

YOJANA SUMMARY

UNION BUDGET 2023-24

MARCH 2023

- The Union Budget is a key policy document that outlines the priorities of the Government, for the immediate and the long term, in tandem with domestic and global economic realities.
- The year 2022 was special for our country as India celebrated its 75th anniversary and its elevation as the world's 5 largest economy (measured in current dollars).

Background

- It is noteworthy that the Budget for 2023- 24 was prepared amidst the backdrop of global uncertainties in the year that went by. The **pandemic** had barely receded when the **Ukraine war** broke out in February 2022. Prices of food, fuel, and fertiliser rose sharply.
- Many developing countries faced severe economic stress with weaker currencies, higher import prices, rising cost of living and a stronger dollar, and expensive debt servicing.
- Compared to its peers, however, **India emerged as a bright star** and is projected to be the fastest-growing major economy in 2023-24.
 - India staged a full recovery after its encounter with the pandemic and growth in 2022-23 was led principally by private consumption and capital formation.

Budget 2023-24

- Budget 2023-24 incorporated the following elements:
 - Commitment to fiscal prudence; Conservative assumptions; Transparency; Commitment to Capital expenditure; Incremental and steady reforms with an eye on the medium-term growth.
- Guided by these principles, **Budget 2023-24 adopted the 'Saptarishi' priorities.** These were – Inclusive Development; Reaching the last mile; Infrastructure and Investment; Unleashing the potential, Green Growth, Youth Power; Financial Sector.
- The Budget also takes a forward-looking stance in its endeavour to **promote green growth and gives thrust to skill creation** for the youth in line with modern themes such as AI and Robotics.
- **Capital Expenditure**
 - Recognising public investment as a fundamental engine of growth, this budget has the hallmark of the, **highest-ever capital investment outlay**, increasing for the third year in a row by a massive 33 per cent.
 - The provisions in the Budget support this Government's continued programmatic approach towards infrastructure - the *National Infrastructure Pipeline (NIP)* and the *National Monetisation Pipeline (NMP)*.
 - The ***Scheme for 50-year interest-free loans to State Governments*** to incentivise investment by them in infrastructure has been continued for another year.
 - These measures effectively bring Capital Expenditure up to 4.5 per cent of the GDP.
 - The comprehensive and holistic thrust on capital expenditure will crowd in private investment and is fundamental to a strong foundation of New India.
- **Urban Development**
 - Through property tax governance reforms and ring-fencing user charges on urban infrastructure, cities will be incentivised to improve their creditworthiness for municipal bonds.
 - An ***Urban Infrastructure Development Fund (UIDF)*** will also be established through priority sector lending shortfall. This will be managed by the National Housing Bank.

- **Unleashing Efficiency**

- In addition to the reduction in over 39,000 compliances and doing away with over 1400 archaic laws over the last few years, Budget 2023-24 has also pushed for various other measures.
- These include: simplification of the Know Your Customer (KYC) process, *establishing a common identifier for businesses via the PAN card* and the introduction of the landmark **Jan Vishwas Bill** in the Parliament.

- **MSME**

- There has been an emphasis on creating ease of doing business for Micro, Small and Medium Enterprises (MSMEs) through initiatives such as the **Udyam portal**.
- Now MSME registration is a paperless exercise and over 1.4 crore MSMEs have been onboarded on this portal to date.
- For MSME, Budget 2023-24 introduced various provisions for providing relief and support.
- This includes the **Vivad se Vishwas Schemes I & II** for providing relief to MSMEs for failure by MSMEs to execute contracts during the Covid and settlement of contractual disputes through a voluntary settlement scheme.
- In addition, the Budget has proposed the launch of a **revamped credit guarantee scheme for MSMEs**.

- **Climate Change**

- India has contributed only about 4 per cent in the cumulative global emissions (for the period 1850-2019) and maintained its per capita emission at far less than the world average.
- Taking guidance from the Prime Minister's vision for "**LIFE**", or **Lifestyle for Environment**, India is moving forward firmly for the panchamrit and net-zero carbon emission by 2070.
- From natural farming to scrapping of old vehicles, the energy transition has been prioritised with investment programs such as the **National Green Hydrogen mission, Green Credit Program, PM-PRANAM** and the **GOBARdhan scheme**.
- With Ladakh serving as a prime location for solar energy projects, the budget also provides for setting up inter-state transmission lines.

- **Public Digital Infrastructure**

- The growth and evolution of India's public digital infrastructure is a story. India has been one of the few countries where technology and digital connectivity innovation has been and continues to be led by the public sector.
- Building on the technological success of UPI and the Co-Win platform, the budget also sought to push Digital India forward.
- The budget proposed **open-source Digital Platforms** that will notify farmers of market trends, crop estimation and access to farm inputs.

