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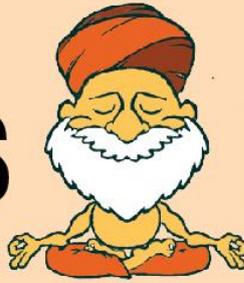
UNION
BUDGET

2023-24



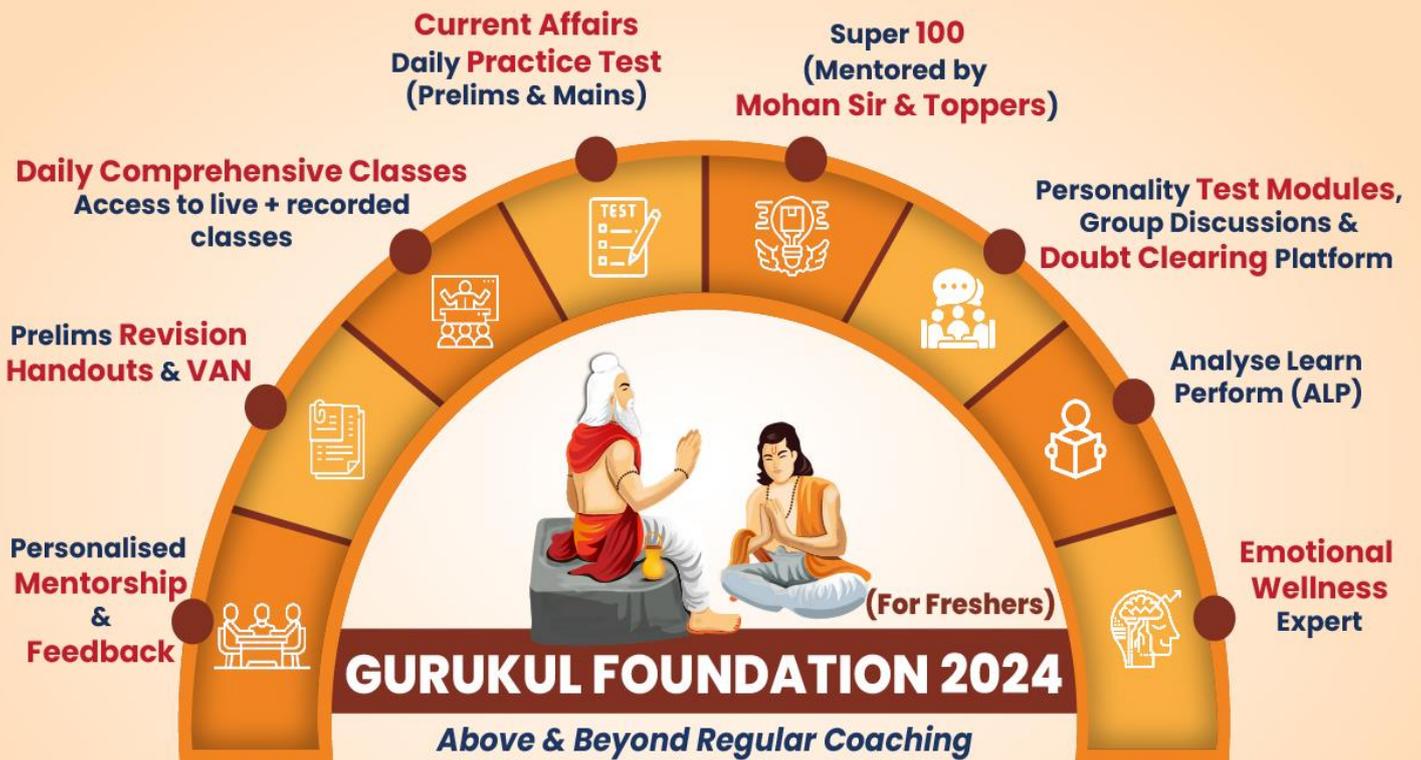
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THE UNION BUDGET

Budget Formulation

- Budget is the government's blueprint on expenditure, taxes it plans to levy, and other transactions which affect the economy and lives of citizens.
- According to **Article 112** of the Indian Constitution, the Union Budget of a year is referred to as the Annual Financial Statement (AFS).
- The Budget Division of the Department of Economic Affairs in the Finance Ministry is the nodal body responsible for preparing the Budget.
- In Parliament, the Budget goes through six stages:
 - I. Presentation of Budget.
 - II. General discussion.
 - III. Scrutiny by Departmental Committees.
 - IV. Voting on Demands for Grants.
 - V. Passing of Appropriation Bill.
 - VI. Passing of Finance Bill.

A112 provides for laying down the annual financial statement (Budget) in the parliament. Budget is both a policy statement and accountability mechanism put in place.

Budget as a policy statement can be seen from the following points

- *Budget mentions the allocations for various schemes like social sector etc which indicate the priority of government. Ex: The present budget has increased emphasis on infrastructure spending*
- *Tax rates are mentioned which is an indication to the various sectors of the economy. Ex: Service tax, income tax, corporate tax*

Budget is not only a policy statement but also provides an opportunity of the legislature to discuss the spending

- *Debates and voting happen in the parliament without which government can not withdraw money from consolidated fund.*
- *The legislature can pass various cut motions like policy cut, token cut etc showing the disapproval of legislature.*
- *During debates concerned ministers from the government will address the questions from MPs.*
- *If the budget is failed to pass then government must resign.*

Hence Budget is both a policy statement and accountability mechanism.

Major Components

- **There are three major components —**
 - Expenditure
 - Receipts
 - Deficit indicators.

