

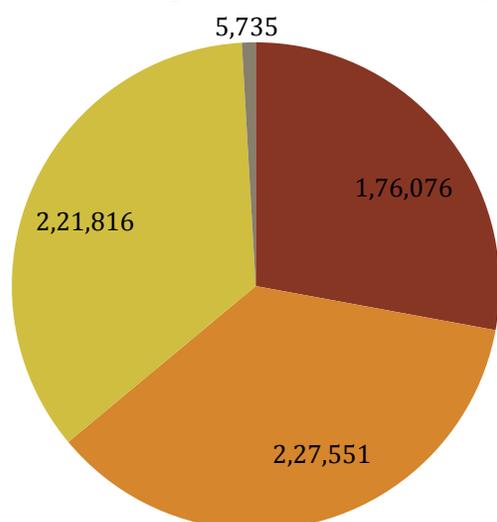
Union Budget for FY 2016-17: An Overview

The Finance Minister presented the union budget for the FY 2016-17 in the Lok Sabha on 29th February 2016. The minister, during his presentation speech, said that in spite of the adverse global trends, India continues to inspire “a lot of confidence and hope” due to its inherent strengths and policies of the Government. The budget, which hopes to push a transformative agenda for the country, was primarily focused on reinvigorating the rural economy while managing to meet the criterion financial prudence. The following pages provide an overview of the budget with special sections on the allocations and performance in the economic and social sectors with direct implications for development.

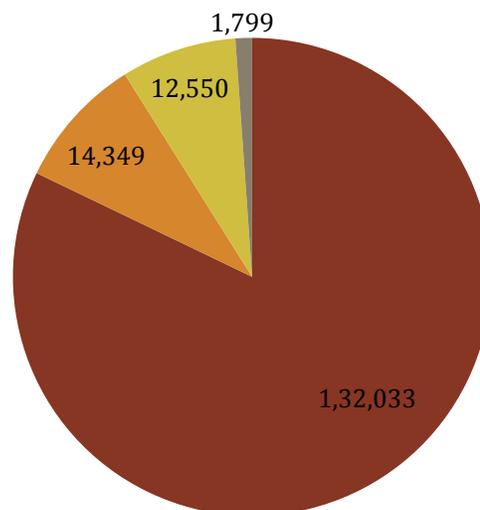
Fiscal Overview

FY 2016-17 is the last year of the 12th Five Year Plan. **The total expenditure in the Budget for 2016-17 has been projected at Rs. 19.78 lakh crore as compared to Rs. 17.85 lakh crore in the last budget**, which is an increase of 17.8%. It consists of Rs. 5.50 lakh crore under Plan category and 14.28 lakh crore under Non-Plan category.

Plan Revenue Expenditure (In Crore Rs.)



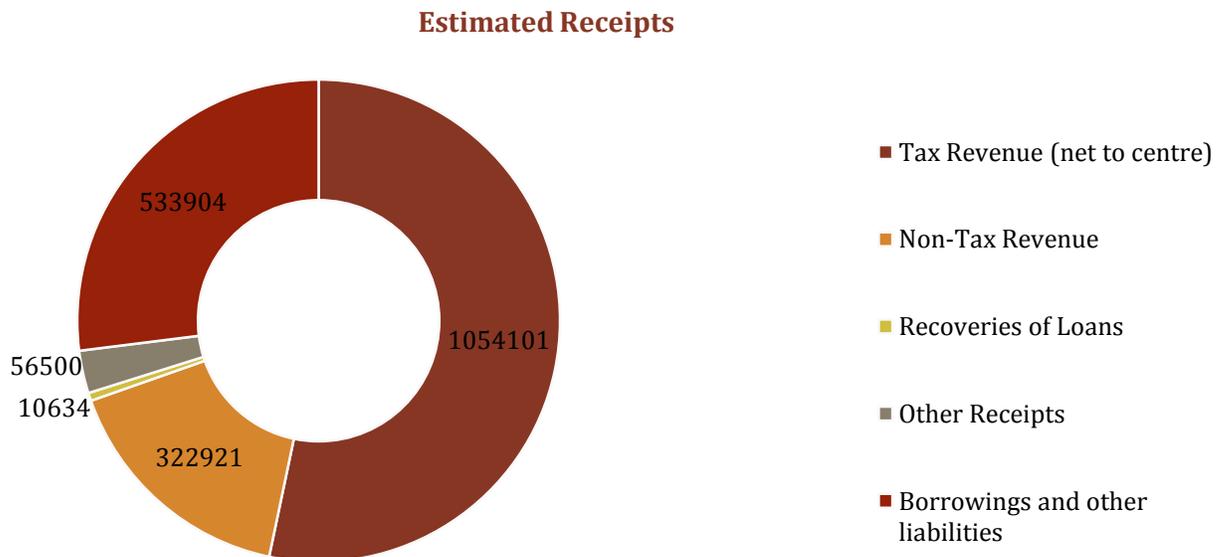
Plan Capital Expenditure (In Crore Rs.)



