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SUMMARY OF UNION BUDGET



2023 - 2024



SUMMARY OF UNION BUDGET 2023-24 FROM THE (PERSPECTIVE OF UPSC CSE)

Introduction

- Union Minister for Finance and Corporate Affairs Nirmala Sitharaman has presented the Union Budget 2023-24.
- The government's efforts since 2014 have ensured for all citizens a better quality of living and a life of dignity and the **per capita income has more than doubled to Rs 1.97 lakh**.
- In these nine 9 years, the **Indian economy has increased in size from being 10th to 5th largest in the world**.
- Moreover, the **economy has become a lot more formalized** as reflected in the EPFO membership, more than doubling to 27 crore, and 7,400 crore digital payments of Rs 126 lakh crore through UPI in 2022.
- The Finance Minister noted that India's Union Budget for the next fiscal year starting April 1 is the **first budget in Amrit Kaal** or the 25-year-long leadup to India's 100 years of independence from colonial rule.
 - The term Amrit Kaal was first introduced by Prime Minister Narendra Modi during India's 75th Independence Day in 2021. The vision behind Amrit Kaal is to attain certain goals in the coming 25 years.

Vision for Amrit Kaal – an Empowered and Inclusive Economy

- The vision for the Amrit Kaal includes a technology-driven and knowledge-based economy with strong public finances, and a robust financial sector. To achieve this '**jan-bhaagidari**' (public participation) through '**sabka saath, sabka prayas**' (efforts by all) is essential
- The following **four opportunities** can be transformative during Amrit Kaal:

1) Economic Empowerment of Women:

- **Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM)** has achieved remarkable success by mobilizing rural women into **81 lakh Self Help Groups** and the government will enable these groups to reach the **next stage of economic empowerment** through formation of large producer enterprises or collectives with each having several thousand members and managed professionally.
 - DAY-NRLM is a flagship **poverty alleviation program** implemented by the **Ministry of Rural Development**.
 - NRLM rests on **three major pillars** – universal social mobilization, financial inclusion and livelihood enhancement. It works towards **bringing at least one member** (preferably a **woman**) from all poor families into the **SHG network**.

2) PM Vishwakarma KAushal Samman (PM VIKAS):

- For centuries, **traditional artisans and craftspeople**, who work with their hands using tools, have brought renown for India and they are generally referred to as **Vishwakarma**. The art and handicraft created by them represents the **true spirit of Atmanirbhar Bharat**.

- A **package of assistance** for them has been conceptualized and 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 not only financial support but also access to 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.
- This will greatly benefit the **Scheduled Castes, Scheduled Tribes, OBCs, women and people belonging to the weaker sections.**

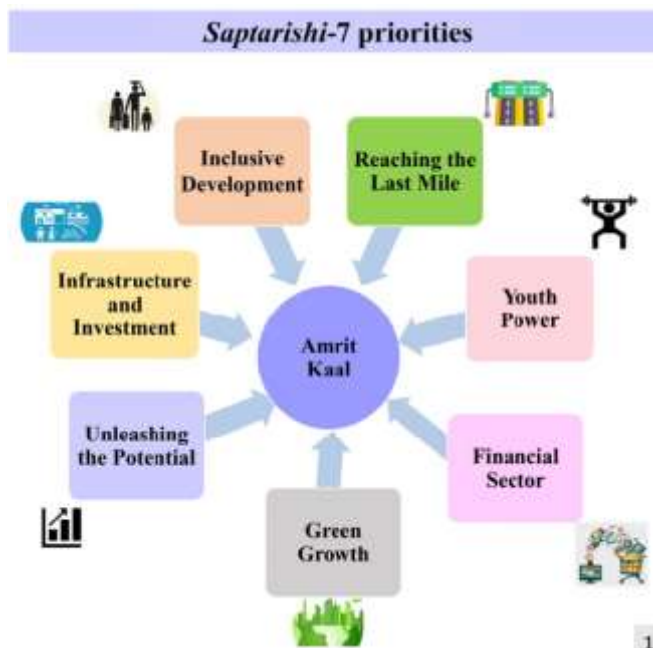
3) Tourism:

- The country offers immense attraction for domestic as well as foreign tourists, as there is a large potential to be tapped in tourism. The sector holds huge **opportunities for jobs and entrepreneurship for youth** in particular. Promotion of tourism will be taken up on mission mode, with active participation of states, convergence of government programmes and public-private partnerships.

