
- To provide support to farmers when prices of agri-produce are low in the market, it was proposed to enlarge the scope of the 'Operation Greens' scheme.
 - Currently, the scheme is applicable to tomatoes, onions and potatoes (TOP) only.
 - But now, 22 perishable products will also be brought under the ambit of the scheme.
 - Under the scheme, as a short-term price stabilization measure, there is a provision for a 50 per cent subsidy on the cost of transportation and storage for evacuation of surplus production from producing area to the consumption centres during glut situations.
 - Transport subsidy has been allowed on any fruit and vegetable through any rail service provided by Indian Railways.

Credits, Corpus and Caring:

- Micro-irrigation is being promoted in farms with subsidies for which a corpus of Rs. 5,000 crore was created under NABARD.
- To support increasing demand, the Government has proposed to double it by augmenting it by another Rs 5,000 crore.
- A unique scheme, the Survey of Villages and Mapping with Improved Technology in Village Areas ([SVAMITVA](#)) was launched to provide a record of the right to property.
 - The scheme lets villagers use their property as a financial asset for taking institutional loans and other financial benefits.

Financing Fishers and Allied Sectors:

- Dairy plays a stellar role in the uplift of the economy, especially in rural areas, and is critical in realizing the goal of doubling farmers' income.
- India is the second-largest fish producing country in the world with a 7.58% share in global production.
- The government has now proposed substantial investments in the development of fishing harbours and fish landing centres.
 - In the initial phase, five major fishing harbours will be developed as a hub of economic activity.
- Seaweeds farming is a sunrise sector with the potential to transform the lives of coastal communities.
 - Its economic potential is recognized as a renewable source of food, energy, chemicals and most importantly as a source of medicines.

- Given the rising global demand for seaweed-derived products, the Government intends to support seaweed cultivation by proposing to establish a Multipurpose Seaweed Park in Tamil Nadu.

Minimum Support Price (MSP)

- Minimum Support Price ([MSP](#)) is the guaranteed price of notified crops as declared by the Government of India for public procurement purpose.
- It acts as a safety net to farmers by protecting their business interest from the uncertainties of the market due to various natural and market forces.
- The government of India notifies MSP for 23 'Kharif' and 'Rabi' crops at the start of each cropping season that includes selected commercial crops as well.
- The group comprises seven cereals (paddy, wheat, maize, sorghum, pearl millet, barley and ragi), seven oilseeds (groundnut, rapeseed, mustard, soybean, sesamum, sunflower, safflower and niger seed), and four commercial crops (copra, sugarcane, cotton and raw jute).

MSP is fixed by the Government of India on the recommendations of the [Commission for Agricultural Costs and Prices \(CACP\)](#) which is a statutory body. CACP submits its recommendations to the Government in the form of price policy reports twice a year separately for Kharif and Rabi seasons.

- The National Commission on Farmers, headed by Prof. M. S. Swaminathan, had recommended in 2006 that MSPs must be at least 50 per cent more than the cost of production.
- To calculate the cost of production, the Commission suggested three criteria:
 - A2 - It includes the cost of various inputs, such as seeds, fertilizers, labour, fuel, irrigation, etc.
 - A2+FL - It includes cost of unpaid family labour in A2 parameters.
 - C2 - It includes the implied rent on land and interest on capital assets over and above A2+FL.
- Currently, the CACP reckons only A2+FL cost for calculation of MSP. However, C2 costs are used as benchmark reference costs to see if the recommended MSPs cover these costs in some of the major producing states.

MSP regime was introduced in India in 1966-67 under which MSP for wheat was fixed for the first time. The introduction of MSP was a successful move that made India self-reliant in food grain production.

Chapter 8: Budget for Infrastructure

The budget has moved in the direction of not only recognizing the importance of infrastructure for the much-needed economic growth at a national level, but also being more realistic of the requirements of wise and effective spending on infrastructure.