Conclusion:

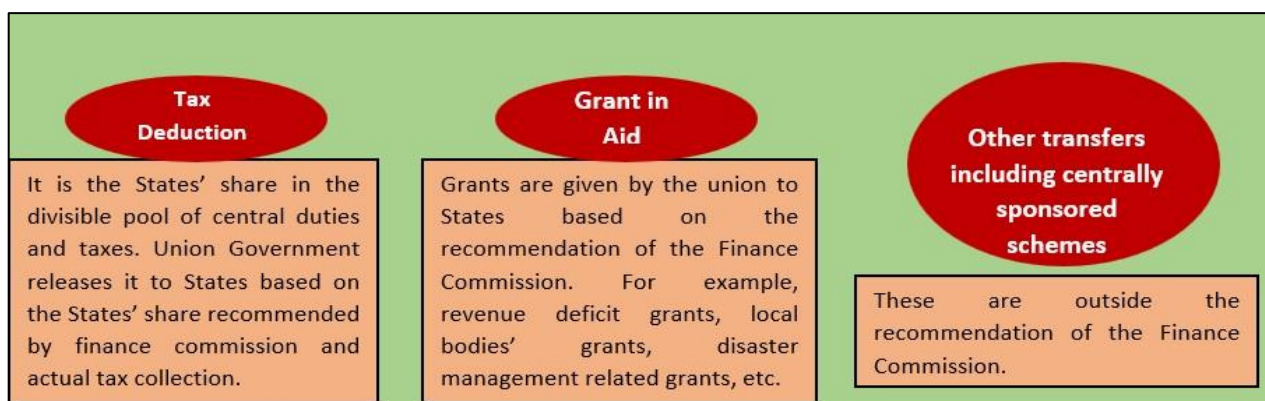
Budget 2023-24 is the first to be presented in India's Amrit Kaal. The measures announced in this year's budget will complement the ongoing reform agenda and prepare India for charting its course amidst a fast-changing global economic order.

Fiscal federalism refers to fiscal relations between various government units, which in the Indian context means the Union Government and the State Governments.

Shift Towards Cooperative Fiscal Federalism

- In India, there is a perceptible trend towards enhanced fiscal decentralisation and distribution of revenue to the sub-national governments.
- A bulk of tax devolution is now formula based rather than grants. The higher untied resources thus made available to the States offer them greater flexibility and autonomy in incurring expenditure based on their priorities.

Various Channels of Intergovernmental Transfer



- **Article 246, Article 246A and the Seventh Schedule** of the Constitution delineate taxation powers between the Centre and the States.
 - But the distribution of fiscal power has a centripetal bias with more buoyant tax areas assigned to the Union.
- However, the resources mobilised by the Union Government are not meant to be used exclusively for the Union activities.
- The Constitution makers have provided a mechanism to correct the fiscal imbalances through the Finance Commission.

Finance Commission

- The President of India establishes a Finance Commission after every five years under **Article 280 of the Constitution**.
- The Commission makes recommendations on distribution of net proceeds of central taxes between the Centre and the States. The Commission also suggests the principles on which grant-in-aid revenues, out of the Consolidated Fund of India, should be given to the States.
- It also corrects the horizontal fiscal imbalances due to States' varying capacities, costs needs, and efficiency in delivering services.

Marked Shift in Fiscal Decentralisation

- The annual transfers from the Union to the States have increased from 4.7 per cent of the GDP in the financial year 2013-14 to 6.7 per cent of GDP as per revised estimates of 2021-22.

- Annual total transfers have taken a big leap from Rs. 5.24 lakh crore to Rs. 15.74 lakh crore during this period.
- The 14th Finance Commission had recommended an enhanced share of States in the central divisible pool of taxes and duties from 32 per cent to 42 per cent. The Union Government promptly accepted the recommendation.
- The 15th Finance Commission, in its report for the period from 2021-22 to 2025-26, maintained the higher devolution proportion.

NITI Aayog, A Harbinger Of Cooperative Fiscal Federalism

- The Aayog has provided a platform where States act together in the national interest and thereby fosters cooperative federalism.
- A corollary to the abolition of the Planning Commission was removing the distinction between Plan and Non-Plan expenditure from 2017-18. This was replaced by the universally accepted practice of classifying expenditure as revenue and capital.

Rationalisation of Centrally Sponsored Schemes

- Based on the recommendations made by a Sub-Group of Chief Ministers constituted by NITI Aayog, the Union Government in 2016-17 effected a major rationalisation of the Centrally Sponsored Schemes (CSS).
- The number of CSS was reduced to twenty-eight umbrella schemes, consisting of six 'core of the core' schemes, twenty core schemes and two optional schemes.

Introduction to GST

- Implemented on July 1, 2017, GST has fostered cooperative fiscal federalism. States Governments taken together have been ***assigned weightage of two-third of total votes in the GST Council.***
- India opted for a dual GST framework. This means that transactions of goods and services attract two levies: **Central GST and State GST.**

Cooperation to boost capital expenditure in State

- According to various studies, **capital expenditure has a multiplier effect of 2.45 in the short term and 4.8 in the long term.**
- So, in the true spirit of cooperative fiscal federalism, the Union government developed an innovative scheme titled ***'Special Assistance to Assistance to States for Capital Expenditure'*** in 2020-21. This assistance was provided as fifty years interest-free loan. The States were allowed to incur expenditure under the scheme on new capital projects, ongoing capital projects and clear pending bills.
 - Funds provided under the scheme being interest free and long-term in nature do not impact the debt sustainability of States.
- For 2022-23, the Union government accepted the demand of States and allocated an amount of Rs 1 lakh crore. The scheme was renamed as the ***"Scheme for Financial Assistance to States for Capital Investment."***
- In Budget 2023-24, the Union Government once again not only accepted demand of States to continue with this programme but also surprised them by proposing a huge allocation of Rs 1.3 lakh crore under the scheme for the financial year 2023- 24.
- The guidelines of the scheme not only aim at pushing capital expenditure in the States but also endeavour to facilitate citizen centric reforms and achieve certain national priorities.