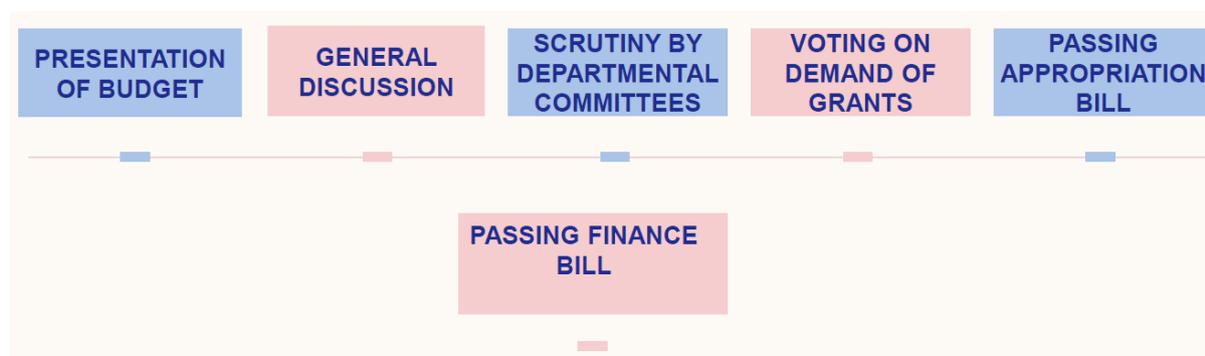
- **Based on their impact on assets and liabilities, total expenditure can be divided into capital and revenue expenditure.**
 - **Capital expenditure** is incurred with the purpose of increasing assets of a durable nature or of reducing recurring liabilities. Ex: constructing new schools or new hospitals.
 - **Revenue expenditure** involves any expenditure that does not add to assets or reduce liabilities. Ex: payment of wages and salaries, subsidies or interest payments.
- **Depending on the manner in which it affects different sectors, expenditure is also classified into**
 - General services
 - Economic services include expenditure on transport, communication, and rural development, agricultural and allied sectors.
 - Social services include expenditure on the social sector including education or health
 - Grants-in-aid and contribution.
- The sum of expenditure on economic and social services together form the **development expenditure**. Again, depending on its effect on asset creation or liability reduction, development expenditure can be further classified as revenue and capital expenditure.
- The receipts of the Government have three components —
 - **Revenue receipts** involve receipts that are not associated with increase in liabilities and comprise revenue from taxes and non-tax sources.
 - **Non-debt receipts** are part of capital receipts that do not generate additional liabilities. Ex: Recovery of loans and proceeds from disinvestments.
 - **Debt-creating capital receipts** are ones that involve higher liabilities and future payment commitments of the Government.
- **Fiscal deficit** by definition is the difference between total expenditure and the sum of revenue receipts and non-debt receipts. Therefore, fiscal deficit indicates total borrowings of the government.
- **Primary deficit** is the difference between fiscal deficit and interest payments.
- **Revenue deficit** is derived by deducting capital expenditure from fiscal deficits.

Implications of the Budget on the economy

- The Budget has an implication for aggregate demand of an economy.
 - All Government expenditure generates aggregate demand in the economy since it involves purchase of private goods and services by the Government sector.
 - All tax and non-tax revenue reduces net income of the private sector and thereby leads to reduction in private and aggregate demand.
- Reduction in expenditure GDP ratio or increase in revenue receipt-GDP ratio indicates the Government's policy to reduce aggregate demand and vice-versa.
- For similar reasons, reduction in fiscal deficit-GDP ratio and primary deficit-GDP ratios indicate Government policy of reducing demand and vice versa.
- Since different components of expenditure and revenue can have different effects on income of different classes and social groups, the Budget also has implications for income distribution.
 - For example, revenue expenditure such as employment guarantee schemes or food subsidies can directly boost the income of the poor.
 - Concession in corporate tax may directly and positively affect corporate incomes.
 - Though both a rise in expenditure for employment guarantee schemes or reduction in the corporate tax would widen the fiscal deficit, its implications for income distribution would be different.

What are fiscal rules and how do they affect policy?

- Fiscal rules provide **specific policy targets** on the basis of which fiscal policy is formed. Policy targets can be met by using different policy instruments.
- In India's case, its present fiscal rule is guide by the recommendations of the **N.K. Singh Committee Report**.
- Allowing for some deviations under exceptional times, it has three policy targets —
 - Maintaining a specific level of debt-GDP ratio (stock target)
 - Fiscal deficit-GDP ratio (flow target)
 - Revenue deficit-GDP ratio (composition target).
- Though both expenditure and revenue receipts can potentially act as policy instruments to meet a specific set of fiscal rules, tax rates within the existing policy framework happen to be determined independent of the expenditure requirement of the economy.
- Accordingly, in the present institutional framework in India, it is primarily the expenditure which is adjusted to meet the fiscal rules at given tax-ratios. Such an adjustment mechanism has at least two related, but analytically distinct, implications for fiscal policy.
 - First, existing fiscal rules provide a cap on expenditure by imposing the three policy targets.
 - Second, under any situation when the debt-ratio or deficit ratio is greater than the targeted level, expenditure is adjusted in order to meet the policy targets.
 - By implication, independent of the state of the economy and the need for expansionary fiscal policy, existing policy targets may lead the Government to reduce expenditure.

Stages of Budget

Budgeting is draped with trappings of professionalism, technology, and expertise; but it is also a system of values and politics. – Wildavsky

Robert Smith and Thomas Lynch describe budget in four perspectives, “the political event dealing with broad based planning, an economic activity that carries out cost and benefit analysis, an accounting activity that ensures that the money is spend as per the wisdom of the policies, and management function which implements the targets and goals mentioned in the budget.”

As mentioned by Smith and Lynch budget is a formal document involving various technicalities;

- **Professionalism:** Budget involves that knowledge, skills and aptitude; that are possessed by professionals in the field of administration, economics and management. A perfect budget can only be prepared by such a diligence and professionalism that has great experience in this job. Ex: several countries have a separate recruitment gate way to select the budgeting team. And the selection process includes accounting challenge, management challenge, budgeting simulation challenge, etc.
- **Technology:** Budget nowadays is embedded with the state of the art technology. Here, the technology is used in various stages like, estimation of the expenditure by via big data analysis, calculating the probable time via advanced statistical computations (PERT), strategic planning with the help of technological intelligence (AI) etc. Ex: some of the advanced types of budgeting systems like the, Output Budgeting, Zero based budgeting, Outcome budgeting, etc, are no less than technological innovations.
- **Expertise:** Budgeting, as mention earlier, requires great skill and expertise related to accounting, management, finance, etc. As mentioned by Smith and Lynch, budgeting requires specialization in estimation, formulation, adoption, presentation and execution; i.e. in all the stages of budget. Ex: expertise of Chief Economic Advisor, Finance secretary and even Finance Minister (Manmohan Singh 1991 budget) is humungous in preparation of budget in India.