4) Green Growth:

- India is implementing many programmes for green fuel, green energy, green farming, green mobility, green buildings, and green equipment, and policies for efficient use of energy across various economic sectors.
- These green growth efforts help in **reducing carbon intensity of the economy** and provide for **large scale green job opportunities.**

Priorities of the Budget



- The Finance Minister listed **seven priorities of the Union Budget** and said that they complement each other and act as the '**Saptarishi**' guiding us through the Amrit Kaal.
- They are as follows: 1) Inclusive Development 2) Reaching the Last Mile 3) Infrastructure and Investment 4) Unleashing the Potential 5) Green Growth 6) Youth Power 7) Financial Sector.

Priority 1: Inclusive Development

Digital Public Infrastructure for Agriculture:

- The Digital Public infrastructure for agriculture will be built as an **open source, open standard and interoperable public good**.
- This will enable inclusive, farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for growth of agri-tech industry and start-ups.
 - Digital Public infrastructure (DPI) refers to **digital solutions that enable basic functions essential for public and private service delivery**, i.e. collaboration, commerce, and governance. Typical examples include digital identification platforms such as **Aadhaar and Unified Payments Interface (UPI)** in India.

Agriculture Accelerator Fund:

- An Agriculture Accelerator Fund will be set-up to **encourage agri-startups by young entrepreneurs in rural areas**, which will aim at bringing innovative and affordable solutions for challenges faced by farmers.
- It will also **bring in modern technologies** to transform agricultural practices, increase productivity and profitability.

Atmanirbhar Horticulture Clean Plant Programme:

- The Government will launch an Atmanirbhar Clean Plant Programme to **boost availability of disease-free, quality planting material for high value horticultural crops** at an outlay of Rs 2,200 crore.

Global Hub for Millets: 'Shree Anna':

- Describing **millets as 'Shree Anna'** – the mother of all grains – the Finance Minister said that **India is the largest producer and second largest exporter** of 'Shree Anna' in the world as it grows several types of 'Shree Anna' such as **jowar, ragi, bajra, kuttu, ramdana, kangni, kutki, kodo, cheena, and sama**.
- To make India a global hub for 'Shree Anna', the **Indian Institute of Millet Research, Hyderabad** will be supported as the **Centre of Excellence** for sharing best practices, research and technologies at the international level.

Agriculture Credit:

- The Government will launch a **new sub-scheme of PM Matsya Sampada Yojana (PMMSY)** with targeted investment of **Rs 6,000 crore** to further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.
 - The central government launched PMMSY in 2020 to bring about the **Blue Revolution** through sustainable and responsible development of the fisheries sector in India. It is a flagship scheme for **integrated, sustainable, inclusive development of marine and inland fisheries sector** in the country.

Health & Education:

- A Mission to **eliminate Sickle Cell Anaemia by 2047** will be launched, which will entail awareness creation, universal screening of 7 crore people in the age group of 0-40 years in affected tribal areas, and counseling through collaborative efforts of central ministries and state governments.
 - Sickle cell disease is a **chronic single gene disorder** causing a debilitating systemic syndrome characterized by chronic anemia, acute painful episodes, organ infarction and chronic organ damage and by a significant reduction in life expectancy.

- A **National Digital Library for Children and Adolescents** will be set-up for facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility.

Priority 2: Reaching the Last Mile

Aspirational Districts and Blocks Programme:

- Building on the success of the **Aspirational Districts Programme**, the Government has recently launched the **Aspirational Blocks Programme** covering **500 blocks** for saturation of essential government services across multiple domains such as health, nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.

