



UNION BUDGET

YOJANA MARCH 2023



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1. Laying the foundation for India's Amrit Kaal

Introduction: The Union Budget is a key policy document that outlines the priorities of the Government, for the immediate and the long term, in the tandem with domestic and global economic realities. With a rising profile on the global stage and India assuming the G20 Presidency, the country is set to embark on its journey into the 'Amrit Kaal'.

- ❖ Union Budget 2023-24 was prepared amidst the backdrop of global uncertainties caused by Ukraine war, rising commodities prices, rising fuel and fertilizer prices, rising inflation across world and central banks of developed economies raising interest rates, increasing Current account deficit, strengthening Dollar etc.
- ❖ Since 2019, Indian Budgets have shown incorporation of elements like-transparency; commitment to fiscal prudence; conservative assumptions; commitment to Capex; Incremental and steady reforms with an eye on the medium-term growth etc.
- ❖ The Budget 2023-24 has put '**Saptarishi**' at its center for a push to construct world class infrastructure and inclusive development. (Inclusive development; reaching to the last mile; infrastructure and investment; unleashing the potential; green growth; youth power; financial sector)

Union Budget 2023-24 envisages to-

- ❖ Increase **Capital Expenditure (Capex)** outlay by a massive **33 per cent** and hence providing a '**crowding in effect**' for private sector participation.
- ❖ Larger share of Capex is allocated for capital investment in Road, railways and defence infrastructure.
- ❖ A **50 years interest free loan** scheme is provided for state for capital investment, which raises the share of **capital investment to the GDP by 4.5 per cent** in totality.
- ❖ Reform in Urban governance and tax collection; emphasis on expansion of urbanization; provision of **Urban Infrastructure Development Fund (UIDF)** to fund the shortfall in development of urban infrastructure in tier 2 and tier 3 cities.
- ❖ Simplification of compliance norms by deleting more than **39,000 compliances** and ending **1400 archaic laws**, which the Budget further pushes to reform by introducing various reforms.
- ❖ Special emphasis on MSME sectors through-
 - **Udyam portal** for providing IT infrastructure and other tax related help.
 - *Vivad se Vishwas I and II* for relief to MSME sectors.
 - A revamped **credit guarantee scheme** of 9,000 crores to provide 2 lakh crores of collateral free credit to small businesses.
- ❖ Emphasis on environmentally friendly development scheme by implementing India's '*Panchamitra promise*' and following India's '*Lifestyle for Environment or LiFe*' strategy.
- ❖ Transformation to greener economy through programmes like National Green Hydrogen mission; Green Credit Programme; PM-PRANAM and GOBARdhan scheme.
- ❖ Amplifying the already booming IT infrastructure and digital revolution in India through UPI and other initiatives.

Conclusion: Budget 2023-24 is the first to be presented in India's **Amrit kaal**. It sets the stage for sustained and sustainable economic growth of the country that ensures affordable and high-quality living standard of its citizens, when country will be enjoying its centenary of independence.

2. Towards cooperative fiscal federalism

Introduction: Fiscal federalism refers to fiscal relations between various government units, which in the Indian context means the Union Government and the State Governments. The announcements in the Union Budget 2023-24 and several initiatives taken in recent years depict the Union Government's unwavering quest to promote this cooperative fiscal federalism in India.

Channels of Intergovernmental transfer

1. **Tax devolution:** It is the states' share in the divisible pool of central duties and taxes. Union government releases it on the recommendation of Finance Commission (FC).
2. **Grant in Aid:** Grants are given by the Union to states based on the recommendation of the FC. For example- revenue deficit grants; local bodies grants; disaster management related grants etc.
3. **Other transfers including Centrally sponsored schemes:** These are outside the recommendation of the FC.

Constitutional Provisions:

- ❖ Article **246, 246A and 7th** Schedule of the constitution delineate taxation powers between the center and states.
- ❖ **Article 280** allows president to form a **Finance Commission** after every 5 years, who suggest the devolution of funds between center and states and principles in which grant in aids to be distributed among states.