Further, along with the entrapped technicalities, budget is also a system of;

- **Values:** Budgeting process involves both the economic and humane values. Economic values include the prudence, accountability, responsibility, efficacy, efficiency, etc. However, the humane values involved in the budgeting are the equity, last mile connectivity, last man reach, faithful utilization of tax payers money, public friendly taxation, etc. Ex: the budget is a value pregnant, if it provides of enough plan and allocation of funds, for the social sectors like the education, employment, health, nutrition, etc. Also, gender budgeting is the best example to explain why budgeting can be considered as the value system.
- **Politics:** It is an adage, in the administrative parlance, that, budget is all about politics and our stand on the budget is dependent on our place in the politics. Aaron Wildavsky even goes to the extent of saying, "budgetary decision making is largely political, rather than based on economic conditions". Also, budget provides the achievement of ruling party in the previous year and its plans and agendas for the coming fiscal year. It is a sound bugle of the government for propaganda of the self, and a platform to announce its manifesto. Ex: "10 Points Vision for the Decade" of the (2019-20) budget

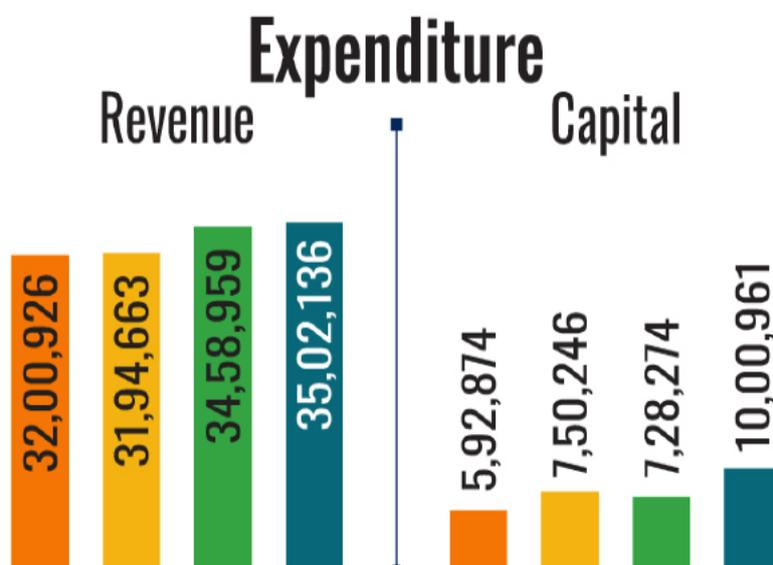
Hence, budget contains all and sundry that is relevant for administration. It is the very fuel by which the administration runs, and it is the very remote through which the administration is controlled. Finally, as said by Joseph Schumpeter "Budget is the skeleton of the state and the truest reflection of the distribution of power and influence".

BUDGET ESTIMATES FOR FY 2023-24

GDP growth is estimated is estimated at 7 %, which is the highest among all major economies.

ESTIMATED EXPENDITURE AND INCOME:

	2022-2023 (BE)	2023-2024(BE)
Total Expenditure	Rs. 39.45 lakh crore	Rs 45 lakh crore
Total Income (Other than borrowings)	Rs.22.84 lakh crore	Rs 27.2 lakh crore

**REVENUE EXPENDITURE**

Revenue expenditure is estimated to grow by 1.2 % at Rs. 35.02 lakh crore in 2023-24.

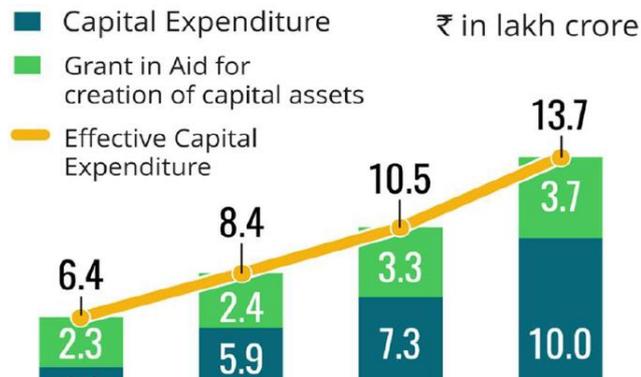
Major components of revenue expenditure includes,

- **Interest Payments:** Interest payments are estimated to be Rs. 10.80 lakh crore which is 30.8 % of the total revenue expenditure.
- **Subsidies:** subsidies at Rs.3.75 lakh crore (1.2 per cent of GDP) is 10.7 % of Revenue Expenditure in BE 2023-24.
- **Pensions:** accounts to about Rs.2.45 lakh crore in RE 2022-23.
- **Grants:** are estimated to the tune of Rs. 1.65 lakh crore in FY 2023-24.

CAPITAL EXPENDITURE:

- 37.4% increase in CapExin 2023-24 (Rs. 7.50 lakh crore in 2022-23).
- 3.3 % of GDP

- The 'Effective Capital Expenditure' of the Centre is budgeted at Rs 13.7 lakh crore, which will be 4.5 per cent of GDP.



AMRIT KAAL

Elements that guide:

- Commitment to fiscal prudence
- Conservative assumption
- 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 to create world-class infrastructure, strengthen a trust-based governance framework and provide an impetus to micro, small and medium enterprises (MSME).