- These include urban planning reforms, financing reforms in Urban Local Bodies, incentives for scrapping of old vehicles, construction of States of a "Unity Mall" in each state, augmenting the housing stock for police personnel, and setting up physical libraries in each gram panchayat and municipal ward.

Strong Federal Fiscal Shield During Pandemic

- During pandemic period, The borrowing limit of the States was enhanced by 2% of the Gross State Domestic Product (GSDP) in 2020-21. This made available financial resources of up to Rs 4.27 lakh crores to States.
- It had also set up a special window for borrowing an amount of Rs. 1.10 lakh crore in 2020-21 which was passed on to the States as a back-to-back loan to meet the shortfall in GST compensation.
 - In 2021-22, the Union Government raised an amount of Rs 1.59 lakh crore through this window and was made available to the States.

SOCIAL SECTOR ALLOCATIONS: ENDEAVOUR FOR EFFECTIVE OUTCOMES

- Strengthening and expanding the social sector in the country has always been the priority of the government and this reflects in this year's budget as well.
- Expenditure for the social sector has witnessed significant increase to Rs 7.9 lakh crore in 2022-23.

Performance In Social Sector Since 2014

- The accomplishments in this sector since 2014 are now also discernible across sectors: with nearly 11.7 crore household toilets under Swachh Bharat Mission; 9.6 crore beneficiaries with LPG connection under Ujjwala.
- The number of people with Jan Dhan bank accounts stands at 47.8 crore facilitating cash transfer of Rs 2.2 lakh crore to over 11.4 crore farmers under PM Kisan Samman Nidhi.
- With more than 220 crore Covid vaccinations, nearly 102 crore persons are benefitted. Insurance cover for 44.6 crore persons under PM Suraksha Bima and PM Jeevan Jyoti Yojana is accomplished.

Health

- The expenditure on health has continuously increased as percentage of GDP from 1.4 per cent in 2019-20 to **2.1 per cent 2022-23**. This trend has been maintained in budget 2023-23.
 - It has increased from Rs 24,041 crore in 2015-16 to Rs 58,119 crore in 2023-24.
- Among the new initiatives for Amrit Kaal, it is proposed to **eliminate anaemia by 2047** by interventions like awareness creation, universal screening etc.
 - A special scheme namely **Sickle Cell Anaemia Elimination Mission** would be launched. Sickle Cell Disease (SCD), is actually a common inherited blood disorder.
- The Government has also announced the **establishment of 157 new nursing colleges** in co-location with the existing 157 medical colleges established since 2014.
 - According to a WHO study (2022), India would require at least 4.2 million more trained nurses by 2024 to care for of its over 1.44 billion expected population.
- The budget also proposed to launch a new programme during 2023-24 to promote research and innovation in pharmaceuticals.

Nutrition

- In the nutrition sector the proposed **Aspirational Blocks Programme**, covering 500 Blocks for saturation of essential government services across multiple domains, would also include nutrition.

- Proposed Rs 15,000 crore **Development Action Plan for the Scheduled Tribes** would also provide nutritious food to vulnerable tribal groups (PVTGS).
- PM Garib Kalyan Anna Yojana (PMGKAY) would provide food and nutrition security to over 80 crore persons for 28 months.
 - As per the fifth National Family Health Survey (NFHS) 2019-21, **about 19.3 per cent children below five years were facing wasting and 35.5 per cent were stunted.**
- **Shree Ann** in the Budget is another important step for promoting nutrition.
 - While National Year of Millets was celebrated in 2018, India took an initiative at the UN General Assembly for declaration of 2023 as **the International Year of Millets.**
 - The Budget has made provision for supporting the **Indian Institute of Millet Research, Hyderabad as the Centre of Excellence** for sharing best practices, research and technologies at the international level.

Education and Skilling

- The allocation for the education in this Budget is Rs 1,12,898.97 crore.
- To cope well with the learning loss during the Covid crisis, measures have also been announced for effective implementation of all the provisions of the National Education Policy, particularly focussing on skilling.
- **For promoting good governance**, attention has also been paid to the skilling of government officers and staff under **the Mission Karmayogi.**
 - The Integrated online training platform, **iGOT Karmayogi**, has been launched for continuous learning opportunities for lakhs of government employees.
- Focus would also be on training of teachers through **District Institutes of Education and Training.**
- To further boost reading habits, **a National Digital Library for children and adolescents** is proposed to provide quality books in various local languages.
- To address the challenge of last mile connectivity, education has also been included in the programmes for Aspirational Blocks.
- Budget has also proposed to set up **three centres of excellence for Artificial Intelligence (AI)** at the top educational institutions.
- **Pradhan Mantri Kaushal Vikas Yojana 4.0** will be launched to skill lakhs of youth within the next three years.
- The **PM Vishwakarma KAushal Samman (PM VIKAS)** would enable artisans and craftspeople with focus on quality, scale and reach of their products while integrating them with the MSME value chain.
 - Besides financing, it would encompass skill training, knowledge of modern digital techniques and efficient green technologies on the production side, and brand promotion, linkage with local and global markets, digital payments, and social security on the marketing side.

Green Growth

- India has declared its nationally determined contribution for net zero emissions by 2070.
- Expanding the idea of **Lifestyle for Environment (LIFE)**, India is moving forward firmly for the '**Panchamrit**' (five nector elements for India's climate action) and net-zero carbon emission.
- The **National Green Hydrogen Mission**, with an outlay of Rs 19,700 crore is planned with a target to reach an annual production of 5 MMT by 2030.