Pradhan Mantri PVTG Development Mission:

- To **improve socio-economic conditions of the particularly vulnerable tribal groups (PVTGs)**, Pradhan Mantri PVTG Development Mission will be launched.
- This will **saturate PVTG 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.
- An amount of **Rs 15,000 crore** will be made available to implement the Mission in the next three years under the Development Action Plan for the Scheduled Tribes.
 - PVTGs constitute the most vulnerable section among tribals and inhabit isolated, remote and difficult areas in small and scattered hamlets/ habitats.
 - The criteria followed for determination of PVTGs are as under:
 - **A pre-agriculture level of technology;**
 - **A stagnant or declining population;**
 - **Extremely low literacy; and**
 - **A subsistence level of economy.**

Bharat Shared Repository of Inscriptions:

- 'Bharat Shared Repository of Inscriptions' will be set up in a **digital epigraphy museum**, with **digitization of one lakh ancient inscriptions in the first stage**.

Priority 3: Infrastructure & Investment

- Investments in infrastructure and productive capacity have a **large multiplier impact on growth and employment** and in view of this **capital investment outlay** is being **increased steeply** for the third year in a row by **33 per cent** to **Rs 10 lakh crore**, which would be **3.3 per cent of GDP**.

Support to State Governments for Capital Investment:

- The Finance Minister informed that the Government has decided to continue the **50-year interest free loan to state governments for one more year** to spur investment in infrastructure and to incentivize them for complementary policy actions, with a significantly enhanced outlay of Rs 1.3 lakh crore.
- The **entire 50-year loan to states has to be spent on capital expenditure within 2023-24**. Most of this will be at the **discretion of states**, but a **part will be conditional on states** increasing their actual capital expenditure.

Urban Infrastructure Development Fund:

- The Finance Minister announced that an Urban Infrastructure Development Fund (UIDF) will be established through **use of priority sector lending shortfall** and will be used by public agencies to **create urban infrastructure in Tier 2 and Tier 3 cities**. It will be **managed by the National Housing Bank**.

- While Tier II cities are those which have a population range of 50,000 to 100,000, Tier III cities are classified as those with a population of 20,000 to 50,000.
- States will be encouraged to leverage resources from the grants of the 15th Finance Commission, as well as existing schemes, to adopt appropriate user charges while accessing the UIDF.
- The Urban Local Bodies may be encouraged to apply appropriate user charges to make the UIDF project self-sustainable.

Priority 4: Unleashing the Potential

Centres of Excellence for Artificial Intelligence:

- To realize the vision of “**Make A-I in India and Make A-I work for India**”, **three centers of excellence for Artificial Intelligence** will be set-up in top educational institutions.

National Data Governance Policy:

- To **unleash innovation and research** by start-ups and academia, a National Data Governance Policy will be brought out, which will **enable access to anonymized data**.

Other Initiatives:

- An **Entity DigiLocker** will be set up for **use by MSMEs, large business and charitable trusts** for storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.
- On 5G Services, **one hundred labs** for developing applications using 5G services will be set up in engineering institutions to realize a new range of opportunities, business models, and employment potential. The labs will cover, among others, applications such as **smart classrooms, precision farming, intelligent transport systems, and health care applications**.

Priority 5: Green Growth

MISHTI:

- The government has announced the **MISHTI (Mangrove Initiative for Shoreline Habitats & Tangible Incomes)** initiative that will **facilitate mangrove plantation along India’s coastline and on salt pan lands**.
- The programme will operate through **convergence between MGNREGS, Campa Fund and other sources**.
- This new programme will aim at **intensive afforestation of coastal mangrove forests**.

PM PRANAM:

- The PM PRANAM (Prime Minister Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth) programme will seek to **incentivise states and union territories promoting alternative fertilisers and the balanced use of chemical fertilisers**.

Bhartiya Prakritik Kheti Bio-Input Resource Centres:

- To further facilitate the **adoption of “natural farming,” 10,000 Bio-Input Resource Centres** will be set-up, creating a national-level distributed micro-fertiliser and pesticide manufacturing network.
- This will impact **over 1 crore farmers** over the next three years.

GOBARdhan scheme:

- **500 new ‘waste to wealth’ plants** under GOBARdhan scheme will be established for promoting the circular economy.