Unfolding of a new era of cooperative fiscal federalism:

There is a radical shift towards cooperative fiscal federalism. This can be analyzed through following points-

1. Marked shift in fiscal decentralization:
 - The annual transfers from the Union to the States have increased from **4.7** per cent of the Gross Domestic Product (GDP) in the financial year 2013-14 to **6.7 per cent** of GDP as per revised estimates of 2021-22.
 - The share of states to the divisible pool of taxes and duties is raised to 41% (after adjusting 1 % for UT of J&K and Ladakh).
2. Abolition of **Planning Commission** and Formation of **NITI Aayog in 2015**.
3. Removal of distinction between Plan and non-Plan expenditure from **2017-18**.
4. Rationalisation of Centrally Sponsored Schemes in 2016-17, which are now reduced to **28** including **six 'core of the core schemes.'**
5. Introduction of GST from 2017, where the GST council acts as an institutionalized platform for cooperation in taxation field.
6. Supporting states to raise their **Capital Expenditure** during COVID years, while in recent Budget a massive amount of **1.3 lakh crore** is provided to state for capital expenditure.
7. Guiding states to take a fiscal consolidation path during and after pandemic years and also allowing states to raise their borrowing limit by 2 per cent of their respective state GDP in 2021-22.
8. Supporting states budget during pandemic years by providing borrowing windows to fill the shortfall in GST compensation.

Conclusion: The Union Budget 2023-24 is a culmination of all the steps towards a better fiscal federalism. With greater fiscal flexibility and expanded fiscal space, States will provide multiple and faster engines for growth and transforming India in the "Amrit-Kaal".

3. Blueprint for an inclusive and empowered Bharat

Introduction: The thrust of the Union Budget 2023-24 as mentioned in government's 'Saptarishi strategy' is on broad based development, taking welfare to last mile and inclusive development, which provides a blueprint for an inclusive and empowered Bharat.

The Budget 2023-24 is lauded as 'Budget for all'. It has following provisions for each and every sector.

- ❖ Budget showed the resilience of Indian economy amidst global uncertainty.
- ❖ India's GDP is projected to grow by **7% in FY23** and **6-6.8 % by FY24**.
- ❖ Fiscal deficit is on the path of consolidation to **5.9% of GDP** for FY 2023-24.
- ❖ The positive growth is driven by strong domestic consumption, improved balance sheet of corporates, huge capital push by government and huge FDI inflow in the economy.
- ❖ Capital expenditure is increased in Budget **2023-24 by 33%** from previous years.
 - This has the potential for multiplier effect of 2.95 and huge possibility of employment.
- ❖ The agriculture field is seeing digital infusion and raise in credits in farming and allied sector.
- ❖ India is leading the world in promotion of millet production and consumption.
- ❖ The environmentally friendly policies like GOBARdhan scheme, where setting of 500 new **"Waste to Wealth"** plants will provide green energy to farmers.
- ❖ Ensuring the social welfares like providing toilets to eliminate open defecation, access to tap water, electricity, LPG cylinders, healthcare, and bank accounts reached every citizen of country.
- ❖ Through the significant expansion of its welfare programs, India is now aspiring to achieve 100% saturation.
- ❖ The budget 2023-24 also announced programmes related to empowerment of women and youth. This includes empowering the 81 lakh women led SHGs by helping them in branding and marketing; Mahila Samman Bachat Patra scheme; PM Kaushal Vikas Yojana 4.0 and Amrit Peedhi Programme etc.

Conclusion: The Union Budget for FY 2023-24 marshals the growth and aspirations of a billion people to build a new India and usher in a wave of green growth while fulfilling the principles of Antyodaya.

4. Social sector allocations: Endeavour for effective outcomes

Introduction: 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.

Social sector outlays

- ❖ Since 2015-16, the **per capita income** has more than **doubled** to Rs **1.97 lakh**.
- ❖ Expenditure for the sector has witnessed significant increase from **Rs 3.53 lakh crore** in 2015- 16 to **Rs 7.9 lakh crore** in 2022-23.
- ❖ Since 2014- nearly 11.7 crore household toilets are created; 9.6 crore LPG connections are given; 47.8 crore of Jan Dhan banks accounts are opened; 11.4 crore farmers are given incentives under PM Kisan Nidhi; 44.6 crore people are brought under insurance cover.

Health

- ❖ Expenditure on health as percentage of GDP increased from 1.4 per cent in 2019-20 to **2.1 per cent 2022-23**.
- ❖ A new initiative is proposed in budget to **eliminate anaemia by 2047**.
- ❖ A special scheme namely **Sickle Cell Anaemia Elimination Mission** would be 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.
- ❖ It is also proposed to launch a new programme during 2023-24 to promote research and innovation in pharmaceuticals.

