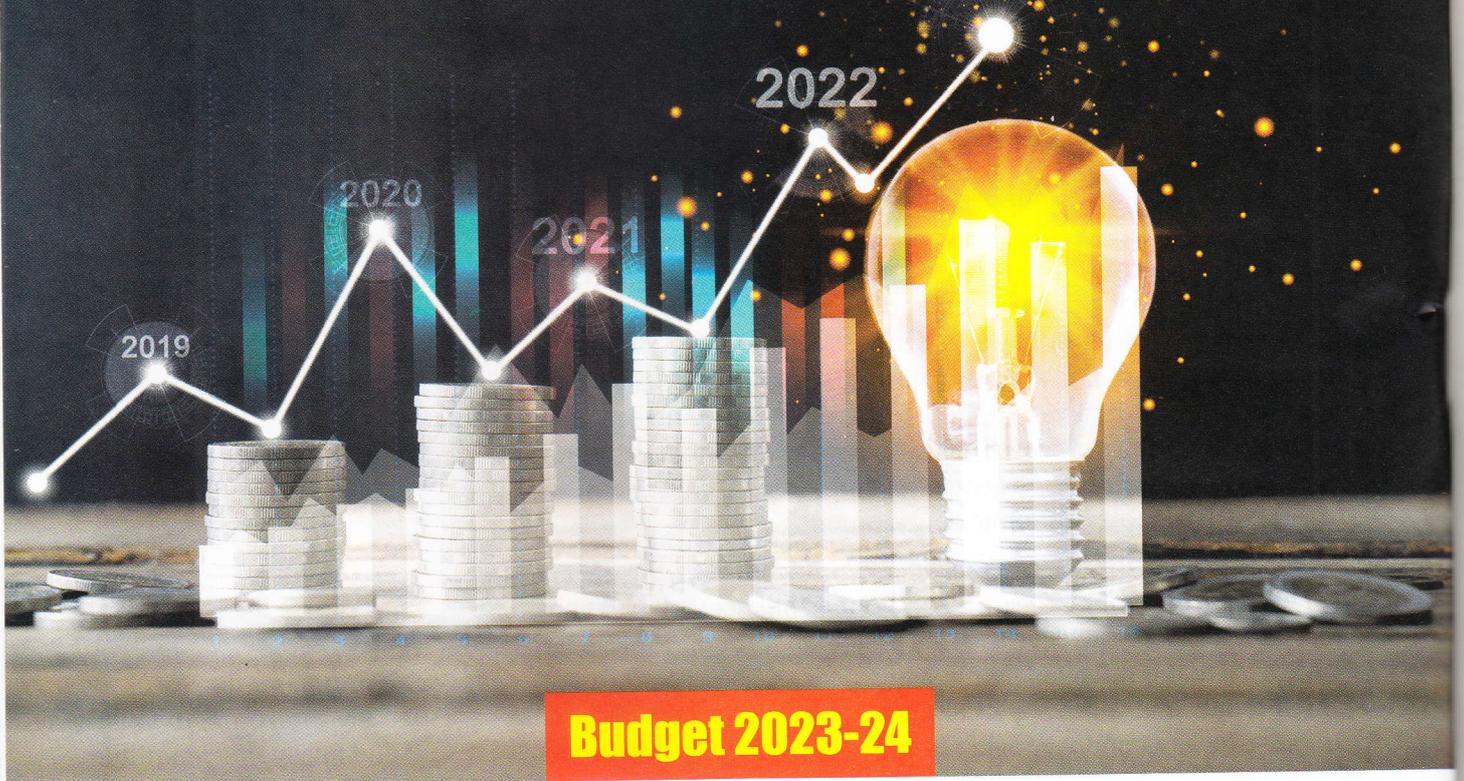


2023

**Budget 2023-24**

Laying the Foundations for India's Amrit Kaal

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The Union Budget is a key policy document that outlines the priorities of the Government, for the immediate and the long term, in tandem with domestic and global economic realities. The year 2022 was special for our country as India celebrated its 75th anniversary and its elevation as the world's 5th largest economy (measured in current dollars). 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' – the 25 years of achieving our developmental potential.