- Galvanizing Organic Bio-Agro Resources (GOBAR)-Dhan was launched by the Government of India in 2018 as a part of the **biodegradable waste management component** under the **Swachh Bharat Mission-Gramin**.
- The main focus areas of GOBAR-Dhan are to **keep villages clean, increase the income of rural households and generate energy and organic manure from cattle waste**.
- The 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.
- The GOBARdhan scheme also aims to **make farmers more self-reliant in converting 'waste to energy.'** For every district, the Government of India provides **technical assistance as well as financial support of up to 50 lakhs** to achieve the safe disposal of cattle and organic waste.

Priority 6: Youth Power

PMKVY 4.0:

- The government announced that **Pradhan Mantri Kaushal Vikas Yojana 4.0 (PMKVY 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 needs of industry will be emphasized.
- The scheme will also cover **new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills**.
 - PMKVY is the flagship scheme of the **Ministry of Skill Development & Entrepreneurship** implemented by **National Skill Development Corporation (NSDC)**. The scheme was launched in 2015.
 - The objective of this programme is to **enable a large number of Indian youth to take up industry-relevant skill training** that will help them in securing a better livelihood.
 - Individuals with prior learning experience or skills will also be assessed and certified under **Recognition of Prior Learning**. Skill training is based on the **National Skill Qualification Framework (NSQF)** and industry led standards.

Unity Mall:

- States will be encouraged to set up a Unity Mall in their state capital or most prominent tourism centre or the financial capital for **promotion and sale of their own ODOPs (one district, one product), GI products and other handicraft products**, and for providing space for such products of all other States.

Priority 7: Financial Sector

Credit Guarantee for MSMEs:

- **Revamped credit guarantee for MSMEs** to take effect from Apr 1, 2023 with infusion of Rs 9,000 crore in corpus.
- The scheme would enable **additional collateral-free guaranteed credit of Rs 2 lakh crore** and also **reduce the cost of the credit by about 1 per cent**.

National Financial Information Registry:

- A National Financial Information Registry will be set up to serve as the **central repository of financial and ancillary information**. This will facilitate **efficient flow of credit, promote financial inclusion, and foster financial stability**.
- A new legislative framework will govern this credit public infrastructure, and it will be designed in consultation with the RBI.

Mahila Samman Savings Certificate:

- A one-time **new small savings scheme, Mahila Samman Savings Certificate**, will be made available for a **two-year period** up to March 2025.
- This will offer **deposit facility upto Rs 2 lakh in the name of women or girls** for a **tenor of 2 years** at **fixed interest rate of 7.5 per cent** with partial withdrawal option.