Nutrition

- ❖ The **aspirational blocks programmes**, that is launched in this year's budget would also include a nutritional aspect.
- ❖ Proposed Rs 15,000 crore **Development Action Plan for the Scheduled Tribes** would also provide nutritious food to vulnerable tribal groups (PVTGs).
- ❖ **Shree Ann Yojana** in the Budget is another important step for promoting nutrition.
- ❖ The Integrated Child Development Scheme (ICDS), now known as Saksham Anganwadi and POSHAN 2.0, is allocated Rs 20,554 crore.
- ❖ Another important initiative, Pradhan Mantri Poshan Shakti Nirman (the mid-day meal scheme) has been provided a budgetary allocation to Rs 11,600 crore.

Education and skilling

- ❖ For promoting good governance, attention has also been paid to the skilling of government officers and staff under the **Mission Karmayogi**.
- ❖ 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.
- ❖ 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.

Green growth

- ❖ Expanding the idea of Lifestyle for Environment (LiFE), India is moving forward firmly for the 'Panchamrit' (five nectar 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.
- ❖ **PM PRANAM**, a new scheme, is also being launched to incentivise States / UTs to promote usage of alternative fertilizers.
- ❖ 500 'waste to wealth' plants would be established under GOBARdhan scheme to promote circular economy.

Agriculture and Cooperation

- ❖ The agriculture credit target is increased to **Rs 20 lakh crore** with a focus on animal husbandry, dairy and fisheries.
- ❖ An investment of Rs. 2,516 crores 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 entrepreneurship by youth in rural areas.
- ❖ **Atmanirbhar Clean Plant Program** would be launched at an outlay of Rs 2,200 crore to boost availability of disease-free, quality planting material for high value horticultural crops.

Efficiency and Convergence

- ❖ In the social sector efficiency as well as being complementary is important.
- ❖ With the rise in allocations for several specifically focused schemes, the Budget has rationalised allocation for ongoing generic programmes.
- ❖ There is an urgent need to make social sector spending more efficient and effective.
- ❖ While the **JAM trinity** (Jan-Dhan Aadhaar Mobile) for Direct Benefits Transfer (DBT) has resulted in a significant reduction in leakages, a similar innovative approach may be essential to drive efficiency to achieve the desired levels of outcomes with same/ reduced spending.

Conclusion: New tenets of governance which have driven success in other sectors must be embodied for social welfare schemes.

5. Inclusive development and modernization of agriculture

Introduction: Inclusive growth of agriculture is essential in the current scenario of economic challenges. This will ensure economic growth of the country and well-being of farmers. There are many provisions in the Budget that will ensure inclusive growth in agriculture and allied sectors, modernisation and economic empowerment of farmers.

Crop Reforms and access to the market

- ❖ **Shree Ann Yojana** is proposed to promote the cultivation use of millets.
- ❖ Government has proposed in budget to develop **Hyderabad-based ICAR's Indian Millets Research Institute** as a Centre of Excellence.
- ❖ Enhancing productivity of cotton has been proposed in the Budget.
 - Cotton is grown on the largest land segment in India.
 - It 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.
- ❖ *Atmanirbhar Swachh Paudh Karyakram* (Atmanirbhar Bharat Horticulture Clean Plant Programme) will provide support for cultivation of disease-free, high-quality plants.

Technological development and modernization

- ❖ Government of India is also implementing a **Digital Agriculture Mission** (2021-25) in which efforts are being made to develop, popularize and use of AI, IoT, Block Chain and Drone technologies.

- ❖ An extensive database of farmers across the country is also being developed so that all benefits of various schemes should reach them immediately, with transparency and minimum cost.
- ❖ 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.

Resource 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.
- ❖ Computerisation of 63 thousand Primary Agriculture 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.
- ❖ Development of a large decentralised grains' warehousing system through cooperatives has also been proposed.
- ❖ A special programme in the agriculture sector- **PM-PRANAM** has been initiated this year which provides for land's improvement, nourishment and rejuvenation.

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.
- ❖ Efforts are being made to fight the menace of '**Lumpy Skin**' and '**African Swine diseases**' in livestock.
- ❖ 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) envisages efforts to raise income of fishermen, fish sellers and marginal and small vendors in this area.