PRIORITY 1: Inclusive development**A. Agriculture**

- **AGRICULTURE ACCELERATOR FUND**
 - Agri tech startups by young entrepreneurs in rural India
 - Private equity investors Rs 6600 crore in 4 years
- **ATMANIRBHAR HORTICULTURE CLEAN PLANT PROGRAMME**
 - To boost availability of disease free, quality planting material for high value horticultural crops.
 - Total outlay = Rs 2,200 crore.
 - The horticulture sector in India contributes about 33% of the Gross Value Addition (GVA).
 - India is currently producing about 320.48 million tons of horticulture produce which has surpassed the food grain production, that too from much less area (25.66 million Ha. for horticulture against 127.6 M. ha.)
 - India is the second largest producer of fruits and vegetables in the world.
 - First rank in the production of Banana, Mango, Lime & Lemon, Papaya and Okra
- **GLOBAL HUB FOR MILLETS SHRI ANNA**
 - 2023 the International Year of Millets - UN
 - Largest producer and second largest exporter
 - Indian Average yield (kg/ha) > global average yield
- **INDIAN INSTITUTE OF MILLET RESEARCH, HYDERABAD**
 - Premier agricultural research institute
 - Under Indian Council of Agricultural Research (ICAR) -1958
 - Will now be upgraded to Centre of Excellence
- **AGRICULTURE CREDIT**
 - The agriculture credit target will be increased to Rs 20 lakh crore.
 - The total budgetary allocation of the Ministry of Agriculture and Farmers' Welfare is Rs. 1.25 lakh crore.
 - The credit target of Animal Husbandry, Dairy, and Fisheries has also increased to 20 lakh crore.
 - A new sub scheme of **PM Matsya Sampada Yojana** with investment of Rs 6,000 crore.
 - Pradhan Mantri Matsya Sampada Yojana (PMMSY) was launched on 10th September 2020.
 - The main motto of PMMSY is 'Reform, Perform and Transform' in the fisheries sector.
 - Target of the new sub scheme = fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.

- Through the **GOBARdhan scheme**, the government is setting up 500 new “Waste to Wealth” plants and augmenting farmers’ income while generating green energy.

More Details:

- Rs. 2516 crores investment has been proposed to initiate the computerization of 63000 Primary Agricultural Credit Societies.
- To promote natural farming, approximately Rs 460 crores have been allotted. The government will encourage one crore farmers to adopt natural farming and for this 10000 bio-input resource centres will be established at the national level.
- Around 23000 crores have been allocated in Budget 2023-24 to enable farmers to continue availing the benefits through Kisan Credit Cards (KCC).

Measures for Agri-development: The budget has proposed many methods to increase production, productivity, and farm incomes through active participatory action towards:

- Comprehensive water planning
- Promoting natural and organic farming
- Ensuring balanced use of fertilizers
- Promoting and nurturing Farmer Producer Organizations (FPOs)
- Mapping and geo-tagging agri-logistic
- Construction and operation of community-led village storage
- Connecting unconnected areas and sustaining a national cold supply chain
- Integrating e-negotiable warehouse receipts with e-NAM
- Developing fodder farms through MGNREGA
- Promoting fisheries sector
- Doubling milk-processing capacities
- Utilizing enhanced farm credit

B. Health

The budget for the year 2023-24 indicates a significant trend as there is an increase in expenditure on health as percentage of GDP from 1.4 per cent in 2019-20 to 2.1 percent in 2022-23.

- Towards it, the BE provision for 2023-24 is over Rs 7,200 crore, showing over 2.6 times increase since 2018-19 when the scheme was launched.
- The Government has also announced the establishment of 157 new nursing colleges in co-location with the existing 157 medical colleges established since 2014.
- The budget allocation for AYUSH Ministry has also increased by 28%.
- Rs 6825 has also been allocated for the establishment of 22 new AIIMS.
- Budget also proposed to launch a new programme during 2023-24 to promote research and innovation in pharmaceuticals.

SICKLE CELL ANAEMIA ELIMINATION MISSION

- A form of the inherited blood disorder to eliminate sickle cell anaemia by 2047
- Universal screening of 7 crore people in the age group of 0-40 years in affected tribal areas
- Tribal population 1 in 86 births have SCD
- Early detection is key

C. Education

- The allocation for education in this Budget is Rs 1,12,898.97 crore.
- The Higher Education Budget is allotted Rs 44,094.62 crore for 2023-24, a considerable increase from Rs 40,828.35 crore in revised estimates for 2022-23.
- The Budget has proposed support of Rs 68,804.85 crore for school education.
- Measures have also been announced for the effective implementation of all the provisions of the National Education Policy, particularly focussing on skilling.
 - The idea is to synergise skills with economic policies to facilitate job creation at scale and to support business opportunities.
- 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 to upgrade their skills and facilitate a people-centric approach.
- To address the challenge of last-mile connectivity, education has also been included in the programmes for Aspirational Blocks. Women's education under the Samagra Shiksha, an overarching school education programme under the National Education Mission, has been provided Rs 37,453 crore.
- The budget has also proposed to set up three centres of excellence for Artificial Intelligence (AI) at the top educational institutions to help connect industry with academics and help evolve an ecosystem for AI.
- Pradhan Mantri Kaushal Vikas Yojana 4.0 will be launched to skill lakhs of youth within the next three years.
- On-job training, industry partnership, and alignment of courses with industry needs will be emphasised.
- As per the commitment to inclusion, the Budget 2023-23 laid emphasis on skilling artisans.
 - **The PM Vishwakarna 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.

NATIONAL DIGITAL LIBRARY

- For Children and Adolescents.
- States will be encouraged to provide infrastructure at panchayat and ward levels for accessing the National Digital Library resources.
- States will also be encouraged to set up physical libraries at panchayat and ward levels.
- The National Book Trust, Children's Book Trust and other sources will be encouraged to provide books to these physical libraries.
- **National Book Trust (NBT)** is a publishing house, founded in 1957 as an autonomous body under the Ministry of Education of the Government of India.

- The activities of the Trust include publishing, promotion of Indian books abroad, assistance to authors and publishers, and promotion of children's literature.
- **Children's Book Trust** is an Indian children and young adult book publisher. It was founded by cartoonist **K. Shankar Pillai**, in 1957.