■ Central Plan ■ Central Assistance for State & Union Territory Plans ■ State Plans ■ Union Territory Plans

This will be the last budget where the plan/non-plan classification will be provided. The Minister has announced that this classification will be done away with from FY 2017-18. The expenditure also consists of Rs. 17.31 lakh crore under the revenue expenditure classification and Rs. 2.47 lakh crore under the capital expenditure head. The Government had previously changed the classification of some social schemes to ‘State Plan’. **In this budget, the Central Assistance for State & UT Plans has been estimated at Rs.2.42 lakh crore as compared to Rs.2.16 lakh crore last year, a increase of 12%.**

The government has estimated the tax receipts to be around Rs.10.5 lakh crores, with additional resources coming, inter alia, from non-tax revenue (Rs. 3.22 lakh crore) and borrowings (Rs. 5.33 lakh crore). With **total revenue receipts at Rs. 13.77 lakh crore**, the **effective revenue deficit** has been estimated at **1.2%**. The fiscal deficit for FY 15-16 is expected to meet the target of 3.9% as per the Revised Estimates while the **fiscal deficit for FY 16-17 has been estimated at a lower target of 3.5%**.



While meeting the financial prudence targets, the Minister has said that “in the context of the uncertainty and volatility which have become the new norms of global economy”, a committee will be constituted to review the implementation of the FRBM Act and give its recommendations on the way forward.

Changes in Structure of Schemes

One of the biggest changes to the structure of schemes that has been proposed in the budget is the implementation of some recommendations of the Sub-Group of Chief Ministers on Rationalisation of Centrally Sponsored Schemes chaired by Shri. Shivraj Singh Chauhan. In October 2015, the Sub-Group had recommended that the maximum number of CSS be reduced to 30 with some schemes forming a part of the National Development Agenda. The committee has recommended a set of core CSS and optional CSS to give states more flexibility in selection of priority areas. In spirit of the recommendations, **the budget proposes a restructuring of over 1500 Central Plan Schemes into about 300 Central Sector and 28 CSS**. The existing programmes and schemes have been re-organised into outcome based Umbrella programmes and schemes to avoid thin spread of resources. The 28 CSS would now be divided in ‘Core of the Core’ schemes and ‘Core’ schemes, which would form a part of the National Development Agenda and a third category of ‘Optional’ schemes.

The existing funding pattern of schemes defined as 'core of the core', a total of 6 schemes, have been retained. 18 schemes have been defined as core schemes. The funding for these schemes will be shared 60:40 between the Centre and the States (with 90:10 for the 8 North Eastern States and 3 Himalayan

states). In case a core scheme/sub-scheme in has a Central Funding pattern of less than 60:40, the existing funding pattern will continue. 3 schemes will be optional for the State Governments and their fund sharing pattern will be 50:50 between the Centre and the States (80:20 for the 8 North Eastern States and 3 Himalayan States). The budget has also proposed that every new scheme being sanctioned by Government will have a sunset date and outcome review. Priority allocation from Centrally Sponsored Schemes will be made to reward villages that have become free from open defecation. **Similarly, to enable easier monitoring of allocations, the number of Demands for Grants, with the approval of Estimates Committee, has been reduced from 109 to 98 in Budget 2016-17**