Conclusion: The first budget of Amrit Kaal is laying a firm foundation of sustained and Inclusive development in agriculture and allied sectors. Budget provisions are sure to result in economic progress and uplift of farmers, agri-entrepreneurs and start-ups in this area.

6. Post-Pandemic health

Introduction: 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 Union Budget, many proposals have been made for the health sector. Health research is emphasised. Attention is on preventive services as well.

The union budget 2023-24 has following provision related to health-

- ❖ A new mission to eliminate **Sickle Cell disease (SCD)**, a type of anaemia by 2047.
- ❖ Opening **157 new nursing colleges** in those districts where medical colleges have been opened recently.

- ❖ Promoting research and innovation in pharmaceuticals by setting up the centers of excellence and calling the industry to invest in research and development in specific and identified priority areas.
- ❖ The **Aspirational Blocks Programmes** tracks down the health indicators in poorly performing blocks of districts.

For the next **25 years India** must focus on following challenges-

- ❖ The mechanisms must be established to dispel any health misinformation in real time.
- ❖ It is time that this vaccine is made available through a government program in India and high coverage is achieved for all eligible populations.
- ❖ The PHC services should be built around the people, where it is not just the treatment of disease but attention is on preventive and promotive services as well.
- ❖ Sufficient investment should be made in programmatic interventions, vaccines and medicine research and focus on public health interventions to tackle neglected tropical diseases.
- ❖ Improve the health data quality and availability for health decision-making and for dispelling any myths and rumors.
- ❖ The G20 Presidency is India's opportunity to bring health issues to the fore globally.
- ❖ The existing health platforms should be used to strengthen school health services, augment the provision of post and long Covid services and enhance community engagement in health.
- ❖ All Indian States must also implement the recently announced public health management cadre.
- ❖ Incentive based mechanisms should be explored to ensure equitable distribution of the health workforce.
- ❖ The disease surveillance systems and public health measures need to be sustained.
- ❖ Urgent interventions to revive the efforts to tackle anemia and bridge the gaps in other nutrition policies.
- ❖ The Mental Health and post and long Covid care are two urgent post-pandemic health issues to be catered to.
- ❖ India being a pharmacy to the world needs to assume responsibility and the government has to step-up investment in research and development on vaccines and therapeutics.

7. Banking: Focus on new responsibilities and good governance

Introduction: In the Union Budget 2023-24, a slew of measures has 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.

The General Budget 2023-24 for the banking sector can be analysed by dividing it into five parts:

- ❖ New savings schemes and changes in existing savings schemes
- ❖ Sources of Government Borrowing
- ❖ Campaign to promote digital transactions
- ❖ Loan for a specific sector
- ❖ Reforms in banking governance

Deposit Schemes

- ❖ **'Azadi ka Amrit Mahotsav Mahila Samman Bachat Patra'** is announced in this year's budget.

- 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.
- The interest rate on Mahila Samman Savings Certificate is much higher than the existing schemes.
- ❖ The interest rate for January-March, 2023 under **Senior Citizen Savings Scheme** is 8 percent.

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.
- ❖ All 12 public sector banks and major private banks are currently profitable.
- ❖ The deposits of these banks are continuously increasing, making it easier for them to participate in the government's borrowing.

Promoting digital transactions

- ❖ Approval has been granted for giving Rs 2600 crore to banks for the current financial year to promote Point-of-Sale (POS) and e-commerce transactions using RuPay Debit cards and low-value BHIM-UPI transactions (P2M).
 - In 2022, digital transaction showed a **76 percent** increase in transactions and **91 percent** in value.

Sector-specific loans

- ❖ The agricultural loan target has been increased to **Rs 20 lakh crore**, focusing on animal husbandry, dairy, and fisheries.
- ❖ About **86 percent** of small farmers in the country had significantly benefited from the Kisan Credit Card (KCC).
- ❖ The renewal of the Credit Guarantee Scheme for MSMEs in the last budget was proposed.
 - Due to the guarantee factor, banks will not have to worry much about the loss in case of loan default and it will be easier for small and medium businessmen to get loans.

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.
- ❖ Past two years' budget have stopped making provisions for recapitalization of banks as these banks are now showing self-sustenance and improved profitability.

8. Strengthening the financial sector

Introduction: The Budget 2023-24 laid a blueprint for India@100. The inclusive Budget focused on growth and employment generation besides boosting infrastructure and development through self-reliance, transparency and digitalisation.