- Banks and other financial institutions would also be encouraged to launch a **Green Credit Programme**, which would be notified under the Environment (Protection) Act.
- Central and State Government Departments are also being encouraged to scrap old vehicles.
- For promoting green mobility, excise duty on GST- paid compressed bio gas has been exempted.
- It is also proposed to exempt customs duty on import of capital goods and machinery required to manufacture lithium-ion cells for batteries used in electric vehicles.
- **PM PRANAM**, a new scheme, is also being launched to incentivise States / UTS to promote usage of alternative fertilizers.
- Besides, **500 waste to wealth plants** would be established under **GOBARdhan scheme** to promote circular economy.

Agriculture and Cooperation

- In agriculture sector the Budget has proposed digital infrastructure for modernisation and market connect strategies. The Agriculture credit target is increased to Rs 20 lakh crore with a focus on animal husbandry, dairy and fisheries.
- **Digital Public Infrastructure for Agriculture** would be set up as an open source, open standard and interoperable public good.
 - It aims at better crop planning, input management, crop estimation, market intelligence and push the agritech ecosystem to generate job opportunities.
- An investment of Rs 2,516 crore has been proposed in the budget in order to strengthen the cooperative institutions and Rs 63,000 **Primary Agricultural Credit Societies** (PACS).
- An **agriculture accelerator fund** would be established to encourage agri-start-ups promoting effort for co-entrepreneurship by youth in rural areas.
- Good germplasm quality for horticulture crops is to be supported. **Atmanirbhar Clean Plant Program** would be launched to boost availability of disease-free, quality planting material for high value horticultural crops.
- Similar support under the **PM Matsya Sampada Yojana** with a targeted investment of Rs 6,000 crore would enable a quality fisheries programme to support micro enterprises in the sector.

Efficiency and Convergence

- With the rise in allocations for several specifically focused schemes, the Budget has rationalised allocation for ongoing generic programmes.
- The allocation for **Mahatma Gandhi National Rural Employment Guarantee Act** (MGNREGA) received Rs 60,000 crores in 2023-24, while the allocation at the RE stage was proposed at Rs 89,400 crore. It is noteworthy that the scheme being demand driven can get more funds.
- **The Pradhan Mantri Awas Yojna** (PMAY) has an increase of almost 66 per cent in the proposed overall outlay.
- New houses under **Pradhan Mantri Awas Yojana Gramin** are equipped with power and cooking gas, and now in this Budget the FM has announced linking the scheme with Har Ghar Jal so that water connection is also provided to each PMAY house.

INCLUSIVE DEVELOPMENT AND MODERNISATION OF AGRICULTURE

- Ministry of Agriculture and Farmers' welfare has been allotted Rs. 1.25 lakh crore in the Budget. This includes allocation for agriculture education and research.
- An amount of Rs 60,000 crore for **Pradhan Mantri Kisan Samman Nidhi** has also been included in the Budget.

Crop Reforms And Access To The Market

- In the present Budget, millets have been addressed with the name – **Shree Ann**. Presently, India is the highest Producer (180 lakh tonnes, 2020-21) and fifth highest exporter of millets.
- Government has proposed in budget to develop **Hyderabad-based ICAR's Indian Millets Research Institute as a Centre of Excellence**.
 - Competitive entry of Indian millets in international markets will result in enhanced income of small and marginal Indian farmers, start-ups, entrepreneurs, and exporters.
- **Enhancing productivity of cotton** has also been proposed in the Budget. Long-fibre cotton has been selected for this end.
 - Domestic demand for such cotton is of 20 Lakh bales (one bale is about 170 kg.) whereas the production is only about 5 lakh bales. Hence, cotton has to be imported from Egypt and the US.
 - Cotton is grown on 136 lakh hectare of land which is about 36% of the total cotton cultivation area of the world. However, India's per hectare cotton productivity is very poor at 36th place in the world.
 - Majority of Indian farmers do not prefer long- fibre cotton as the crop takes longer time and it is vulnerable to Pink Ball worm and the crop has low productivity.
- Non-availability of high-quality plantation is a big hinderance in development and spread of work culture produces.
- In view of this, an ambitious programme worth Rs 2200 crore has been envisaged in the budget. **Atmanirbhar Swachh Paudh Karyakram** (Atmanirbhar Bharat Horticulture Clean Plant Programme) will provide support for cultivation of disease-free, high-quality plants.

Technological Development And Modernisation

- The budget provides for promotion of '**digital agriculture**' to make farming more profitable and internationally competitive.
 - Latest technologies can be used to provide digital support to agriculture, such as Artificial Intelligence (AI). Internet of Things, Block chain, Kisan drones, etc.
- As per the budget proposals, a **digital infrastructure will be developed**.
 - Through this, all agro- related problems and queries of farmers will be addressed almost on real-time basis, efficiently and authentically.
 - Such digital infrastructure will help agriculture-based industries and start- ups and provide impetus to their development.
- Government of India is also implementing a **Digital Agriculture Mission** (2021-25) in which efforts are being made to develop popularise and use these technologies.
- An **Agriculture Accelerator Fund** with the investment of Rs 500 crore (for five years) has been proposed in the budget to promote entrepreneurship in rural areas.