- The Union Budget 2021-22 has a welcome focus on infrastructure, being part of one of the six pillars—Physical and Financial Capital, and Infrastructure.
- The infrastructure allocations have gone up substantially.
- The capital allocation has gone up by over a third of the previous year's allocation in keeping up with the plans of the National Infrastructure Pipeline (NIP).
- The NIP envisages a capital spend of over Rs. 100 Lakh crore over a six-year period, 2019-20 to 2024-25, with 39 per cent to come from the Centre. NIP includes over 20 sectors and has recently been enhanced to 7400 projects.
- While allocations may not be an issue, the ability to spend wisely and effectively is what needs attention.

Roads Sector:

- The maximum allocation is for the roads sector. The Hybrid – Annuity-Model (HAM) and Toll – Operate – Transfer (TOT) models have been more successful.
- The government is in a position to monetize significant road assets of the [National Highways Authority of India \(NHAI\)](#).

Railways:

- The next level of allocation is for the Railways.
- Investments in Railways are driven both by capacity creation and customer-centricity.
- Capacity creation is the easier one, though affected by land acquisition, and in some instances, environmental clearance.
- The Dedicated Freight Corridor (DFC) and the Bullet Train, two of the big-ticket projects, have been delayed on account of land acquisition.
- The challenge in customer-centricity is to be able to leverage PPPs with appropriate policy reforms.
- To the credit of the Indian Railways (IR), there has been a slow and steady push towards opening up to the private sector in various domains, including locomotive manufacturing, wagon manufacturing, special freight train operations and freight terminals.
- In the container train operator segment, the privatization of CONCOR is on the anvil, creating a level playing field.

Urban Transport:

- Urban transport has been given a strong focus, not only with allocations for extension of the metro line in major cities, but also for Metro Lite and Metroneo projects and for bus transportation.

- With these technologies, India will have a full range of mass transit technologies, starting from the conventional bus to the Bus Rapid Transit System (BRTS), Metrolite, Metroneo, the Metro and the Regional Rail Transit System.
- Such a lunge is required for a diverse urban economy like India.

Telecom Sector:

- The budget had a significant mention of the telecom sector where money has been allocated to complete the [Bharat Net project](#).
 - It envisages broadband connectivity to all the gram panchayats of the country.
- There is also an allocation to the Ministry of Defence for improving their network and equipment which will enable vacating their spectrum for potential commercial use.

Shipping Sector:

- Other sectors of infrastructure that found special mention were the up-gradation of some fishing harbours.
- Though there was no explicit mention of the ports and shipping sector, there is an ongoing programme in this sector called [Sagarmala](#).
- There is also a recent visioning exercise called the Maritime India Vision for 2030 that provides a roadmap for significant growth in this sector.

Note:

- While duties are shareable with the state, cess is not.

Institutional Reforms:

- Another aspect of the budget is the focus on institutional reform.
- A new infrastructural Developmental Financial Institution (DFI) is being set up with an allocation of Rs. 20,000 crore.
- The government has also set up a 'bad' bank, including an Asset Reconstruction Company (ARC) and an Asset Management Company (AMC) for taking care of [non-performing assets](#).
 - This is a much-required step, especially since infrastructure assets are one of the primary causes of non-performing assets.

Power Infrastructure:

- A comprehensive [National Hydrogen Energy Mission](#) 2021-22 will be launched for generating hydrogen from green power sources.

Conclusion:

- Strategic disinvestment and asset monetization have received significant attention in the budget, not only as a means to raise revenues for the government, but to bring in private sector efficiency.
- Asset monetization in the infrastructure sector is focused on leveraging airports of the [Airports Authority of India](#), roads of the National Highways Authority of India, transmission lines of the Power Grid Corporation of India, warehouses of the Central Warehousing Corporation, segments of the Dedicated Freight Corridor Corporation of India, pipelines and other assets of some of the companies in the petroleum sector.
- The budget has moved in the direction of not only recognizing the importance of infrastructure for the much-needed economic growth at a national level, but also being more realistic of the requirements of wise spending on infrastructure. However, real outcomes can further be realized only by attention to detail and capacity for implementation.

