

State budgets focus on infrastructure and industrial development

The government budget of 28 states in India has considerable influence on the economic growth and development of the country. In fact, budgetary expenditure of all these state governments has higher economic impact than the central government's budget because of the sheer size of the former. In the last 10 years, the total expenditure of all the state governments have ranged between 14-17% of the country's GDP, which is higher than the central government's budgetary spending, which hovered around 12-15% of GDP. More significantly, capital expenditure of all the state governments taken together amounts to around 2.5% of GDP, compared to the central government's average of 1.6% in the last 10 years.

Rajasthan, which is India's largest state, tabled its budget for 2021-22 on February 24, 2021. The budget contained a key announcement to set up a FinTech City in Jaipur on 4.08 lakh square metre land at a cost of Rs. 106 crore. This amount will be spent by the state investment corporation for building basic infrastructure such as road, power, water supply, parking, community facilities and public utility area. The FinTech City is expected to attract at least Rs. 3000 crore investment from IT and financial services sectors. Among other key announcements, the budget proposed the implementation of a new policy for micro, small and medium enterprises and creation of industrial areas in 64 sub-centres. The state government has also supported the tourism sector by allocating Rs. 500 crore for Tourism Development Fund.

Rajasthan government has also announced the development of "Greater Bhiwadi Industrial Township", new Industrial Cluster in Marwar and a Biotech-Pharma Business Incubation and Research Centre in Jodhpur.

Another largest state Uttar Pradesh presented its budget for 2021-22 on February 22, 2021. The state government provided renewed thrust on infrastructure, especially healthcare, road and airport infrastructure by allocating considerable funds to these projects. The state government earmarked Rs. 12,242 crore towards upgrading medical and healthcare infrastructure, while Rs. 10,650 crore has been allocated for building expressways and an amount of Rs. 2,100 crore has been kept aside for building international airport in the town of Jewar, in Greater Noida. The proposed airport with at least five runways, is planned to be one of the largest airports in Asia and the entire project is expected to be completed by 2023. In order to provide employment opportunities for migrant workers, the state government earmarked Rs 100 crore under the Mukhyamantri Pravasi Shramik Udyamita Vikas Yojna.

Odisha, which presented its budget on February 22, 2021, increased allocation for MSME sector by 86% to Rs. 465 crore for the next year, while earmarking another Rs. 425 crore for development of industries and attracting investment. The budget also provided Rs. 163 crore for supporting handloom, handicraft, sericulture and textile sectors.

Bihar is the third state that presented its budget on February 22, 2021. The state announced interest-free loans up to Rs. 5 lakh for women entrepreneurs and 50% project grant for start-up enterprises upto

Rs. 5 lakh. Among other prominent announcements are the proposals to set up a sports university in Rajgir, cricket stadium and a sports academy and installation of street lights in all villages. The government also provided Rs. 200 crore for industrial development aimed at generating employment opportunities for the youth. Bihar government is promoting industrialization, with special focus on ethanol, textile and wood-based industries that have untapped potential in the state.

State government of Tamil Nadu, where assembly election is scheduled in April 2021, has presented interim budget on February 23, 2021. The key highlights of the budget are: allocation of Rs. 6448 crore for the Chennai-Kanyakumari industrial route project and Rs. 200 crore allocation for Tamil Nadu Skill Development Corporation. In February 2021, the state government announced a new policy for MSMEs that aims to attract Rs. 2 lakh crore worth investments in the coming four years in the MSME sector. The policy envisages MSME Trade and Investment Bureau (M-TIPB) to provide single window facility for statutory approvals for new investment by MSMEs and a Rs. 500 crore fund to upgrade infrastructure in the industrial estates of the state's industrial development corporation.

In the first week of March 2021, prominent states such as Maharashtra, Gujarat and Karnataka are expected to present budget for 2021-22. Given the need to promote economic recovery from the worst pandemic, these state governments are expected to provide renewed thrust on infrastructure, employment generation and livelihood projects.

Notifications

Press Information Bureau

Minister directs BIS to reduce testing fees for MSMEs

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1701683>

India, Brazil discuss collaboration in space sector

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1701712>

CBIC

Extension of levy of anti-dumping duty on import of Melamine from China

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd10-2021.pdf>

Extension of levy of anti-dumping duty on import of Glazed/Unglazed Porcelain/Vitrified tiles

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd09-2021.pdf>