PRIORITY 2: Reaching last mile

PM PVTG DEVELOPMENT MISSION

- In India, tribal population makes up for 8.6% of the total population.
- In 1973, the Dhebar Commission created Primitive Tribal Groups (PTGs) as a separate category, who are less developed among the tribal groups.
- In 2006, the Government of India renamed the PTGs as PVTGs.
- There are 75 PVTGs out of 705 Scheduled Tribes.
- Among the 75 listed PVTG's the highest number are found in **Odisha (13)**. No PVTGs are found in the states of Punjab and Haryana.
- The PVTG of **Sahariyas**(Madhya Pradesh and Chhattisgarh) has the highest population of 4,50,217.
- PVTGs of Sentinelese have a very small population of 39.
- Pradhan Mantri PVTG Development Mission will provide families and habitations with basic facilities such as
 - Safe housing,
 - Clean drinking water and sanitation,
 - Improved access to education,
 - Health and nutrition,
 - Road and telecom connectivity, and
 - Sustainable livelihood opportunities.
- Allocation=Rs. 15,000 crore for next 3 years.

EKALAVYA MODEL SCHOOLS

- 38,800 teachers and support staff
- 740 Eklavya Model Residential Schools
- 3.5 lakh tribal students
- 1997-98

BHARAT SHRI

- 'Bharat Shared Repository of Inscriptions'
- Will be set up in a digital epigraphy museum
- Digitization of one lakh ancient inscriptions
- Mysuru

PRIORITY 3: Infrastructure and Investment**SUPPORT TO STATE GOVERNMENTS FOR CAPITAL INVESTMENT**

The budget allocated a sum of Rs 1.3 crore for providing financial assistance to States for capital expenditure. **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. The State governments have more expenditure responsibilities for providing core public services.
- To achieve cooperative fiscal federalism, the government must focus on enhanced fiscal decentralisation and distribution of revenue to the state governments.

Trends in Fiscal Decentralisation:

- The annual transfers from the Union to the States have increased to 6.7 per cent of GDP as per revised estimates for 2021-22.
- Annual total transfers have increased to Rs 15.74 lakh crore during this period.

It has been facilitated by the recommendations of the 14th and 15th Finance Commissions. 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 15th Finance Commission, in its report for the period from 2021-22 to 2025-26, maintained the higher devolution proportion.

- After adjusting one percent to provide for the newly formed Union Territories of Jammu and Kashmir and Ladakh from the resources of the centre, the Commission has recommended the devolution of 41% of the central taxes to the States.
- This has established a decentralised fiscal architecture and drastically altered the composition of the Union transfers to States.

A bulk of tax devolution is now formula based rather than grants. Changed fiscal architecture has also been accompanied by major changes in the mode of planning and design of fiscal transfers.

Steps taken towards better financial decentralisation:

- Formation of Niti Aayog to promote cooperative federalism.
- Rationalisation of centrally sponsored schemes.
- Introduction of Goods and Services Tax
- Cooperation to boost capital expenditure in states.

Government has decided to continue the **50-year interest-free loan to state governments** for one more year. Parts of the outlay will also be linked to, or allocated for, the following purposes:

- Scrapping old government vehicles
- Urban planning reforms and actions
- Financing reforms in urban local bodies to make them creditworthy for municipal bonds
- Housing for police personnel above or as part of police stations
- Constructing Unity Malls Children and adolescents' libraries and digital infrastructure.

URBAN INFRASTRUCTURE DEVELOPMENT FUND

- Established through use of **priority sector lending shortfall**
- Managed by the National Housing Bank
- Tier 2 and 3 cities Tier 2 -population between 50000-1 lakh
- Tier 3-population from 20000-50000

PRIORITY SECTOR LENDING

- The RBI mandates banks to lend a certain portion of their funds to specified sectors.
- All scheduled commercial banks and foreign banks (with more than 20 branches in India) are mandated to set aside 40% of their Adjusted Net Bank Credit (ANDC) for lending to these sectors.
- Regional rural banks, co-operative banks and small finance banks have to allocate 75% of ANDC to PSL.



WATER FOR DROUGHT PRONE REGION

- For drought prone central region of Karnataka, central assistance of Rs.5,300 crore will be given to Upper Bhadra Project.

ABOUT THE UPPER BHADRA PROJECT

- Conceived in 2000, the project received administrative approval in 2003 (total project cost is Rs. 21,473 crore).
- It is a major lift irrigation scheme under implementation in the central region of Karnataka State.
- This project is designed to irrigate 2.25 lakh hectares in Chitradurga, Davangere, Tumakuru, and parts of Chikkamagaluru.
- It has got national project status.

How it works

- In the first phase, 17.4 tmcft of water from Tunga river will be lifted and let into Bhadra reservoir
- In the second phase, 29.9 tmcft of water will be lifted from Bhadra reservoir and let into the 7-km Ajjampura tunnel
- 2 tmcft. will be pumped into Vani Vilas Sagar reservoir, built across Vedavati river in Chitradurga
- The water is then carried into Chitradurga, Tumakuru, and Jagalur branch canals for supply into fields for drip irrigation

PRIORITY 4: Unleashing the potential

NATIONAL DATA GOVERNANCE POLICY

- Anonymized datasets will be offered as part of the India datasets programmes
- India Data Management Office

ENTITY DIGI LOCKER

- An Entity DigiLocker will be set up for use by MSMEs, large business and charitable trusts for storing and sharing documents online securely.
- These documents can be shared with authorities, regulators, banks and other business entities.

CENTRES OF EXCELLENCE FOR AI

- "Make AI in India and Make AI work for India"
- 3 centres of excellence for Artificial Intelligence will be set up in top educational institutions.

PM VISHWAKARMAKAUSHAL SAMMAN (PM VIKAS):

- For the first time, a package of assistance for artisans has been conceptualized.
- The new scheme will enable them to improve the quality, scale and reach of their products, integrating them with the MSME value chain.