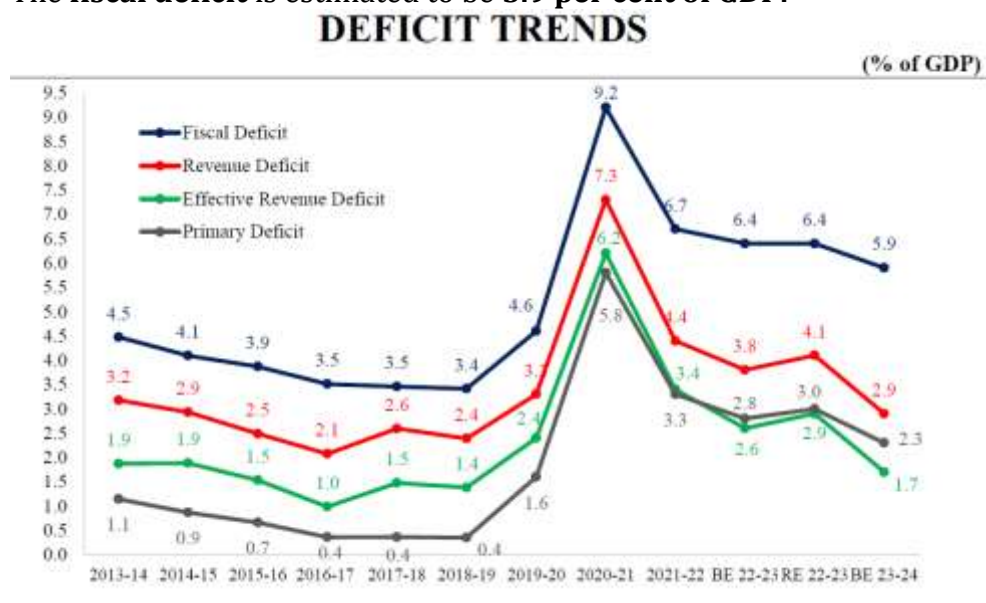
Fiscal Management

Revised Estimates 2022-23

- The **Revised Estimate of the total receipts other than borrowings** is **Rs 24.3 lakh crore**, of which the **net tax receipts** are **Rs 20.9 lakh crore**.
- The **Revised Estimate of the total expenditure** is **Rs 41.9 lakh crore**, of which the **capital expenditure** is about **Rs 7.3 lakh crore**.
- Similarly, the **Revised Estimate of the fiscal deficit** is **6.4 per cent of GDP**, adhering to the Budget Estimate.

Budget Estimates 2023-24

- The **total receipts other than borrowings** and the **total expenditure** are estimated at **Rs 27.2 lakh crore** and **Rs 45 lakh crore** respectively. The **net tax receipts** are estimated at **Rs 23.3 lakh crore**.
- The **fiscal deficit** is estimated to be **5.9 per cent of GDP**.



- The Government plans to continue the path of fiscal consolidation, reaching a **fiscal deficit below 4.5 per cent by 2025-26** with a fairly steady decline over the period.
- The government has estimated a **nominal GDP growth rate of 10.5% in 2023-24** (i.e., real growth plus inflation).

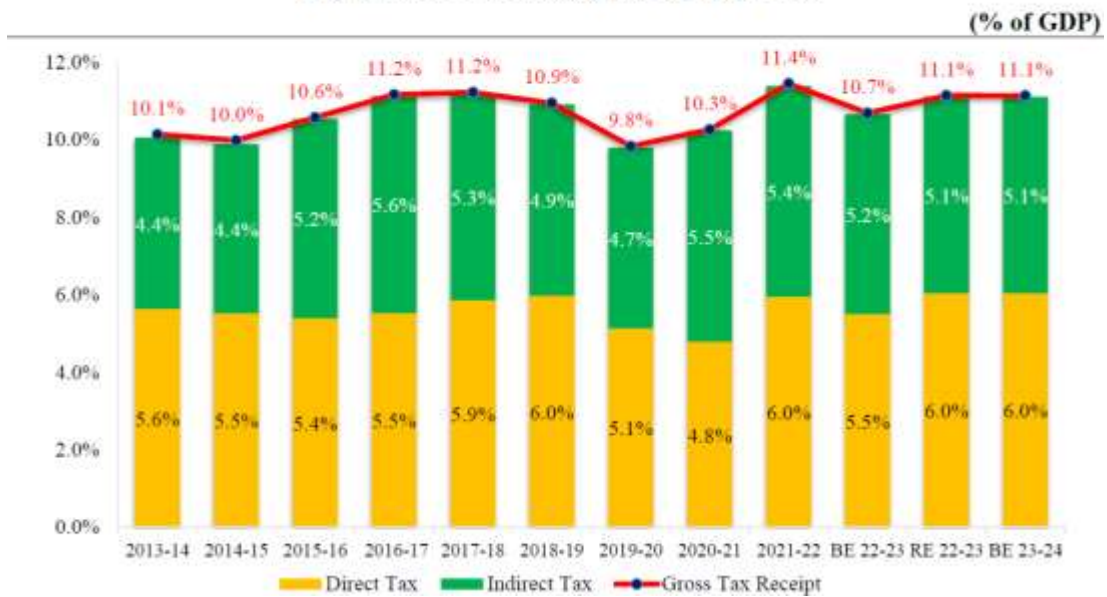
Expenditure on Subsidies

- In 2023-24, the total expenditure on subsidies is estimated to be **Rs 4,03,084 crore**, a **decrease of 28.3%** from the revised estimate of 2022-23.
- **Food subsidy:** Allocation to food subsidy is estimated at **Rs 1,97,350 crore** in 2023-24, a **31.3% decrease** over the revised estimate of 2022-23. A higher level of food subsidy was budgeted in 2021-22 and 2022-23 mainly on account providing for **free additional foodgrains** to eligible beneficiaries to mitigate the impact of COVID-19.