Core of Core Schemes	Core Schemes
<ul style="list-style-type: none"> • Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) • National Social Assistance Programme • Umbrella Scheme for the Development of Scheduled Castes • Umbrella Programme for Development of Scheduled Tribes • Umbrella Programme for Development of Backward Classes and other vulnerable groups • Umbrella Programme for Development of Minorities 	<ul style="list-style-type: none"> • Green Revolution (Krishi Unnati Yojana and Rashtriya Krishi Vikas Yojana) • White Revolution - Rashtriya Pashudhan Vikas Yojna • Blue Revolution • Pradhan Mantri Krishi Sinchai Yojana • Pradhan Mantri Gram Sadak Yojana • National Rural Drinking Water Mission • Swachh Bharat Abhiyan • National Health Mission (NHM) • Rashtriya Sawasthya Suraksha Yojana • National Education Mission (NEM) • Mid Day Meals Programme • Integrated Child Development Services (Umbrella ICDS) • National Livelihoods Mission • Pradhan Mantri Awas Yojna (PMAY) • Forestry and Wild Life (F & WL) • Urban Rejuvenation Mission – SMART Cities and AMRUT • Modernization of Police Forces • Infrastructure Facilities for Judiciary • Member of Parliament Local Area Development Scheme
Optional Schemes	
<ul style="list-style-type: none"> • Border Area Development Programme • National River Conservation Plan • Shyama Prasad Mukherjee RURBAN Mission 	

Sectoral Allocations and Initiatives

The Minister, during presentation of the budget, has noted that the “priority of the Government is clearly to provide additional resources for vulnerable sections, rural areas and social and physical infrastructure creation”. The Minister has also noted that the agenda of the budget is to **“Transform India”** and this transformative agenda will primarily be built on 9 pillars which, inter alia, includes: Agriculture and Farmers’ Welfare; Rural Sector; Social Sector; Education, Skills and Job Creation.

1) Agriculture and Animal Husbandry

Government has stated its goal to reorient its interventions in the farm and non-farm sectors to double the income of the farmers by 2022. **The total allocation for Agriculture, Farmer Welfare and Animal Husbandry is estimated to be Rs. 44,485 crore as compared to Rs 24,909 crore in the last budget.** Of this allocation, a major proportion (Rs.15,000 Crore) is allocated for the new Interest Subvention Scheme for Short Term Credit for

farmers. The budget also allocates Rs. 5400 crore and Rs. 7579 crore for the umbrella schemes of Rashtriya Krishi Vikas Yojana and Krishionnati Yojana which would be implemented as State Plan Schemes.

In a big push for irrigation, the 'Pradhan Mantri Krishi Sinchai Yojana' will now be implemented in mission mode and 28.5 lakh hectares will be brought under irrigation under PMKSY. **An allocation of Rs.2340 Crore has been made for the scheme.** Similarly, 89 pending projects under the former Accelerated Irrigation Benefit Programme (AIBP) would be expedited to bring 80.6 lakh hectares under irrigation. A new comprehensive crop insurance scheme called 'Pradhan Mantri Fasal Bima Yojana' has been approved with allocation of Rs. 5500 Crore. This scheme will be run as a Central Sector Scheme.

New Announcements

- A dedicated Long Term Irrigation Fund will be created in NABARD with an initial corpus of about Rs. 20,000 crore.
- 5 lakh farm ponds and dug wells in rain fed areas and 10 lakh compost pits for production of organic manure will be taken up under MGNREGA
- All 14 crore farm holdings to be covered under Soil Health Card Scheme by March 2017
- 'Parmparagat Krishi Vikas Yojana' which will bring 5 lakh acres under organic farming over a three year period
- The Unified Agricultural Marketing E Platform will be launched on 14th April 2016

Performance of Selected Agriculture Schemes: Two major schemes were launched by Ministry of Agriculture in 2015-16 : Pradhan Mantri Krishi Sinchai Yojana (PMKSY) and Soil Health Card (SHC) scheme. PMKSY was launched in August 2015. Against the allocation of Rs 1800 crore for 2015-16, Rs 1223 crore was released in the financial year. Against the target of 4.5 lakh hectare in 2015-16, 2.5 lakh hectares was covered under micro irrigation, and the work is in progress in the rest. Similarly, SHC scheme was launched in February 2015. As of January 2016, 69.26 lakh soil samples were collected under the scheme, against a target of 100 lakh soil samples. Only 79.01 lakh Soil Health Cards were issued in 2015-16, against a target of 5 crore.