The Budget for 2023-24 makes a good start to the journey towards Amrit Kaal with its uncompromising focus on capital expenditure, inclusive growth, green economy, ease of living, and ease of doing business, especially for small enterprises. It leaves more money in the hands of the people and nudges farmers towards sustainable and entrepreneurial farming.

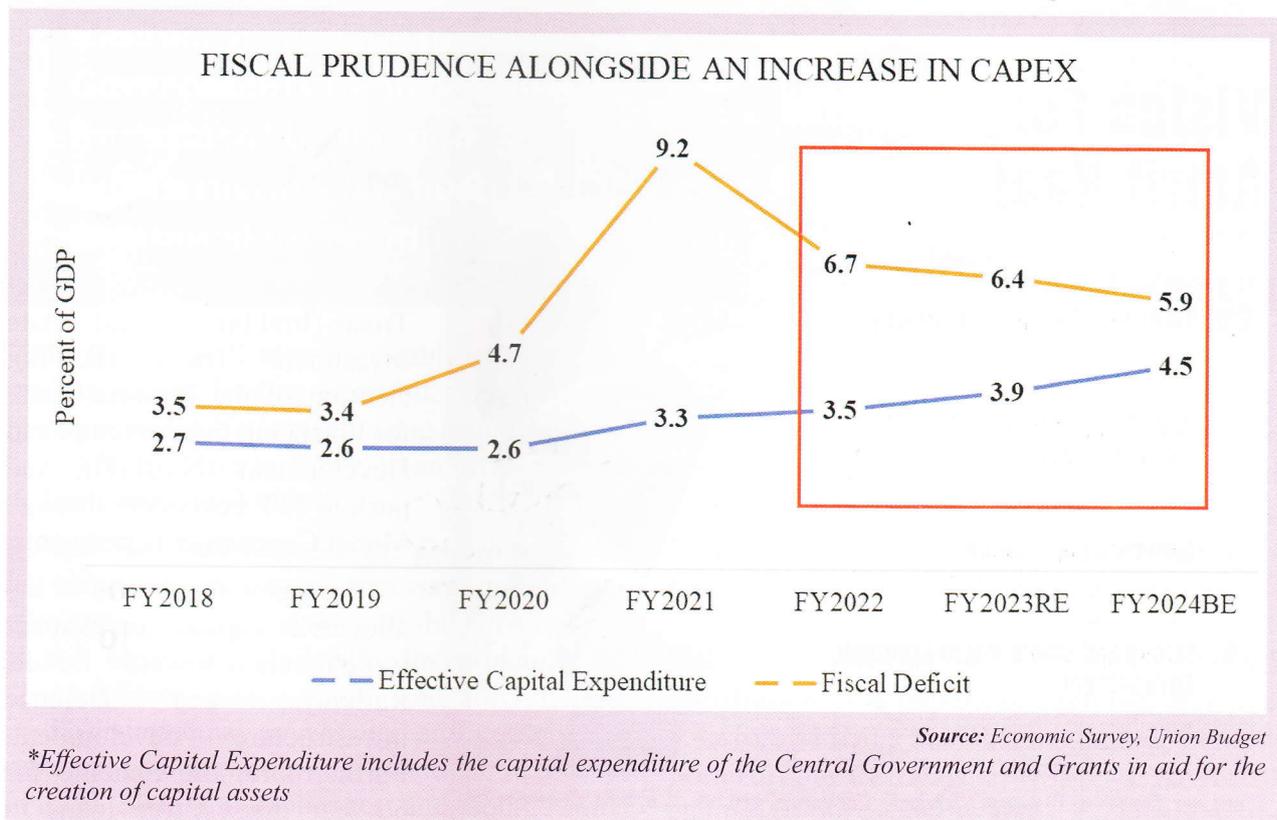
It is noteworthy that the Budget for 2023-24 was prepared amidst the backdrop of global uncertainties in the year that went by. The pandemic had barely receded when the Ukraine war broke out in February 2022. Prices of food, fuel, and fertiliser rose sharply. As inflation rates accelerated, central banks of advanced countries scrambled to respond with monetary policy tightening. Many developing countries faced severe economic stress with weaker currencies, higher import prices, rising cost of living and a stronger dollar, and expensive debt servicing. Compared to its peers, however, having staged a full recovery after its encounter with the pandemic and growth in 2022-23, led