Note:

- The Public Sector Enterprises Policy classified various sectors as Strategic and Non-Strategic.
- Strategic sectors would have a 'bare minimum' presence of public sector enterprises, while central public sector enterprises in the sectors will be privatized.
- The infrastructure domains in the 'strategic' classification include Transport, Telecommunication, and Energy (Power, Petroleum and Coal).

Chapter 9: Maintaining Momentum: Education Sector

Investments in skilling, re-skilling and up-skilling of the huge population having lost employment in the pandemic affected period were significant challenges before the Indian government during the preparation of this Budget. Also, the first Budget presented after the announcement of the National Education Policy (NEP) was in need of greater allocation for its implementations.

India having witnessed a continuous increment in Budget allocation towards the education sector in the preceding three years, could see the allocation is less by 6.1 per cent than last year which had seen a rise of 5.9 per cent. The cut in expenditure is visible in the schemes such as “[Samagra Shiksha Abhiyan](#)” and “National Scheme for Incentive to Girls for Secondary Education” where allocation decreased by Rs 100 crore.

- India is expected to become the country with the largest working-age population by 2030 requiring literacy, job and life skills.

- With the intentions to equip the Indian workforce with the skill-sets matching the demands of different industries and employers, this Budget has rightly proposed amendment in the initiative viz. the National Apprenticeship Training Scheme (NATS) originally launched in 2016.
 - The amendment aims at boosting apprenticeship opportunities for Indian youth.
- The allocation to the flagship scheme of the Ministry of Education 'Rashtriya Uchchatar-Shiksha Abhiyan (RUSA)' has seen a rise.
- Kendriya Vidyalayas (KVs) are set to have enhanced funds; Mid-Day Meal Scheme (MDMS) and Navodaya Vidyalayas (NVs) too are to have funds increased.
- The proposal to establish 750 new Eklavya Model Residential Schools in tribal areas for the learners of Scheduled Tribe communities with an aim to create a robust infrastructural facility for such learners may be extremely helpful in further enhancing the outreach of education to them.
- The post-matric scholarship scheme is proposed to be revamped for the welfare of four crore Scheduled Caste learners.
- The desired reforms have also been mooted for CBSE board exams from the year 2022 in a phased manner to move away from the conventional rote-learning approach for school students transforming the educational system learning framework to an evolved and engaged pedagogical approach.

New Initiatives in the Education Sector:

- The Budget has proposed several new initiatives such as the opening of Bharatiya Bhasha Vishwavidyalaya and Institute of Translation Indian Knowledge System, Academic Bank of Credit, PM e-Vidya, and Multidisciplinary Education and Research Improvement in Technical Education (MERITE) in line with the recommendations in NEP.

Research and Development:

- The allocation to research activities promises to bring a cultural shift in higher education.
- An outlay of Rs 50,000 crore over the next 5 years for NRF proposed in this Budget intends to give a major boost to Innovation and R&D.

Highlights of Department of School Education and Literacy:

- Setting up a National Digital Educational Architecture (NDEAR) for providing support to the teaching and learning activities through the digital architecture will be of immense help in educational planning, administration and governance.
- More than 5.6 million school teachers are expected to be trained through the National Initiative for School Heads and Teachers for Holistic Advancement (NISHTHA) in 2021-22 using digital mode.

International Collaborations:

- The budget showcases international collaborations such as initiatives with the UAE for benchmarking skilled qualifications-assessment-certifications accompanied by the deployment of certified workforce and an Indo-Japan collaborative Training Inter Training Programme (TITP) for facilitating the transfer of Japanese industrial and vocational skills, techniques and knowledge.

Chapter 10: Flattening the Climate Curve

The government has signaled its approach to combat climate change by proposing a number of initiatives in the Union Budget 2021-22. A renewed focus on clean energy, disaster-resilience in water conservation and preservation, electric mobility, and planned afforestation are a few of them. It is time all stakeholders came together to fight climate change in an integrated, comprehensive, and holistic way.