- ❖ 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 ease with which one can transfer money 24X7 with the click of a button from anywhere at low cost and affordable means has empowered the common man.
- ❖ The Government has, in the long-drawn process of reforms strengthened the ability of the last mile advantage through a resilient financial system.
- ❖ 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 with financial liquidity and mobility via JAM Trinity.
- ❖ **Digitalisation for India@100** will help generate wealth, bring ease of doing business, improve livelihood through enhanced employment, double farmer income through DBT at MSP and induce efficiency in currency markets.
- ❖ The budget aims to provide the means to strengthen the social safety net through **Mahila Samman Bachat Patra**.
- ❖ 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 that is compliance-friendly is being established, with more than **39,000** compliances have been reduced and over **3,400** legal provisions have been decriminalized.
- ❖ 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 MSME sector receives 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**.

The Agriculture Credit; Green Credit; Unity Mall and the Productive Linked Investment Scheme in 14 Sectors, Solar and other schemes in Sunrise Opportunities; Energy Transition and Climate Action; Green Clearances; e-Passports; Urban Planning & Development support to States; Clean & Sustainable Mobility; Battery Swapping Policy; Land Records Management; IBC, accelerated corporate exit, modernising Government procurement; payment of 75 per cent of government running bills mandatorily within 10 days; setting up of ways to improve AVGC sectors with a view to generate employment and build domestic capacity; rolling out of 5G Mobile services for proliferation in rural areas and access to e-services communication facilities will foster job creation and eco-friendly growth in all sections of society.

- ❖ The budget has made a strong push for capital investment by increasing it by 33% from last year and by providing a 50-year interest-free loan to state governments.
- ❖ The Foreign Exchange Reserves for India is US\$ 563 Billion (excluding more than US\$ 50 billion as loans to neighboring countries) with over US\$ 7 billion FDI being received monthly is clearly an indication of India being one of the Most Favored Nations for Investment.

Conclusion: The budget is growth- oriented, with a target growth of 8-8.5%. It is the budget of the common man and middle class with a motto of “*Sabka Saath Sabka Vikas*”.

9. Budget empowers India’s Gen-Z

Introduction: One of the top priorities of this year's budget is youth empowerment. Additional allocations in the budget for skill development and employment opportunities will empower the youth. The proposal to launch PMKVY 4.0 and set up Skill India International centres will facilitate imparting world-class skill training to our youth.

The Union Budget 2023-24 has emphasised '**Amrit Peedhi**' as a priority under the 'Saptarishi' guiding through the Amrit Kaal- 'Youth Empowerment' is one of the top priorities in this year's budget.

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 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.
- ❖ New age technologies like robotics, IoT, additive manufacturing, Blockchain, soft skills and many Industry 4.0 foundational pillars will make youth excel in technology.
- ❖ 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 catalyzing demand-based formal skilling.
 - The platform will link employers and facilitate access to entrepreneurship schemes.

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.
- ❖ NEP aspires to create an entrepreneurship culture by enabling students to get experiential learning and vocational training.
- ❖ NEP guide students to cultivate an entrepreneurial approach from a young age.
- ❖ There is also a proposal for setting up a **National Digital Library and physical libraries** at Panchayat and ward levels.
- ❖ To give a fillip to paramedical education, the budget proposes setting up 157 new nursing colleges in co-location with the existing 157 medical colleges.

Highest Ever Budget allocation to Youth Affairs and Sports

- ❖ More than Rs 1000 crore has been allocated to the '**Khelo India**' campaign for developing sports facilities and resources, grassroots-level talent identification, infrastructure building, and creating an overall sports culture providing equal opportunities to women, the divyang and the rural youth.

Supporting India's Startup Ecosystem and Youth-led Entrepreneurship

- ❖ 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.

- ❖ 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**; this has been manifested only by the contribution of India's youth.
- ❖ Government is to create **100 labs** for the development of **5G apps** in leading engineering institutions to give a fillip to the tech-enabled startups.

Youth Power - One of the 7 Top Priorities

- ❖ Yuva Shakti is the prime driver for nation building.
- ❖ Our youth are mindful of the critical challenges related to sustainable development; they are now more sensitized and have increased commitment to social, economic and environmental issues.
- ❖ Policy-makers must create an enabling ecosystem for new generation entrepreneurs who can become job providers.

Conclusion: Youth forms the core of new and developed India. 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.