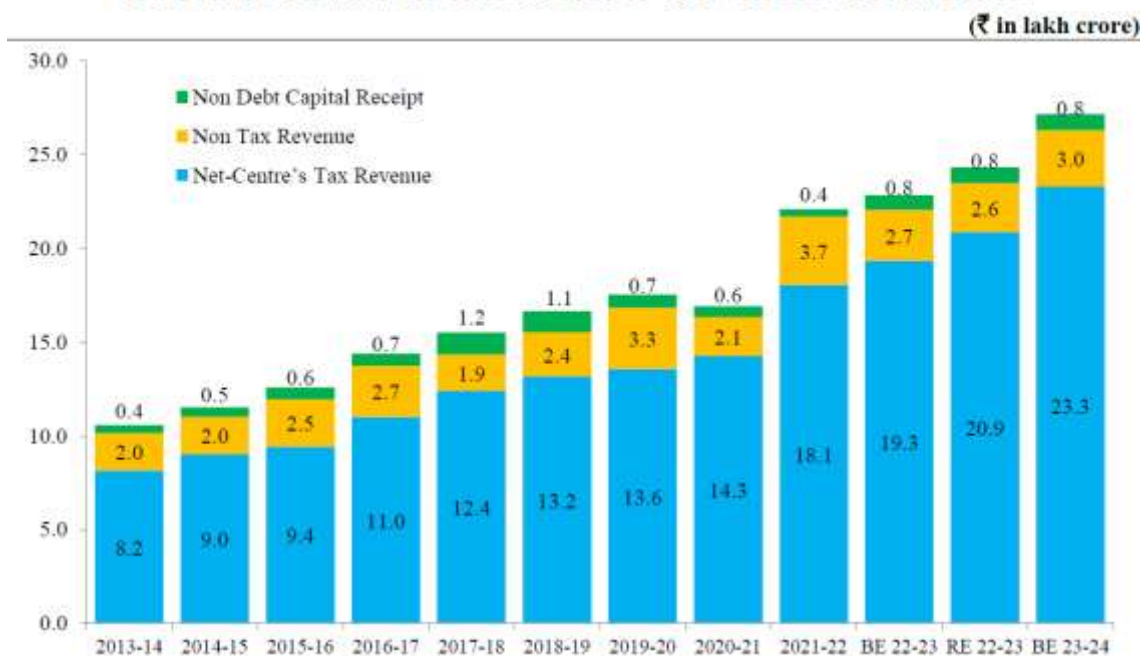
- **Fertiliser subsidy:** Expenditure on fertiliser subsidy is estimated at **Rs 1,75,100 crore** in 2023-24. This is a **decrease of Rs 50,120 crore (22.3%)** from the revised estimate of 2022-23. Fertiliser subsidy for 2022-23 was increased substantially in response to a **sharp increase in international prices** of raw materials used in the manufacturing of fertilisers.
- **Other subsidies:** Expenditure on other subsidies includes **interest subsidies** for various government schemes, **subsidies for the price support scheme** for agricultural produce, and **assistance to ship building research and development**, among others. In 2023-24, the expenditure on these other subsidies is estimated to **decrease by 30%** over the revised estimate of 2022-23.