- In its Nationally Determined Contribution (NDC), India has committed to following a low carbon path to progress. It has sought to:
 - Reduce the emissions intensity of its GDP by 33 to 35 per cent of 2005 levels by the year 2030;
 - Achieve 40 per cent of cumulative electric power installed capacity from non-fossil fuel sources by 2030;
 - Enhance forest and tree cover to create an additional carbon sink equivalent to 2.5 to 3 billion tons of carbon dioxide by 2030.
- To achieve such ambitious targets, India's climate change actions till 2030 will require as much as USD 2.5 trillion. Finance is a critical enabler of India's climate change action.

The Union Budget 2021-22 laid adequate emphasis on all the three pillars of sustainable development, namely, economic, social and environmental. They are discussed in the following table.

Initiative	Key Provisions
Clean Air	The budget provides an amount of Rs. 2,217 crore for 42 urban centres with a million-plus population to tackle the menace of air pollution.
Swachh Bharat Abhiyan (Urban)	<p>The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of Rs. 1,41,678 crore over a period of 5 years from 2021 to 2026. The key focus areas include:</p> <ul style="list-style-type: none"> • Complete faecal sludge management and waste-water treatment, source segregation of garbage. • Reduction in single-use plastic. • Reduction in air pollution by effectively managing waste from

	construction and demolition activities, and bio-remediation of all legacy dump sites.
Scrapping Policy	<p>The government announced a voluntary vehicle scrapping policy, to phase out old and unfit vehicles. Vehicles would undergo fitness tests in automated fitness centres after 20 years in the case of personal vehicles, and after 15 years in the case of commercial vehicles. This will help in:</p> <ul style="list-style-type: none"> • encouraging fuel-efficient, environment-friendly vehicles, • reducing vehicular pollution, and • reducing the country's oil import bill.
Production Linked Incentive (PLI) Scheme	<p>The government has committed nearly Rs. 1.97 lakh crore, over 5 years starting FY 2021-22. This will help create manufacturing global champions that:</p> <ul style="list-style-type: none"> • become an integral part of global supply chains. • possess core competence and cutting-edge technology, and • provide jobs to youth by bringing scale and size in key sectors.
Augmentation of City Bus Service	<ul style="list-style-type: none"> • The government has proposed to launch a new scheme to support the augmentation of public bus transport services. • The scheme will facilitate the deployment of innovative PPP models to enable private sector players to finance, acquire, operate and maintain over 20,000 buses. This will: <ul style="list-style-type: none"> ○ provide a fillip to economic growth, ○ create employment opportunities for youth, and ○ enhance ease of mobility for urban residents.
Expansion of Metro Rail Network	The government is planning to deploy two new technologies i.e 'MetroLite' and 'MetroNeo' to provide metro rail systems.
Non-conventional Green Energy	<p>The government has proposed the following:</p> <ul style="list-style-type: none"> • Launch a Hydrogen Energy Mission in 2021-22 for generating hydrogen from green power. • Add 100 more districts in the next 3 years to the City Gas Distribution network, and take up a new gas pipeline project in the Union Territory of Jammu and Kashmir.

	<ul style="list-style-type: none"> Extend the Pradhan Mantri Ujjwala Yojana to cover 1 crore more beneficiaries. Provide additional capital infusion of Rs. 1,000 crore to Solar Energy Corporation of India and Rs. 1,500 crore to Indian Renewable Energy Development Agency.
Phased Manufacturing Plan	<p>To build up domestic capacity and encourage domestic production, the government will:</p> <ul style="list-style-type: none"> Notify a phased manufacturing plan for solar cells and solar panels. Raise duty on solar inverters from 5 per cent to 20 per cent, and on solar lanterns from 5 per cent to 15 per cent.
Power Distribution Reforms	<p>The scheme will provide assistance to power distribution companies (DISCOMS) for:</p> <ul style="list-style-type: none"> Infrastructure creation including pre-paid smart metering and feeder separation. Up-gradation of systems. <p>The government will put in place a framework to give consumers an alternative to choose from among more than one DISCOM.</p>
National Monetization Pipeline	<p>The government has proposed a “National Monetization Pipeline” of potential brownfield infrastructure assets, including:</p> <ul style="list-style-type: none"> Transmission assets worth Rs 7, 000 crore via PGCIL InvIT, and Oil and Gas Pipelines of GAIL, IOCL and HPCL
Micro Irrigation	<p>The government has proposed to augment the Micro Irrigation Fund created under NABARD by doubling the corpus to Rs 10,000 crore.</p>
Conservation of Deep-Sea Biodiversity	<p>The budget provides an outlay of more than Rs 4,000 crore, over five years for the launch of a Deep Ocean Mission. This will include:</p> <ul style="list-style-type: none"> Exploration of living and non-living resources through deep ocean survey. Projects for the conservation of deep-sea biodiversity