Creation of National Agriculture Market was also announced in 2015-16. The scheme for setting up National Agriculture Market (NAM) through Agri-Infrastructure Fund was launched in August 2015, with a budget of Rs 200 crore to be implemented during 2015-16 and 2017-18. Rs 5 crore was released to the implementation agency (SFAC) in 2015-16. Against a target of 250 Mandis to be integrated with NAM, integration of 138 Mandis was approved by the Department of Agriculture, Cooperation and Farmers Welfare. Detailed DPRs for approval of mandis are awaited from other states.

2) Rural Development

A total allocation of Rs. 86,055 crore has been made in the budget for rural development as compared to Rs.77,700 crore in the last budget. Out of the total allocation, Rs. 38,500 crore is earmarked for NREGA scheme . This is one of the highest allocations for the scheme since the inception of the scheme. An allocation of Rs.3000 crore has also been earmarked for Aajeevika (National Rural Livelihoods Mission) which aims to expand the financial inclusion and create rural livelihoods through the medium of SHG.

An allocation of Rs.15,000 crore has been made for Pradhan Mantri Awas Yojana (Rural) which aims to provide houses to all and generate employment. A new scheme for development of rural clusters under the Shyama Prasad Mukherjee RURBAN mission was announced and launched in FY 15-16. An allocation of Rs. 300 Crore has been made under this scheme to develop 300 rural clusters. However, this scheme is an optional scheme subject to states opting for this scheme. In a big push in the rural roads sector, an allocation of Rs.19000 crores has been made for the Pradhan Mantri Gram Sadak Yojana. The goal of the programme has been revised to connect the remaining 65,000 eligible habitations through 2.23 lakh kms of roads by an advanced deadline of 2019.

New Announcements

- An average assistance of over Rs. 80 lakh per Gram Panchayat and over Rs.21 crore per Urban Local Body is being allocated as per the Fourteenth Finance Commission recommendations.
- A new Digital Literacy Mission Scheme for rural India to cover around 6 crore additional households within the next 3 years
- The National Land Record Modernisation Programme will be revamped under the Digital India Initiative and will be implemented as a Central sector scheme with effect from 1st April, 2016.
- A new restructured scheme Rashtriya Gram Swaraj Abhiyan with allocation of Rs. 655 crore will be launched for capacity building in PRIs

3) Education

A new umbrella scheme 'National Education Mission' will integrate the Sarv Siksha Abhiyan, Rashtriya Madhyamik Shiksha Abhiyaan, Teachers Training and Adult Education and Rashtriya Uchhtar Siksha Abhiyan. **The Sarv Siksha Abhiyaan has been allocated the highest budget in the mission at Rs. 22,500 crore and Mid-Day meal scheme has been allocated a budget of Rs. 9700 Crore.** Rashtriya Madhyamik Shiksha Abhiyaan is proposed to have a budget of Rs.3700 crore.

New Announcements

- 62 new Navodaya Vidyalayas will be opened in the remaining uncovered districts over the next two years
- A new Digital Literacy Mission Scheme for rural India to cover around 6 crore additional households within the next 3 years
- A Higher Education Financing Agency (HEFA) with an initial capital base of Rs. 1,000 crores will be setup as a not-for-profit organisation that will leverage funds from the market and supplement them with donations and CSR funds. These funds will be used to finance improvement in infrastructure in top institutions and will be serviced through internal accruals
- A Digital Depository for School Leaving Certificates, College Degrees, Academic Awards and Mark sheets, on the pattern of a Securities Depository will be setup