10. Skills, employment and human resource development

Introduction: Skill development today occupies a conspicuous space and forms the framework for rapid socio-economic growth in a country. The disruptive changes along with the structural transformation leading to a new work order further magnified the significance of developing a 'skilled ecosystem'.

The un-employment challenges

- ❖ According to **World Economic Forum's** report, by 2025 due to automation and economic uncertainty, **85 million jobs** to be displaced and **97 million** new ones to be created.
- ❖ 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 other issue is close to **50% of undergraduate engineering** capacity lies un-utilised due to the want of students; albeit the reason being a low 'return on investment' of time and money.

The evolving skilling ecosystem

- ❖ The NEP 2020 aims to integrate vocational education into mainstream education in a phased manner by the creation of a **National Higher Education Qualification Framework (NHEQF)**, which will be coordinated with the **National Skills Qualification Framework (NSQF)** for ease of mobility between streams.
- ❖ The policy has planned vocational skill exposure starting from the middle and secondary grades through internship opportunities with indigenous artisans, craftsmen and blue-collared professionals.
- ❖ 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 that will augment the training and skilling ecosystem of the country and take it to the next level.

- ❖ 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 that 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**'.
- ❖ "**Make AI in India and Make AI work for India**": is a great promise to our youth that conveys that the future skills are digital, and their focus should be on acquiring these skills.
- ❖ 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.

Human Resource Development: The Fulcrum of Change

- ❖ The government's focus on transforming the District Institutes of Education and Training (DIET) into Centers of Excellence will provide the much-needed 21st century readiness.
- ❖ The **Digital Library** announced in the Union Budget 2023-24 is a reform measure that will bring learning at the doorstep for 'Neither in Employment, Education & Training' (NEET) population.
- ❖ The PMKVY 4.0 aims to prepare a workforce skilled in new-age skills like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, etc.

Conclusion: 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. We must seize this opportunity and rebuild ourselves with greater impetus and work towards the envisioned goal of making India- the Skill Capital of the World.

11. Sabka Saath sabka vikas through Union Budget

Introduction: Focused on empowering women, developing the skills of the youth, providing funds for developing tribal infrastructure and improving employment opportunities - the budget has underlined the foremost priorities of the government in terms of taking the development benefits to the vulnerable sections.

Empowering Women

- ❖ Women constitute 48% of India's population, but they lag behind men on many social indicators like health, education, economic opportunities, etc.; thus, gender budgeting is important.
- ❖ To upskill the country's youth for domestic and international opportunities, 30 advanced skilling centres are envisaged which will open new avenues for the youth to get highly skilled jobs.

New saving instruments

- ❖ To commemorate Azadi Ka Amrit Mahotsav, a one-time new small savings scheme, Mahila Samman Savings Certificate, will be available for two years up to March 2025.
 - It will offer a deposit facility of up to Rs 2 lakh in the name of women or girls for a tenure of 2 years at a fixed interest rate of 7.5 percent with a partial withdrawal option.
- ❖ The finance minister also announced changes to the Senior Citizens Savings Scheme doubling the maximum deposit limit under the scheme.
- ❖ The budget has envisaged the world's largest food storage scheme within the co-operative sector.
- ❖ The budget has also announced an ambitious scheme to form new primary co-operatives.
 - It will expand the area of milk & fish production along with agriculture, thus helping farmers, those engaged in annual husbandry and fishermen and women farmers to get better prices for their produce.
- ❖ The budget also promotes Green Growth, Green Economy, Green infrastructure and green jobs for a sustainable future.
- ❖ PM Vishwa Karma Kaushal Samman package for helping traditional artisans and craftspeople and PM PVTG (Particularly Vulnerable Tribal Groups) programme to support the tribal groups has been announced to enable economic upliftment of backward and marginalized sections of the population.
- ❖ To promote circular economy, **500 new waste-to-wealth plants** have been proposed.
- ❖ Despite so much demand of fiscal support, the government has adhered to its fiscal deficit target of 6.4% of GDP for FY 23 and intends to reduce this to 5.9% in FY 24, thereby sticking to its path of fiscal prudence.
- ❖ For development of entrepreneurship and job creation government is working on PM Vishwakarma KAushal Samman (PM-VIKAS) for skilling traditional artisans and crafts persons, the Agriculture Accelerator Fund to encourage agri-startups by young entrepreneurs in rural areas, and sector- specific skilling and entrepreneurship development for the tourism sector under the Dekho Apna Desh Initiative.
- ❖ The budget for fiscal year (FY) 24 prioritises youth power and modern skill development through the **PM Kaushal Vikas Yojana 4.0** and the **Amrit Peedhi programme**.