Resources and Facilities

- The limit of agricultural loan has been raised to Rs 20 Lakh to facilitate easy institutional loans to small and marginal farmers.
- Rs 23 thousand crore has been provided for enhancing Kisan Credit card facilities which have been proved quite beneficial to small and marginal farmers.
- Provisions have been made in the budget for ***economic empowerment and modernisation of the Primary Agriculture Cooperative Societies (PACS)***.
 - PACS have been actively supporting small and marginal farmers and other deprived categories to earn their livelihood.
- Computerisation of 63 thousand societies with an investment of Rs 2516 crore has already been initiated.
- ***Creating a national database of cooperative societies*** has also been proposed in the budget.
- Government has also decided to support ***constitution of a large number of multi- purpose cooperative societies***, primary fishery societies and dairy societies in next five years.
- ***Development of a large decentralised grains' warehousing system*** through cooperatives has also been proposed. This is proposed to be the world's largest storage system.

Eco-friendly Agriculture

- A special programme in the agriculture sector ***PM-PRANAM*** has been initiated this year which provides for land's improvement, nourishment and rejuvenation.
 - Under this programme, States/UTs will be provided financial assistance to encourage them to promote alternatives to chemical fertilizers, like bio-fertilisers, composts, etc.
 - This will check pollution and ensure sustained soil productivity.
- Extensive efforts will be made to further boost already existing '***GOBARdhan' scheme*** aimed at rural sanitation and protection of the environment, as well as promotion of bio-fuel.
 - Under the scheme, 500 Waste to Wealth plants will be installed throughout the country which will produce bio-gas from cattle dung and other biodegradable waste.
 - Rs 10,000 crores have been earmarked for this project in the budget.
 - Under this project, 200 plants will produce compressed bio-gas, while 300 plants will be operated at the community level.
 - Bio manure is a byproduct of these plants which can be sold and be used for sustained soil nourishment.
- It is proposed to make ***one crore farmers volunteering for natural farming practices*** in next three years and to support them.
- ***Ten Thousand Bio Input Resource Centres*** will be opened throughout the country.

Allied Areas

- In this budget, the budget allocation for Animal Husbandry and Dairy Department's allocation has been raised to Rs 4328 crores, 40% higher than the revised estimates of the last year.
- Maximum allocation has been made to cattle health and disease control.
 - Lumpy Skin' and African Swine diseases have affected our cattle badly.

- To provide a boost to fishery sector, allocation for this department has been made Rs 2248.77 crore. 38.45% higher than last year.
- The Finance Minister has also declared start of a new co-scheme with an investment of 6,000 crore - Pradhan Mantri Matsya Kisan Sah Yojana (PM Fishery Farmers' Co-scheme).

Conclusion

The first budget of Amrit Kaal is laying a firm foundation of sustained and inclusive development in agriculture and allied sectors.

POST-PANDEMIC HEALTH

- Health is an integral part of a prosperous society. India aims to become a US\$ 5 trillion economy; therefore, it needs to take care of the health of every citizen.
- In the Budget 2023-24, the Ministry of Health and Family Welfare has received a nominal increase of around 3.5% from Rs 86,175 Cr in BE 2022-23 to Rs 89,155 Cr in BE 2023-24.
- The Budget 2023-24 announced a new mission to **eliminate Sickle Cell disease (SCD)**, a type of anaemia, **by 2047**.
- Other key proposals include opening 157 new nursing colleges in those districts where medical colleges have been opened recently.
- The budget has also proposed starting **dedicated multidisciplinary courses for medical devices**.
- There are proposals to open up the facilities in select ICMR Labs for research by public and private medical college faculty. The budget proposal makes a call to the private sector research and development teams for collaborative research and innovation with the government.
- The budget also calls to promote research and innovation in pharmaceuticals by setting up the centers of excellence.
- There is a proposal to start three centres of excellence in Artificial intelligence (AI) with health as one of the core sub- themes. The government has announced to move away from the aspirational district programme to a smaller unit of block level through the launch of the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services, which would have health sub-components.

BANKING: FOCUS ON NEW RESPONSIBILITIES AND GOOD GOVERNANCE

- In the Union Budget 2023-24, a slew of measures have been taken to promote savings among women and secure the future of the elderly through savings.
- Acknowledging the wider acceptance of digital payments, the budget ensures continuous fiscal support for digital public infrastructure in 2023-24.

Deposit Schemes

- In the Budget, measures have been taken to promote savings among women and secure the future of the elderly through savings.
- It has announced '**Azadi ka Amrit Mahotsav Mahila Samman Bachat Patra**'. Under this, a new small savings scheme, Mahila Samman Savings Certificate, will be available for two years until March 2025.

- It will offer a deposit facility of up to Rs 2 lakh for women or girls for two years at a fixed interest rate of 7.5 percent with a partial withdrawal option.
- Changes have been made in some of the existing post office schemes for older women, men, and third-gender persons. Under this, the maximum deposit limit for Senior Citizen Savings Scheme has been increased from Rs 15 lakh. to Rs 30 lakh.

Sources of Government Borrowing

- Net market borrowing from dated securities has been estimated at Rs 11.8 lakh crore against a fiscal deficit of Rs 17.87 lakh crore in the Union Budget 2023-24. Banks will play an important role in fulfilling this estimate.

Promoting Digital Transactions

- In the budget for the financial year 2023-24, the Finance Minister stated that digital payments are continuously getting wider acceptance from different sectors of the economy and sections of society.
- In 2022, they showed a 76 percent increase in transactions and 91 percent in value. Hence, the budget announced that fiscal support for this digital public infrastructure will continue in 2023-24 as well.