4) Health

The flagship umbrella health scheme “National Health Mission”, which now comprises of National Rural Health Mission, National Urban Health Mission, AYUSH and Health Education components. **The NRHM and NUHM components have been allocated a budget of Rs. 19,037 crore.** In addition, Rs. 600 crore have been allocated for ‘Human Resources for Health & Medical Education’ and Rs. 1700 crore have been allocated to National AIDS and STD Control Programme. The Government intends to launch a new health protection scheme for poor and economically weak sections of the society called ‘**Rashtriya Swasthya Suraksha Yojna**’ which will provide health cover up to Rs. 1,00,000 per family. For senior citizens of age 60 years and above belonging to this category, an additional top-up package up to Rs. 30,000 will be provided. A budget of Rs. 1500 crore has been set aside for the same. This scheme is launched in lieu of the earlier health insurance schemes. The scheme is expected to provide cover to nearly 40 crore individuals. The scheme will be operated as a core CSS.

New Announcements

- 3,000 Stores under Prime Minister’s Jan Aushadhi Yojana for supply of generic drugs will be opened during 2016-17.
- ‘National Dialysis Services Programme’ will be started and funds will be made available through PPP mode under the National Health Mission, to provide dialysis services in all district hospitals.

5) Skill Development

The ‘**Pradhan Mantri Kaushal Vikas Yojana**’ will continue to be the thrust of the ‘Skill India’ mission to create a skilling ecosystem and impart vocational training to youth. The training goal has been scaled up to training one crore youth over the next three years. **A total allocation of Rs. 1770 crore has been made for the scheme compared to Rs.900 crores last year.** This allocation includes Rs.1350 crore to be utilized through the National Skill Development Council and Rs.50 crore for setting up 1500 Multi Skill Training Institutes across the country.

New Announcements

- A National Board for Skill Development Certification to be setup in partnership with the industry and academia
- Entrepreneurship Education and Training will be provided in 2200 colleges, 300 schools, 500 Government ITIs and 50 Vocational Training Centres through Massive Open Online Courses.

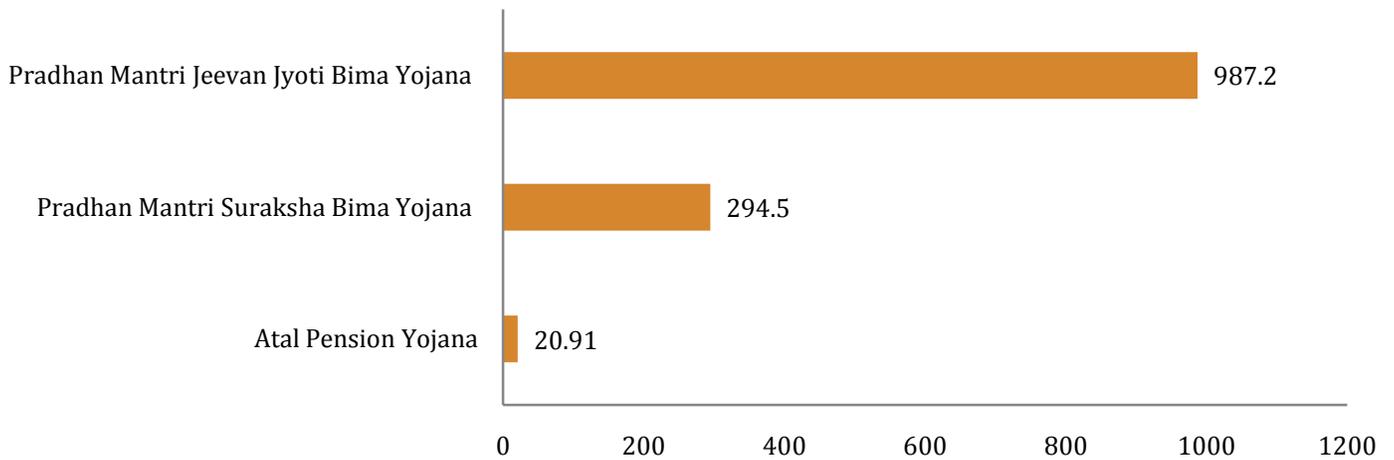
Performance of PMKVY: Pradhan Mantri Kaushal Vikas Yojana (PMKVY) provides skill development training and monetary reward to candidates. The scheme is being implemented by NSDC through a network of 1012 affiliated training partners. As on 2nd March, 2016, 15.6 lakh enrolments had been completed under the scheme. Out of the enrolments, 60% have completed their trainings, and 18.18% of the candidates have been certified. As on 16th February, 2016, monetary rewards worth Rs 104.56 crore had been disbursed to 1.2 lakh candidates.