The components of the scheme will include

- Financial support,
- Advanced skill training,
- Knowledge of modern digital techniques and efficient green technologies,
- Brand promotion,
- Linkage with local and global markets,
- Digital payments, and
- Social security

LAB GROWN DIAMONDS

- Customs duty on the seeds used in lab-grown diamond manufacturing will be reduced
- Specific technology which mimics the geological processes that grow natural diamonds
- Not a diamond stimulant

PRIORITY 5 - Green growth

LIFE MISSION

- “LiFE”, or Lifestyle for Environment
- Net zero carbon emission by 2070 to usher in green industrial and economic transition.

GOBAR DHAN SCHEME

- 500 new ‘waste to wealth’ plants under GOBARdhan (Galvanizing Organic Bio Agro Resources Dhan) scheme.
- In 2018, the government launched the Gobardhan scheme as a national priority project under the Swachh Bharat Mission Grameen Phase II program.
- The Gobardhan scheme focuses on managing and converting cattle dung and solid waste on farms into compost, biogas, and bio CNG. In addition to keeping the village clean, it provides additional income for farmers and cattle herders.

PM PRANAM

- “PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth
- To incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.

GREEN CREDIT PROGRAM

- Green Credit Programme, will be notified under **the Environment (Protection) Act.1986.**
- For encouraging **behavioral change** by incentivizing environmentally sustainable and responsive actions by companies, individuals and local bodies.

AMRIT DHAROHAR

- To encourage optimal use of wetlands
- Next three years

MISHTI

- 'Mangrove Initiative for Shoreline Habitats & Tangible Incomes'
- 3 per cent of South Asia's mangrove population
- Convergence between MGNREGS, CAMPA Fund and other sources.

BHARTIYA PRAKRITIK KHETI BIO-INPUT RESOURCE CENTRES

- Over the next 3 years, 10,000 Bio-Input Resource Centres will be set-up.
- The Centre will facilitate one crore farmers to adopt natural farming.

PRIORITY 6 - Youth power**UNITY MALLS**

- State capital or most prominent tourism centre or the financial capital for promotion
- ODOPs (one district, one product), GI products, handicraft products

NATIONAL APPRENTICESHIP PROGRAM

- To provide stipend support to 47 lakh youth in three years, Direct Benefit Transfer under a pan India National Apprenticeship Promotion Scheme will be rolled out.

PMKVY 4.0

- Pradhan Mantri Kaushal Vikas Yojana to skill lakhs of youth within the next three years
- Coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills.
- 30 Skill India International Centres will be set up across different States.

 <p>PMKVY 1.0</p> <ul style="list-style-type: none"> • free short duration skill training • Recognition of Prior Learning • 19.85 lakh candidates were trained 	 <p>PMKVY 2.0</p> <ul style="list-style-type: none"> • scaling up both in terms of Sector and Geography and by greater alignment with other missions 	 <p>PMKVY 3.0</p> <ul style="list-style-type: none"> • Launched in 717 districts, 28 States/eight UTs, • training of 8 lakh candidates over a scheme period of 2020-2021 • Decentralised approach
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IGOT KARMAYOGI

- An integrated online training platform, to provide continuous learning opportunities for lakhs of government employees to upgrade their skills and facilitate people centric approach.

Rural Employment Programmes

- Union Budget has allocated Rs. 60000 crores to MGNREGA and approximately Rs 14129 crore to National Rural Livelihood Mission. However, both schemes have witnessed a reduction of 17.8% and 0.8% respectively.
- There is also a proposal to revamp the credit guarantee scheme of Micro, Small, and Medium enterprises through an additional equity infusion of Rs 9000 crore. It will enable the disbursement of collateral-free guaranteed credit of Rs. 2 lakh crores.
- There is also an emphasis on the mobilization of more self-help groups for the creation and operation of the rural warehouse and other agri-logistics. It would help in improving the rural livelihood and incomes by converging rural development efforts with agri-infrastructure.

PRIORITY 7 - Financial sector

NATIONAL FINANCIAL INFORMATION REGISTRY

- This will facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.

MAHILA SAMMAN BACHAT PATRA

- A one time new small savings scheme for a two year period up to March 2025.
- Deposit facility upto 2 lakh in the name of women or girls for a tenor of 2 years
- Fixed interest rate of 7.5 per cent
- No tax benefit

Tax Reforms

DIRECT TAX REFORMS

Changes in Income Tax slabs:

NEW TAX REGIME (REVISED*)		NEW TAX REGIME (PREVIOUS)	
INCOME	TAX RATE (%)	INCOME	TAX RATE (%)
0-3 Lakh	NIL	0-2.5 Lakh	NIL
3-6 Lakh	5%	2.5-5 Lakh	5%
6-9 Lakh	10%	5-7.5 Lakh	10%
9-12 Lakh	15%	7.5-10 Lakh	15%
12-15 Lakh	20%	10-12.5 Lakh	20%
Above 15 Lakh	30%	12.5-15 Lakh	25%
		Above 15 Lakh	30%

Tax exemption limit has increased to ₹3 lakh. Tax rebate limit raised from ₹5 lakh to ₹7 lakh:

What is Rebate in Income Tax?

- Under Section 87A of the Income Tax Act , if you're total tax liability is less than certain amount, the whole amount will be refunded
- The tax refund money is given back at the end of the financial year.
- To claim the income tax refund one must file the income tax return within a specified period.
- A tax rebate of Rs. 25,000 is available under the new tax regime. (Earlier, Rs.12, 500).
- This tax rebate is applicable for all individuals whose taxable income does not exceed Rs 7 lakh.
- Thus, individuals opting for the new income tax regime and having an income up to Rs.7 lakh will not pay any taxes.

Surcharge rates applicable in new tax regime for FY 2023 - 24:

Highest surcharge rate has been reduced from 37 per cent to 25 per cent for income above Rs. 2 crore.