Sector-specific Loans

- It was stated in the budget that about 86 percent of small farmers in the country had significantly benefited from the Kisan Credit Card (KCC). Hence for this time, a provision of Rs 23 thousand crores has been made.
- The **agricultural loan target has been increased to Rs 20 lakh crore**, focusing on animal husbandry, dairy, and fisheries.
- An essential part of the economy is the Micro, Small and Medium Enterprises, i.e., MSME. Considering this, it is stated now that the renewal of the Credit Guarantee Scheme for MSMEs in the last budget was proposed.

Reforms in Banking Governance

- The budget has proposed some amendments to the Banking Regulation Act, Banking Companies Act and Reserve Bank of India Act to improve the banking system and increase investor protection.
- Although the blueprint of these amendments has not been disclosed yet, it is understood that through these reforms, new guidelines regarding the bank's board of directors would be drawn which may include the eligibility and tenure of the director.
- Neither in the budget of the financial year 2022-23 nor in the budget of the financial year 2023-24 has there been a move for the recapitalization of public sector banks.

STRENGTHENING THE FINANCIAL SECTOR

Given the GDP growth of 7% in 2022-23 with controlled inflation at 6.8% and Fiscal Deficit at 6.4%, India has moved to a higher pedestal amongst *top five world economies* in every sphere of its activity and amongst the *top three world economies on PPP basis* having GDP of over US\$ 10 Trillion.

Budget 2023-24

- Budget 2023 is growth oriented; employment generating; infrastructure expanding budget with a focus on development through Atmanirbharta, transparency & digitalisation; repealing laws towards ease of doing business; bringing dynamism in tax structure with a portfolio approach.
- The Budget, through reorienting tax slabs, reducing surcharges to individuals, corporates and associations provides more liquidity to the middle class while targeting to control evasion or avoidance of taxes.

- The re-mention of **RBI issuing Digital Currency in 2023-24** having test run initiated in November 2022 will help India increase productive efficiency.
- The setting up of Post Office Banking as core banking in 1.5 lakh Post Offices and 75 Digital Banking units (DBUS) in 75 districts by SCBS is empowering the rural consumers.
- The budget aims to provide the means to strengthen the social safety net through **Mahila Samman Bachat Patra**.
- It is a welcome step to recognise that people's participation can be increased in the capital markets through the education fostered under the umbrella of SEBI.
- The launching of **Digital University, One- Class-One-TV channel** under **PM e-Vidya** 200 TV channels will supplement equitable right to education in national and regional languages for classes 1-12, setting up of 750 virtual labs in science and mathematics along with 75 skilling e-labs for simulate learning environment.
- The Insolvency and Bankruptcy Act (IBA) provided for the strengthening of creditors' rights has enabled the banking system to exert their rights and protect the money of the depositors.
- Yet the constant challenge for most bankers is the inability to communicate any defaults or delimit any individual or company which has a default credit history.
- The budget provides for meeting the need for a **National Financial Information Registry** to serve as the central repository of financial and ancillary information.
- A business-friendly environment and ecosystem is reflected in the provisions of the Budget for Fintech. More than 39,000 compliances have been reduced and over 3,400 legal provisions have been decriminalised.
- Several initiatives have been taken in **GIFT IFSC** to make India a financial hub for international transactions and promote international business and trade.
 - The Budget proposals for the GIFT IFSC are an essential step in the direction of strengthening trade and open economy frameworks.
 - **Data Embassies** would further strengthen the process of Transparency and Accountability.
- The support for the MSME through Atmanirbhar Bharat Abhiyan 1, 2 and 3 continues to be further facilitated by the government through the **Credit guarantee for MSME** with revamped scheme from 1st April 2023.
 - MSMEs will receive an equity infusion of Rs 9,000 crores in the corpus and an additional collateral- free guaranteed credit of Rs 2 lakh crore.
 - Further, the cost of the credit will be reduced by about one per cent.
 - This will support the millions of people employed in the MSME sector which is the largest employer after the government.
 - This is in addition to the 10 lakh jobs in the government departments and subsidiaries as announced by PM Modi in July 2022 towards various vacancies on account of lean government and effective governance to be filled before December 2023.
- The **Foreign Exchange Reserves** for India is US\$ 563 Billion with over US\$ 7 billion FDI being received monthly is clearly an indication of India being one of the Most Favoured Nations for Investment.

Conclusion

The Budget 2023- 24 has used innovative methods of financing various projects using PPP mode which will all add to the growth and help build the productive capacity of the economy and jobs.

VAJIRAM & RAVI

BUDGET EMPOWERS INDIA'S GEN-Z

- In the progressive landscape of India's economic growth and development, youth have a significant leadership role. Youth empowerment is one of the top priorities in this year's budget.
- The Union Budget 2023-24 has emphasised '**Amrit Peedhi**' as a priority under the 'Saptarishi' guiding through the Amrit Kaal.
 - **Saptarishi focuses on seven key areas:** inclusive development, youth power, last-mile connectivity, infrastructure, green growth, unleashing potential, and a robust financial sector.

Tapping the Demographic Dividend

- The **median age in our country is 28.4**, this is 38 in China and 47 in Germany. The rural youth population is 65 per cent of the total population.
- The population bulge with young people has produced a demographic dividend providing an unprecedented economic development trajectory.