Conclusion: Overall, Budget 2023-24 is anchored in reality, transparency, and achievable goals. It is an Amrit Kaal Road map for India to achieve glory. The Budget 2023-24 is truly an Amrit Budget- A foundation for Vishwaguru Bharat.

12. Fiscal deficit policy shift and sustainable development

Introduction: A country's budget is not just a government's receipts-expenditure statement but a potent tool that determines the country's destiny and sets the roadmap for fiscal sustainability. The success of a budget is measured by the outcome and its impact on the economy as a whole, not just by the total outlay.

Fiscal deficit and analysis

- ❖ Fiscal deficit indicates the total borrowing requirements of a country during a fiscal year.
- ❖ 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.

Table 1: Estimated Fiscal Deficit (FD) as per cent of GDP

Year (BE)	2005-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Fiscal Deficit (%)	4.4	4.3	3.8	3.3	2.5	6.8	5.5	4.6	5.1	4.8	4.1	3.9	3.5	3.2	3.3	3.3	3.5	6.8	6.4	5.9

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 its 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.
- ❖ This will be almost three times the outlay in 2019-20. 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 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, despite various pressing needs of social sectors, welfare schemes, food and fertiliser subsidies, etc.
- ❖ The sustained decrease in revenue deficit over the recent years is undoubtedly a welcome step for fiscal stability and consolidation.

Table 2: Estimated Revenue Deficit (RD) as per cent of GDP

Year (BE)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (%)	2.5	2.7	2.1	1.5	1.0	4.8	4.0	3.4	3.4	3.3	2.9	2.8	2.3	1.9	2.2	2.3	2.7	5.1	3.8	2.9

Source: Author's Compilation from Budget Document of GoI

- ❖ 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.
- ❖ This will bring efficiency in the fund allocation among different heads, prevent leakages and 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.

Fiscal Sustainability Indicators and Insights

A diagnostic analysis on the six fiscal sustainability indicators and their impact/ outcome is considered.

- ❖ 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.
- ❖ Higher **capital expenditure (Capex)** will stimulate private sector investment. It will give a big push to the economy through its multiplier effects and thereby help in attaining the roadmap for India@100.
- ❖ 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.

Table 3: Fiscal Sustainability Indicators

S.N.	Particulars / FY	2021-22	2022-23	2023-24	Impact/Outcome
1	Fiscal Deficit (%)	6.8	6.4	5.9	Positive
2	Revenue Deficit (%)	5.1	3.8	2.9	Positive
3	RRE (Ratio of RR to RE)	67.8	67.9	75.2	Encouraging
4	Capital Expenditure (lakh crore)	5.54	7.5	10	Encouraging
5	Capex-FD (Ratio of Capex to FD)	37.4	41.5	56.0	Positive
6	Tax to GDP (%)	9.9	10.7	11.1	Positive

Source: Author's Compilation from Budget Document of Gol

Way forward

- ❖ Government should be guided by the principle of a gradual reduction of the deficit and a progressive movement towards fiscal consolidation.
- ❖ A stringent revenue expenditure and higher capital expenditure will revive the economy from the last three-year downturn into the much-needed growth track and build a resilient economy.
- ❖ Fiscal management and consolidation become the key to achieving sustainable growth and social development.
- ❖ However, the outcome as delineated in the budget will depend upon credible implementation and sincere monitoring of each action and activity by the government in the true spirit with higher involvement and more accountability.

Creating a conducive 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. These initiatives aim to extend benefit to all entities/ sectors/industries of the economy, including startups.

The key focus areas of the initiatives are:

- i. Simplification of procedures related to applications, renewals, inspections, filing records, etc.,
 - ii. Rationalisation by repealing, amending or subsuming redundant laws,
 - iii. Digitisation by creating online interfaces eliminating manual forms and records, and
 - iv. Decriminalisation of minor technical or procedural defaults.
- Specifically for the startup ecosystem, the Government has taken various measures to enhance ease of doing business, raising capital and reducing compliance burden.
 - To promote FDI in the country, the Government has put in place an investor-friendly policy, wherein most sectors except certain strategically important sectors are open for 100% FDI under the automatic route.

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