Income	Old Rates	New Rates
above Rs 50 lakh below 1 crore	10%	10%
Above 1 crore below 2 crore	15 %	15%
Above 2 crore below 5 crore	25 %	25%
Above 5 crore	37%	25%

INDIRECT TAX PROPOSALS

Changes to custom duty on	Benefits
Import of capital goods for Li-ion battery manufacturing	For Greener mobility
Import of mobile camera lens	Deepening Value Addition
Denatured ethyl alcohol	For chemical industry
Key inputs for producing shrimp feed	More marine exports
Seeds for manufacturing lab grown diamonds	Export Promotion
Continuing concessional basic custom duty on copper scrap	Augmenting raw material availability for MSMEs
Compounded rubber, to bring it at par with natural rubber	To curb duty circumvention

Fiscal Deficit and Analysis:

- In the Budget 2023-24, the proposed fiscal deficit is 5.9 percent 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.

The Way Forward

- The government needs to ensure that it does not deviate from the estimated deficit, to avoid an escalation of economic crisis, leading to inflation and other fiscal disturbances.
- The seriousness of achieving fiscal discipline rests on how to address the gap between the estimated and the actual fiscal deficit so as to get the desired result.

Fiscal Deficit and Capital Expenditure Trade-off:

- 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 including power, transport and railways and contribute to higher GDP/employment/output through its multiplier effects and crowd-in private investments.
- 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:

- 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, despite various pressing needs of social sectors, welfare schemes, food and fertiliser subsidies, etc.
- 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.
 - Bring efficiency in the fund allocation among different heads
 - Prevent leakages
 - Will shut the loopholes in the process to ensure efficiency.
- Most importantly all the revenue expenditure must be utilised for the socio-economic well-being of the nation and with greater efficiency.

Budget Empowers India's Gen-Z**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.
- The proposed Rs 15,000 crore Development Action Plan for the Scheduled Tribes would also provide nutritious food to vulnerable tribal groups (PVTGs).
- Similarly, **PM Garib Kalyan Anna Yojana (PMGKAY)**, with an expenditure of about Rs 2 lakh crore, would provide food and nutrition security to over 80 crore persons for 28 months.
- As per the fifth National Family Health Survey (NFI-15) 2019-21, about 19.3 per cent of children below five years were facing wasting and 35.5 percent were stunted.
- Supporting the Indian Institute of Millet Research, Hyderabad as the Centre of Excellence for sharing best practices, research and technologies at the international level.
- Integrated Child Development Scheme (ICDS), now known as Sakshann Anganwadi and POSHAN 2.0: Allocated Rs 20,554 crore.
- Another important initiative, Pradhan Mantri Poshan Shakti Nirman (the mid-day meal scheme) has been provided with a budgetary allocation of Rs 11,600 crore.

Green Growth:

- 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: Encouraged to launch a Green Credit Programme, which would be notified under the Environment (Protection) Act.
- Central and State Government Departments - To scrap old vehicles.
- For promoting green mobility, excise duty on GST- paid compressed biogas has been exempted.

- Help in avoiding the cascading effect of taxes on blended compressed natural gas.
- Proposed to exempt customs duty on the import of capital goods and machinery required to manufacture lithium-ion cells for batteries used in electric vehicles.
- PM PRANAM: To incentivise States/UTs to promote the usage of alternative fertilisers.

Tapping the Demographic Dividend:

- India is a consumer-driven economy with a young working-age population.
- The median age in our country is 28.4, this is 38 in China and 47 in Germany. The rural youth population is 65 percent of the total population.
- The population bulge with young people has produced a demographic dividend providing an unprecedented economic development trajectory.
- Although there is a global economic slowdown, India's GDP is projected to grow by 7 per cent in the current financial year as one of the world's fastest-growing economies.

Skill Development:

With a vision of 'Making India the Skill Capital of the World' the government is focusing on speed, scale, and standardisation to the ongoing efforts of the various central and state governments and public and private sector organisations in the area of skilling and entrepreneurship.

Union Budget 2022- 23 emphasised having skilling programs in partnership with the industry and aimed at reorienting them to promote continuous skilling avenues, sustainability, and employability. The increments in this year's budget outlay (8.3% rise in the education sector and around 85% in skill development) clearly indicate the focus of the current government on supporting youth to be gainfully employed and in ensuring sustainable livelihoods.

- Launch of Pradhan Mantri Kaushal Vikas Yojana 4.0 and set up Skill India International centres will facilitate imparting of world-class skill training to our youth.
- A manifold increase in the budget for youth affairs and sports will help develop an enabling ecosystem for learning sports-related disciplines and technology, thus creating opportunities for the youth to make a career in the field of sports.

Recent Reforms in Skilling and Employment Landscape:

- PM Vishwakarma Kaushal Samman (PM VIKAS)
 - Will enable traditional artisans and craftspeople to improve the quality, scale and reach of their products, integrating them with the MSME value chain.
 - Benefit the weaker sections while supporting the true spirit of Atma Nirbhar Bharat.
- The integration of the 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.
- "Make AI in India and Make AI work for India" conveys that the future skills are digital, and their focus should be on acquiring these skills.
- The allocation of Rs 440 crores for the 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.

Youth-led Entrepreneurship:

- India has an inherent entrepreneurial spirit as nearly 79% of organisations in India are family-led businesses.
- Many young entrepreneurs are now exposed to early-stage incubation support through Atal Tinkering Labs in schools which is crucial to boost entrepreneurship from a young age.
- 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 DP IIT- recognised startups and 108 unicorns worth 30 billion dollars; this has been manifested only by the contribution of India's youth.

Youth Power-one of the 07 top priorities:

- Yuva Shakti is the prime driver for nation-building. India's development journey depends on creating a progressive ecosystem for creating opportunities for youth to think big, create, innovate, and leapfrog for India's growth and global impact.
- Policy-makers must create an enabling ecosystem for new-generation entrepreneurs who can become job providers. The time is ripe for India's youth to rise to the occasion, channel their energy and tech prowess towards a self-reliant India and establish India's name as a global leader.