Aspirational Budget for Skill-based Training for Youth

- This year's Union Budget is a strategic step as skill development and vocational training will be fundamental in creating a world class workforce.
- The budget allocation for the Ministry of Skill Development and Entrepreneurship is Rs 3,517.31 crores out of which Rs 2,278.37 crores have been allocated to the Skill India program.
- The budget proposes launching **Pradhan Mantri Kaushal Vikas Yojana 4.0** within the next three years. Additionally, **30 Skill India International Centres** shall be set-up in different States to impart world class skill training.
- The Budget has emphasised On Job Training (OJT), industry partnership, and alignment of courses as per the demands of the industry.
- The government is launching a **unified Skill India Digital Platform** for catalysing demand-based formal skilling. The platform will link employers and facilitate access to entrepreneurship schemes.
- The announcement of Direct Benefit Transfer under a pan India National Apprenticeship Promotion Scheme (NAPS) to provide a stipend to 47 lakh youth in three years is a welcome step.

Highest Allocation for Educating The Young

- The 2023-24 Budget for the Ministry of Education is Rs 1,12,898.97 crores. It is the highest allocation so far.
- This year emphasis is given to revamping teachers training through **District Institutes of Education and Training (DIETs)** as centers of excellence.
- There is also a proposal for setting up a **National Digital Library and physical libraries** at Panchayat and ward levels.

Highest Ever Budget Allocation To Youth Affairs And Sports

The Government of India has brought youth affairs and sports into the center stage with a manifold increase in budget over the years to Rs 3397.32 crores for the financial year 2023-24. More than Rs 1000 crore has been allocated to the 'Khelo India' campaign.

Supporting India's Startup Ecosystem Youth-led Entrepreneurship

- The launch of the Startup India Initiative in 2016 has boosted innovation and economic activities in our country. India is the hub of the Startup ecosystem in the world, **ranking third with more than 91,000 DPIIT-recognised startups and 108 unicorns worth 30 billion dollars.**
- The Union Budget has proposed several strides to boost the startup ecosystem, improving the investment climate and boosting the entrepreneurial spirit of the youth.
- Simplifying the KYC process, establishing a Central Processing Centre for Ease of Doing Business and introducing a Unified Filing Process are the hallmarks of the 2023-24 Union Budget.
- To give a fillip to the tech-enabled Startups, the government has undertaken to **create 100 labs for the development of 5G apps** in leading engineering institutions. The idea is to encourage 'Made in India' apps to increase the country's influence in the global tech ecosystem.
- A **National Data Governance Policy** is proposed to unleash innovation and research by Startups and academia.
- The Budget has proposed extending the date of incorporation for eligible Startups to avail of tax benefits by an additional year.

Conclusion:

The aspirational initiatives proposed in the Union Budget 2023-24 shall strengthen the Indian youth to realise their true potential thereby aiding their advancement, making them more competitive and securing formidable positions on the global front.

SKILLS, EMPLOYMENT AND HUMAN RESOURCE DEVELOPMENT

- According to the **world Economic Forum report** published in October 2020, the **rapid acceleration of automation and economic uncertainty** caused by the pandemic will shift the division of labor between humans and machines, causing 85 Million jobs to be displaced and 97 million new ones to be created by 2025.
- Now, more than ever, existing and new workforce would have to be more agile, adaptable and would need to constantly upskill their knowledge and skills.

Indian Scenario

- **India** is home to the **largest youth population in the world** with around 66 per cent of the total population below the age of 35. The Indian work force is set to grow by over 8 million per annum over the coming decade most of which will be driven by youth entering the labour market.
- One of the major challenges for policymakers in the current workforce landscape is to create gainful employment and meaningful work opportunities for the ever-increasing educated youth.

The Evolving Skilling Ecosystem

- The Union Budget this year (2023-24) continues to build on the growth story of the youth of our country with a focus on skills, employment and human resource development.
- The increments in the budget outlay (**8.3% rise in the Education sector and around 85% in skill development**) clearly indicates the focus of the current government on supporting youth to be gainfully employed and in ensuring sustainable livelihoods.

Recent Reforms in Skilling and Employment Landscape

- The journey of bringing the **Neither in Employment, Education & Training (NEET)** candidates to recognised *Pradhan Mantri Kaushal Kendra (PMKK)*, *Jan Shikshan Sansthan (JSS)*, and *National Institute of Electronics and Information Technology (NIELIT)* centers is a positive move.
- The government's announcement of **30 India International Skill Centers** is apt and timely.

- These centers could act as mediums for learners to gain internationally acceptable skills and increase their competitiveness.
- The newly-announced scheme in the Union Budget 2023-24, **PM Vishwakarma KAushal Samman (PM VIKAS)** is a welcome move.
 - It will enable traditional artisans and craftspeople to improve the quality, scale and reach of their products, integrating them with the MSME value chain.
- FICCI has been working in this space for a few years through its initiative of VIRASAT: The Heritage.
- The Integration of skilling and entrepreneurship development programme aligned with the theme 'Dekho Apna Desh' would open new career avenues for the youth in the sector and boost the tourism sector economy.
- The allocation of Rs 440 crores for **National Apprenticeship Training Scheme (NATS)** in this year's Budget for equipping technically qualified youth with practical knowledge and skills is a landmark decision.
- Further, the flagship programmes- **Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP)** and **Skill Strengthening for Industrial Value Enhancements (STRIVE)** will continue to support and make the national skilling framework more robust.