TREND IN TAX RECEIPTS

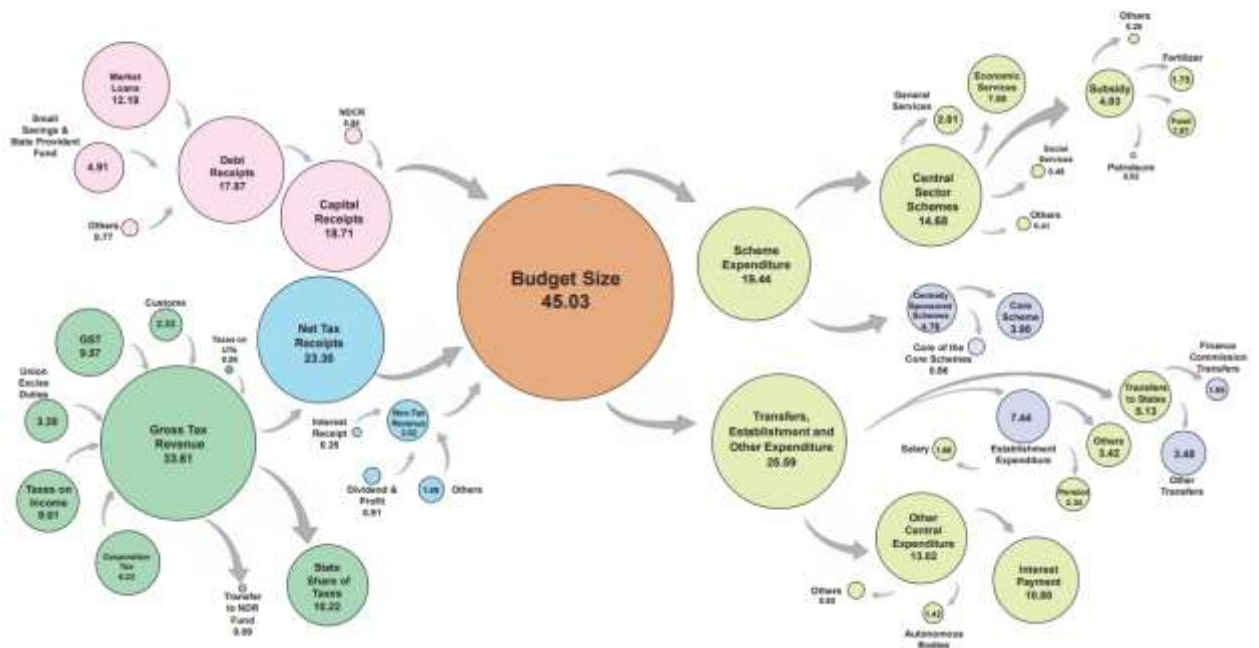


TREND IN NET RECEIPT OF THE CENTRE

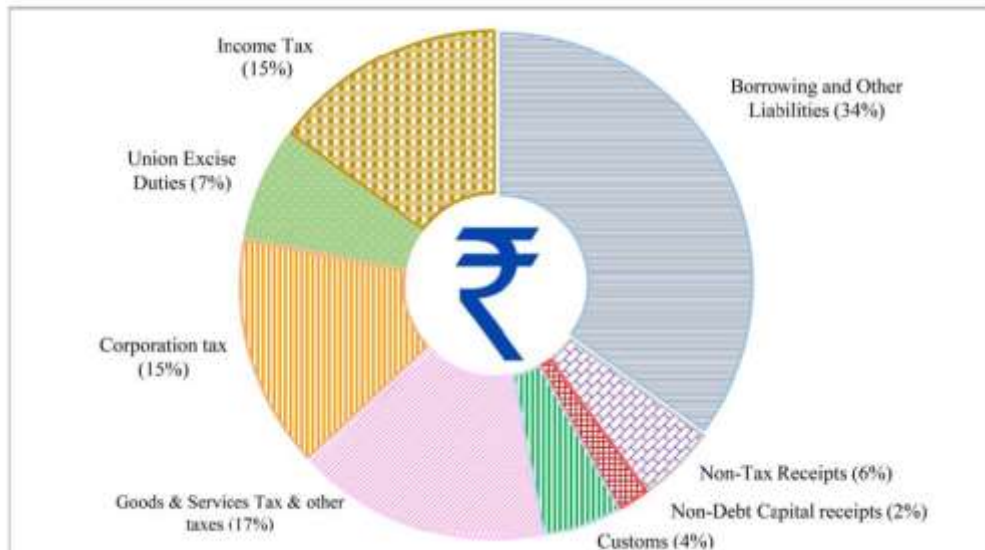


बजट की रूपरेखा BUDGET PROFILE

(In ₹ lakh crore)



Rupee Comes From



Rupee Goes To