Way Forward:

- There is a need to develop a "Climate Budget Tagging" (CBT) tool.
 - This will help in identifying, classifying, weighing, and marking climate-relevant expenditures in the fiscal budget.
 - Tagging budgetary outlays as "green" will make it easier for the government to track and review the policy implementation.
- By incorporating a detailed account of social, economic, environmental, and administrative impact in every legislative proposal, the negative externalities of certain policies can be minimized.
- As the government puts together new compact guidelines for enhanced actions, it is critical to ensure that it is comprehensive, balanced, equitable, and pragmatic. Therefore, it is imperative for our policymakers to leverage this phase to reconstruction and recovery by keeping sustainable development at the very core of any development strategy. There is a pressing need to align both climate and economic policies to the extent possible.

Chapter 11: Foreign Direct Investment

Investors across the globe have acknowledged India's tremendous opportunities, scope and potential. The foreign direct investment numbers in recent years are testimony to this. The Government has undertaken extensive revisions to existing land, labour, and insolvency laws. Indian states have been at the forefront of this transformation.

- With record levels of foreign direct investment (FDI), rapid deployment of technology that both hand-held investors and eased supplies of mission-critical goods and services, Invest India has been at the forefront of fulfilling its vision of safety and security while maintaining business resilience.
- In recognition of its efforts in investment facilitation, and its undeterred and vital role in India's path-breaking growth story even during the pandemic, Invest India, the national investment promotion and facilitation agency under the Ministry of Commerce and Industry, has won the **UNCTAD Investment Facilitation Award 2020**.
- It was also during this flurry of changing global needs and trends that Invest India launched its Business Immunity Platform (BIP).
 - The onslaught of sudden technical difficulties and economic uncertainty did not deter from realizing the aim of an efficient India.
 - BIP was designed to inform, advise and support market players on the latest government rules, measures, and orders. The platform provided both local and foreign businesses with

the much-needed direction amidst evolving protocols, safety directions and lockdown limitations.

India Shines Through:

- Virus disrupted global businesses and established practices. This had two important outcomes.
 - Market players were forced to reevaluate their business models right from sourcing the raw materials to manufacturing, shipping and last-mile deliveries.
 - Indian MSMEs, with their quick-to-adapt business and frugal innovation, helped India swim through the worst initial months of the Covid-19 crisis.

Making India Investor-Friendly:

- The Government is deeply committed to enhancing the ease of doing business and the ease of living in India.
- Between 2014 and 2019, India witnessed a more than two-fold enhancement in its ease of doing business measures.
- In addition, the Government has undertaken extensive revisions to existing land, labour, and insolvency laws.
- 90 per cent of all FDI we received last year was under the automatic route, that is, it did not require government permission.
- Nearly 50 per cent of those total investments came into greenfield projects further signalling the growing faith in India's future.
- Our competitive tax rates of 15 per cent for new projects offer an unprecedented opportunity to establish both business profitability and viability.
- Furthermore, the Goods and Services Tax (GST) regime has brought overwhelming clarity to a tax system that was viewed as cumbersome and repelling.
- There is also now a land allocation system based on GIS-enabled tracking which collates all industrial land resources in the country on a single platform and allows investors to explore available land across the country, providing them with all necessary details.
- The Government has expanded the highly successful Production Linked Incentives (PLI) Scheme to 13 crucial sectors to include energy, auto, textiles, pharma, and electronics, among others.