Conclusion

It is time now to capitalise on the strong and effective skill development framework that is built in the last few years in the country. For us to become a USD 5 trillion economy by 2025, a lot would depend on how we harness our skill potential in the coming years.

FISCAL DEFICIT POLICY SHIFT AND SUSTAINABLE DEVELOPMENT

- The budget plays an important role in the overall development and socio- economic transformation of the country.
- The impact of the budget should not be understood on the basis of the amount of fund/total fund allocated to various sectors and departments, rather needs to be evaluated how a particular expenditure would affect the country's long-term growth in terms of inclusive and sustainable development.
- From an economic perspective, the impact of the budget must be reviewed from the viewpoint of fiscal deficit and capital expenditure.

Fiscal Deficit and Analysis

- **Fiscal deficit** indicates the total borrowing requirements of a country during a fiscal year. It is used as an instrument to measure fiscal discipline and sets the fiscal roadmap of the country in terms of its current needs and future liabilities.
- The extent and magnitude of fiscal deficit is determined by two components: revenue deficit and capital expenditure.
- In the Budget 2023-24. the **proposed fiscal deficit is 5.9 per cent of GDP** while it is 6.4 per cent for FY 2022-23.
 - Considering the post-Covid impact, global headwinds, Russia- Ukraine war, and other geopolitical tensions, trading on a fiscal deficit of 5.9 per cent is not too high, yet will remain a cause for concern.

Fiscal Deficit and Capital Expenditure Trade-off

- In spite of the well-placed **FRBMA-2003**, recommended fiscal deficit of 3.0 per cent of GDP is still a target even after 20 years. It may be due to a lack of seriousness or various macroeconomic disturbances and economic instabilities.
- However, to reduce the ill effects, government has found an alternative of higher capital expenditure in recent years.
 - To lessen the negative impact of the fiscal deficit, the government has planned for higher capital expenditure of Rs 10 lakh crore, which is 33 per cent higher than last year's figure and 3.3 per cent of GDP.
 - The overall 'Effective Capital Expenditure' of the Centre is budgeted at Rs 13.7 lakh crore, which will be 4.5 per cent of GDP.
- In the current context, a need for higher public spending is believed to be crucial for providing the required impetus to economic growth. A sustained increase in investment will strengthen infrastructure. and contribute to higher GDP/employment/output through its multiplier effects and crowd-in private investments, and provide a cushion against global headwinds.
- In this Budget, more fiscal freedom has been given to all the states and accordingly each state has been allowed to have the leverage of a fiscal deficit of 3.5 percent of their SGDP.

Revenue Deficit and Sustainable Path

- Revenue deficit reflects the excess of revenue expenditure over revenue receipts of the government.
- A higher revenue deficit compels the government to adhere to borrowings to meet the revenue shortfall.
- The government has proposed a tight revenue deficit of 2.9 per cent for FY 2023-24 compared to 3.8 per cent in FY 2022-23.
- Revenue deficit can be reduced by higher revenue mobilisation through tax buoyancy & wider tax base and with quality tax administration and by reprioritising expenditure through expenditure rationalisation.
- Based on the recommendations of the **Expenditure Reforms Commission**, all the expenditures, particularly revenue expenditure are reprioritised and rationalised which is very much visible in the budget provisioning.

Fiscal Sustainability Indicators and Insights

- The **ratio of revenue receipts to revenue expenditure** (RRE) needs to be evaluated in consideration with Centre and States financial relation and transactions. The higher the ratio, the higher is the expenditure rationalisation and strong revenue base.
 - For 2023-24, this ration would be 75.2, showing a steady rise in RRE.
- Higher capital expenditure (Capex) will stimulate private sector investment. The sustainable model of the fiscal framework looks forward to a situation where the adverse effects of a high fiscal deficit get well-adjusted by higher spending on various capital assets and welfare programs.
- Similarly, the **ratio of capital expenditure to the fiscal deficit** (Capex-FD) broadly measures how much of borrowed resources are used for financing the capital expenditure.
 - It is now projected at 56.0. So, it is evident that India is moving in the right direction of fiscal sustainability.
- It is anticipated that the tax-GDP ratio should be more than 10 per cent. In the proposed budget 2023-24, tax-GDP ratio is estimated at 11.1 per cent.

Conclusion

From an economic perspective, the provision of higher capital expenditure/spending in this budget 2023-24 reaffirms for higher investment-employment-growth trinity and ensures the government's focus and commitment to **4I - infrastructure, investment, innovation and inclusion**.

CREATING A CONDUCTIVE BUSINESS ENVIRONMENT

The Government is spearheading the initiatives under Ease-of-Doing Business and Reducing Compliance Burden which are aimed at creating a conducive business environment.

The key focus areas of the initiatives are:

- Simplification of procedures related to applications, renewals, inspections, filing records, etc.,
- Rationalisation by repealing, amending or subsuming redundant laws,
- Digitisation by creating online interfaces eliminating manual forms and records, and
- Decriminalisation of minor technical or procedural defaults.

Furthermore, the Government has unveiled **National Single Window System (NSWS)** to provide a single platform to enable the identification and obtaining of approvals and clearances needed by investors, entrepreneurs, and businesses in India.

NWS is providing a single interface to apply for all Government to Business (G2B) clearances for various ministries/depts as well as eliminating duplication of work by auto-populating from fields across different approvals based on single investor profile.