6) Social Security

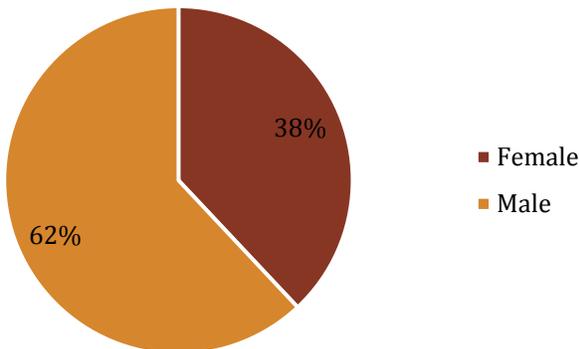
The National Social Assistance Plan with an allocation of Rs. 9500 is the primary social assistance programme. The scheme covers senior citizens, widows and disability pensions and is implemented by Ministry of Rural Development. Other social security schemes include Atal Pension Yojana (APY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) with an allocation of Rs. 200 Crore, Rs. 450 crore and Rs. 650 respectively.

Performance of Selected Social Security Schemes: Three major social security schemes were launched in 2015-16 by Department of Financial Services- Atal Pension Yojana (APY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). APY, launched in May 2015, aims to provide a fixed pension to subscribers, with 50% contribution of the Central Government.

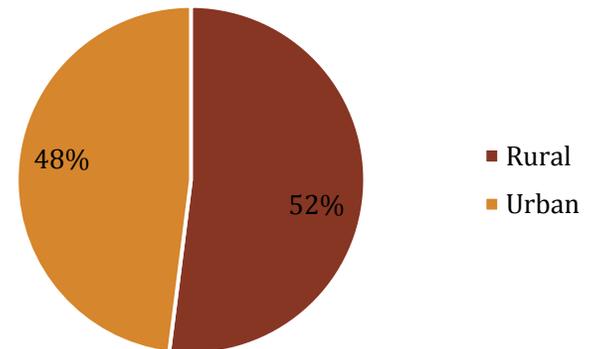
Enrolment under Social Security Scheme (in lakhs)