India and the Path Forward:

- Under the ambitious and timely [Aatmanirbhar Bharat Abhiyan](#), India is envisaged as a crucial nodal point in global supply chains, with a vast, skilled, and growing workforce and a large domestic market.
- With its huge population, India presents a massive opportunity in terms of demand and consumer base.

- With its stable macroeconomic reforms, it is also building a policy environment that will support the industry and drive demand.

Chapter 12: Diplomacy in Covid Times

With the inclusion of phrases like "Forward Track", "Neighbourhood First", "Act East" and "Informal Diplomacy" in India's foreign policy, old barriers were broken resulting in the adoption of India's traditional soft power as an important part of diplomacy. India has been praised worldwide for the vaccine diplomacy where it dispatched Covid-19 vaccines to the different parts of the world. Emotional contacts were established with the Indian community settled in far ends of the world with the help of soft power imbibed with Indian heritage like [yoga](#) and spiritualism.

- India has adopted an India-centric foreign policy during the last six years, which sends a message to the world that India has the will and capacity to define the priorities of the international system.

India's Strengthening Position in Multilateral Institutions:

- India is succeeding in strengthening its position in multilateral institutions and groups.
- During the [Cold War](#), the world, divided into two blocks, had presented some doubts and challenges before India.
 - Considering those, India had opted for non-alignment which seemed a better option then.
 - After that, India's policy of non-alignment proved to be a true representative during the Cold War period.
 - P.V. Narsimha Rao added a part of economic diplomacy in the traditional diplomacy which had to sail in the direction of globalization.
 - After “Pokhran -2” India advanced confidently and the world started thinking of India as a new nucleus of power.
 - At present, India is being acknowledged as one of the major Asian powers and as a global player.

Civilized Soft Power:

- India is the geo-political nucleus of South Asia.
- Immediate neighbouring countries can play an effective role in making India weaker or stronger, then the gulf countries and East Asian countries which in a real sense are bordering states.
- Under the “Diplomacy with Neighbourhood First” policy, India tried to move ahead by taking along Bhutan, Nepal, Bangladesh, Sri Lanka and the Maldives but also presented an example before the world through the “Heart to Heart Diplomacy” with Pakistan as well.

Towards Global Synergy:

- Looking towards the East, the Trans-Pacific region comes first which is presently a part of the Indo-Pacific Strategy.

Indo-Pacific Region:

- Indo-Pacific Region is sensitive not only from a global strategic angle but is important for India too.
- In this region, on one side China is following the strategy of establishing a monopolistic set-up on the strength of its defence power built on the basis of its economic strength and the US on the other side is trying to maintain its supremacy.
- Russia is the third player which wants to move forward on the "Pivot to East" strategy.
 - With this in mind, Russia had proposed to Japan sometime back to enter into an agreement on four controversial islands. However, Japan turned down the suggestion.
 - Now Russia is eyeing smaller countries in East Asia.
- Evaluating the whole situation, India is stressing inclusive action.
- India has tried to make an alliance with the US and Japan and also tried to maintain its traditional relations with Russia and China as well.
 - For example: Setting up the Strategic Quadrilateral (QUAD) in the Indo-Pacific region, becoming a partner in [BRICS](#) and Shanghai Cooperation Organization.
 - Washington-Beijing-Moscow triangle has been extremely important for India's foreign policy since the very beginning.
- One of the focal points of India's foreign policy is China.
 - China's increasing military power based on its expanding economic activities in the Pacific region has provided an edge over other countries of the region.
 - The cheque-book diplomacy of China has turned the smaller countries in this region almost into its colonies on the basis of which it has been able to provide enough strength to its maritime strategy and defence bridge strategy.
 - China's military misadventures in Doklam and Galwan were probably the most serious border situations since 1962.
 - India needs to advance a few more steps towards Russia and Europe besides going towards the US.