Banking: Focus on New Responsibilities and Good Governance

Deposit Schemes:

- Measures have been taken to promote savings among women and secure the future of the elderly through savings.
- **'Azadi ka Amrit Mahotsav Mahila Samman Bachat Patra'** - 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.
 - The interest rate on Mahila Samman Savings Certificate is much higher than the existing schemes.
- **Sukanya Samridhi Yojana:** Launched on January 22, 2015 under the 'Beti Bachao Beti Padhao' initiative.
- **The maximum deposit limit for Senior Citizen Savings Scheme** has been increased from Rs 15 Lakh to Rs 30 lakh.

- **The maximum deposit limit for the Monthly Income Account Scheme** has been increased from Rs 4.5 lakh to Rs 9 lakh for a single account and from Rs 9 Lakh to Rs 15 Lakh for a joint account.
 - Under both these schemes, an account can be opened in the post office.
 - Interest rates for both are reviewed quarterly.

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 because on such dated securities (dated securities, tenure from 1 year to 40 years) interest is received at a fixed rate and the government guarantees both interest and principal.
- Banks invest a large amount of money in these bonds,
 - To meet the statutory requirements
 - To take advantage of the market conditions.
- For active participation in this system, the financial condition of the banks must be sound. The deposits of public sector banks are continuously increasing, making it easier for them to participate in the government's borrowing.

Sector-specific loans

- Agriculture is most important for specific sector lending.
 - About 86 percent of small farmers in the country had significantly benefited from the Kisan Credit Card (KCC).
 - The agricultural loan target has been increased to Rs 20 lakh crore, focusing on animal husbandry, dairy, and fisheries.
- The government assists farmers with short-term crop loans up to Rs 3 lakh.
 - The interest rate on such loans is 7 percent
 - But if the farmer repays the loan on time, he gets an interest subvention of 3 percent, making the effective interest rate 4 percent.
- For allied activities including fisheries, animal husbandry and dairy, short-term loans up to Rs 2 lakh are also available at an interest rate of 7 percent, but in case of timely repayment of the loan, the interest subvention of 3 percent is available, due to which the effective interest rate here also becomes 4 percent.
- The government has also been **running targeted schemes for MSMEs**. Considering this, it is stated now that the renewal of the Credit Guarantee Scheme for MSMEs in the last budget was proposed.
 - After the addition of 9 thousand crore rupees, this renewed scheme will commence from April 01, 2023.
 - Will enable collateral-free loans of an additional Rs 2 lakh crore, besides bringing down the cost of credit by about one percent.

Major Schemes under the Ministry of Rural Development

There was a growth rate of 7.84% per annum in the last seven years for all centrally sponsored schemes for rural development.

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS): Accounts for nearly 38% of total expenditure on all centrally sponsored schemes of rural development. In terms of allocation, MGNREGS is followed by PM Awas Yojana-Gramin (35%), PM Gram Sadak Yojana (12%), and National Rural Livelihood Mission (9%).

Pradhan Mantri Awas Yojana Gramin (PMAY-G):

- Originally launched as Indira Awas Yojana, revamped in 2016
- Objective to provide around 3 crore houses to eligible rural households by 2024.
- Approximately 2.83 crores have been sanctioned and 2.14 crore houses have been completed (on February 2023).

Pradhan Mantri Gramin Sadak Yojana (PMGSY)

- To provide all-weather road connectivity to un-connected rural habitations.
- Allocated Rs 19000 crore in 2023-24.

National Rural Livelihood Mission (NRLM)

- Renamed Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM) aims to create diversified and gainful self-employment for the rural poor.
- It also aims to strengthen Self Help Groups (SHGs).

National Social Assistance Programme (NSAP)

- A social welfare programme that comprises many sub-schemes for the vulnerable section of society like the elder population, widows, unemployed, etc.

Shyama Prasad Mukherji Rurban Mission (SPMRM)

- Launched on 21st February 2016 with the vision to deliver catalytic interventions to rural areas on the threshold of growth.

Schemes for the Department of Land Resources

- The department is allocated Rs 2419 crore, which is 92% higher than the revised estimate of 2022-23.
- The department implements two major schemes:
 - Integrated Watershed Development component of Pradhan Mantri Krishi Sinchayee Yojana.
 - Digital India Land Records Modernization Programme.

Budgetary Provisions for MSMEs in 2023-24

The budget has infused Rs 9000 crores in the corpus of the Credit Guarantee Fund Trust for Micro and Small Enterprises.

- Enable additional collateral-free credit of Rs 2 lakh crores to MSMEs with a reduced cost of credit by 1%.

- A National Financial Information Registry will be established to serve as a national repository of financial and ancillary information and enable an efficient flow of credit.
- The limit for presumptive taxation is also increased for micro-enterprises with a turnover of up to Rs 2 crore to Rs 3 crore.
- The government will return 95% of the forfeited amount related to the bid or performance of security in cases of failure of contract due to COVID-19. This will provide relief to pressurized MSMEs.
- **National Logistics Policy** aims to bring down the logistics 14% to 8% of GDP. It would further encourage more MSMEs to use tech-powered logistics services.
- The 5-year rollout of the **World Bank assisted Rs 6000 crore Raising and Accelerating MSME Performance (RAMP)** would help MSMEs become more resilient, competitive, and efficient.
- **A special package of PM Vishwakarma Kaushal Samman (VIKAS)** announced to integrate traditional craftsmen and artisans with MSME supply chains and improve the quality, scale, and reach of their products.

Budgetary provisions for Tourism Sector

The budget allocation for the sector is Rs 2400 crore.

- Rs 1412: **Swadesh Darshan Scheme**.
- Rs 105 crore: Training and skill development and building capacity in the sector.
- Rs 250 crore: PRASHAD scheme.
- 50 new tourist destinations in the country.
- Infrastructure and investment are one of the seven priorities (Saptarishi) in the budget which will also have a role in the Tourism industry.
- Rural tourism is also being promoted through the **Vibrant Village Programme**.
- The cruise tourism potential is yet to be unveiled in India with a vast coastline of 7500 km. In this direction, **MV Ganga Vilas** is a great step.
- Budgetary allocation of approximately Rs 3400 crore to the Ministry of Culture will also complement tourism in India.

**All the best,
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