Enrolled Beneficiaries for All Three Schemes



Enrolled Beneficiaries for All Three Schemes



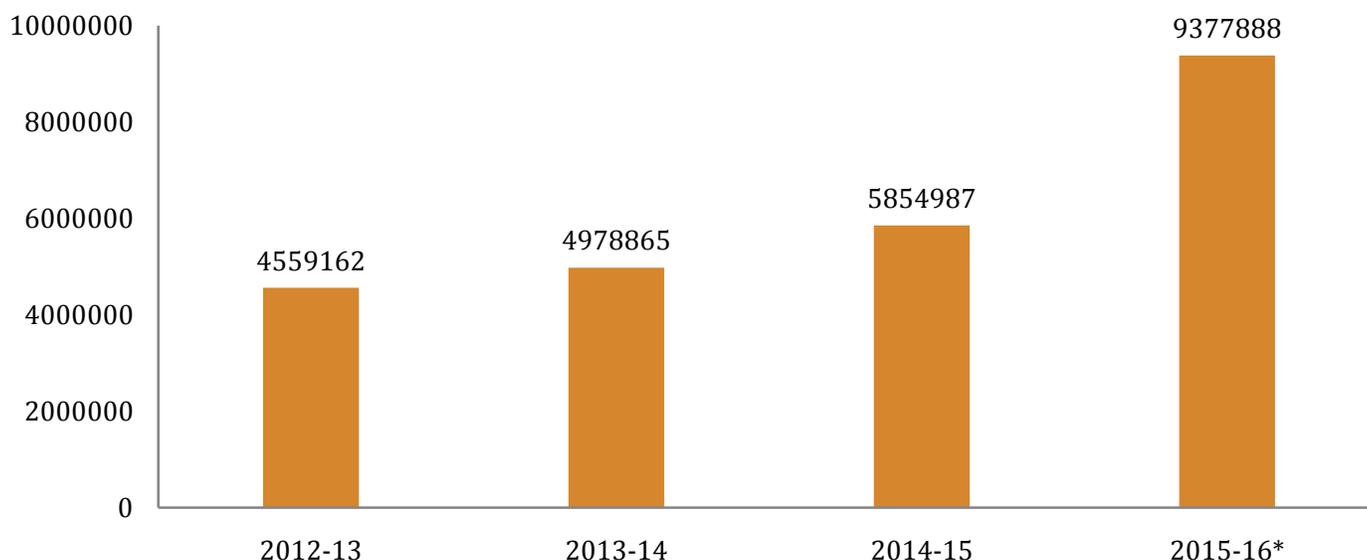
The scheme is primarily targeted towards workers in the unorganized sector. Against a target to enroll 2 crore persons under the scheme, 20.91 lakh people have been brought under the scheme till 25th February, 2015. PMSBY, launched in May 2015, aims to cover accidental death risk of Rs 2 lakh for a premium of Rs 12 per annum. As of February, 2016, 9.37 crore people have been covered under the scheme. PMJJBY, launched in May 2015, aims to cover both natural and accidental death risk of Rs 2 lakh, for a premium of Rs 330 per year, for the age group of 18-50. As of February, 2015, 2.94 crore have been covered under the scheme. Under these social security schemes, over 300 registered banks are providing access to financial services to subscribers. State Bank of India has enrolled the maximum subscribers (2.2 crore) followed by Punjab National Bank (89 lakh) and Andhra Bank (78 lakh).

7) Drinking Water and Sanitation

The budget has allocated a fund of Rs. 5000 crore for the 'National Rural Drinking Water Programme', which is the flagship drinking water scheme, as against an revised estimate of Rs. 4265 crore last year. The scheme aims to ensure provision of safe and adequate drinking water supply through handpumps, piped water supply etc. to all rural areas, households and persons. Similarly, the sanitation efforts under the Swachh Bharat Mission will continue to receive attention with allocations of Rs. 9000 crore and Rs. 2300 crore for the rural and urban components respectively. Priority allocation from Centrally Sponsored Schemes will be now be made to reward villages that have become free from open defecation.

Performance of Swachh Bharat Mission: Swachh Bharat Mission (SBA) was launched on 2nd October, 2014 with an objective to cover every household by total sanitation by the year 2019. The scheme has two major components, SBA- Gramin covering rural areas which is being implemented by Ministry of Drinking Water and Sanitation, and SBA-Urban covering urban areas which is being implemented by Ministry of Urban Development. Prior to the launch of SBA-Gramin, there were three schemes, Central Rural Sanitation Programme (1986), Total Sanitation Campaign (1999) and Nirmal Bharat Abhiyan (2012). In the year 2015-16, under SBA-Gramin, a significant improvement in the construction of toilets has been seen.

Number of Toilets Constructed under SBA-Gramin



Under SBM-Urban, the implementation of the scheme has been decentralized, with Urban Local Bodies (ULBs) responsible for approving toilet projects. Out of a total 4259 ULBs, 3725 ULBs have registered under the scheme. A total of 23.25 lakh Individual Household Latrines (IHHL) have been sanctioned under the scheme, out of which 10.28 lakh IHHLs have been constructed. Out of a total 78,633 wards, a total of 34,259 wards have achieved 100% door to door Solid Waste Management collection.

Conclusion

The budget estimates for the FY 2016-17 seem primarily rural focused, while the impetus on the flagship priority programmes has continued. A time-bound and outcome based implementation of the schemes can help derive the best returns for the allocations made under the budget.