Can India expect some special hope from Europe?

- Europe is a victim of internal contradictions. It appears to be caught in a dragnet of challenges posed by the refugee problem, economic imbalance, idealism versus nationalism clash and Islamic terrorism and is in no way looking to be coming out of this complex situation.

- The conditions developed in Europe after the "Merkozy Effect" (Angela Merkel and Sarkozy economic theory) have weakened the bonding between France and Germany and the leakage in the European Union has become visible.
- Brexit has shown that European Union is no more a reflection of optimum unity.
- Over and above this, now this message is also going out that strong phrases like "Globalization" and "Liberalization" which had affected not only the economy but the complete lifestyle are now gradually fading out in the category of prohibitive "taboos" and phrases like "protectionism", "nationalism", and "aggressive nationalism" and "post-truth" are being re-coined to replace those phrases.
- Brexit represents this change. As such, there will be a need to define the relations with the European Union afresh.
- With France, relations based on reciprocity were encouraged.
 - 'Rafale' from France gave a new direction to the Indian Air Force and the naval exercise 'Varun' concluded between the two countries strengthened the establishing of Indian presence in the Indo-Pacific region.
 - By carrying out a military exercise near Djibouti (where China is building its new military base), the two countries are showing that they are quite serious about their strategic partnership in the Indian Ocean.
- Germany and the Nordic countries were seeing potential in India but the Covid pandemic put a stop to that.

Middle East:

- The Middle East is a nucleus of geopolitical activism but has proved to be more complex and violent during the last two decades.
- India's trade and energy security is closely connected with the security of the Hormuz Water Treaty and Bab-el Mandeb strait.
- India has taken part in naval exercises with many gulf countries including Kuwait, Yemen, Bahrain, Saudi Arabia, Qatar, UAE and Djibouti.
- The Indo-Saudi Arabia relations also touched a new height.
- Earlier, India's relations with this region were limited to complex issues like NRI labourers and crude oil but now we have overcome these problems.

Africa:

- The inclusion of the African continent in India's foreign policy is quite important.
- India has been following the policy of Afro-Asian Brotherhood for a long time and now, except BRICS and IBSA, India has cordial relations with the [African Union](#).
- But, India still needs to follow such measures as it would help the partnership of India and the African countries to benefit from the potential capabilities.

- From this angle, India's diplomacy with the coastal countries proved to be extremely decisive, especially with Seychelles.
 - It is also possible that Seychelles-Chabahar may emerge as an alternative to Gwadar-Djibouti Connect and India may succeed in Blue Water Diplomacy.

India's position in the Global Multilateral Order:

- Between 2014 to the year 2020, India might have not got entry into the [Nuclear Suppliers Group](#) but in the Missile Technology Control Regime Club (MTCR) India succeeded in getting entry before China.
- India's membership in MTCR was its first entry in any multilateral export control system after which India would be able to purchase higher level missile technology and its joint venture with Russia would also get a boost.
- India already has a non-military nuclear pact with Russia and is trying to enter into NSG, Australia Group and Wassenaar Arrangement.
- These groups regulate traditional, nuclear, biological and chemical weapons.
- After the US back out from the Paris Agreement of 2017, India has emerged as an example for other developing nations in this regard.
 - India is presenting standards of environmental policies along with development requirements before them.
 - In this direction, the [International Solar Alliance](#), headquartered in Gurugram, is very important. The objective of this alliance is to aid in the implementation of the Paris Climate Agreement.
 - This is the first agreement-based international intergovernmental organization that is fully or partly situated between Tropics of Cancer and Capricorn.
- In a nutshell, the traditional conventional elements of India's foreign policy have become ineffective and stress on practical initiatives in external affairs has increased.

Conclusion:

The speed at which the world system is changing requires India to find answers to many questions at structured, institutional and ideological levels so that a strategy to counter and pre-empt the future challenges could be chalked out in advance. India needs to assert that the country is in the process of becoming a world power and has the capability to define the priority of the international system.

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