principally by private consumption and capital formation, India emerged as a bright star and is projected to be the fastest-growing major economy in 2023-24.

Notwithstanding the pandemic shock, the uncertainties triggered by a geo-political conflict, and the evolving context of global economic stress, Budget 2023-24 has displayed deft fiscal management and reiterated its commitment to fiscal prudence and responsibility while not losing sight of medium-term growth. This has been the signature approach of the Finance Minister throughout her Budgets since 2019, incorporating the following elements:

- i. Commitment to fiscal prudence
- ii. Conservative assumptions
- iii. Transparency
- iv. Commitment to Capital expenditure
- v. 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-

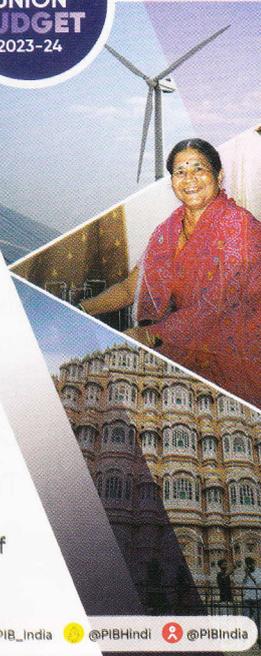




JOURNEY TO INDIA @100

4 TRANSFORMATIVE OPPORTUNITIES

- Economic Empowerment of Women
 - 81 lakh Self Help Groups under DAY-NRLM to be transformed into large producer enterprises
- PM Vishwakarma KAushal Samman (PM VIKAS)
 - Financial support, skill training and knowledge to traditional artisans
- Tapping the potential of Tourism
- Green Growth leading to efficient use of energy across sectors and green jobs



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Vision For Amrit Kaal

Empowered & Inclusive Economy

- ✓ Opportunities for Citizens with focus on Youth
- ✓ Growth in Job Creation
- ✓ Strong and Stable Macro-Economic Environment



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class infrastructure, strengthen a trust-based governance framework and provide an impetus to micro, small and medium enterprises (MSME). The Budget also takes a forward-looking stance in its endeavour to promote green growth and gives thrust to skill creation for the youth in line with modern themes such as AI and Robotics.

Recognising public investment as a fundamental engine of growth and adhering to the consistent policy approach of capex commitment, this budget has the hallmark of the highest-ever capital investment outlay, increasing for the third year in a row by a massive 33 per cent. The provisions in the Budget support this Government's continued programmatic approach towards infrastructure—the National Infrastructure Pipeline (NIP) and the National Monetisation Pipeline (NMP) which is complemented by the ongoing structural and financial reforms - infrastructure financing options of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs), creation of the National Bank for Financing Infrastructure and Development (NaBFID), and push to PPP ecosystem through Model Concession Agreements.

Larger share of the allocated capital investment is channelled towards Roads, Railways, and Defence infrastructure development. Furthermore, the Scheme for 50-year interest-free loans to

State Governments to incentivise investment by them in infrastructure has been continued for another year. These measures effectively bring Capital Expenditure up to 4.5 per cent of the GDP. The comprehensive and holistic thrust on capital expenditure will crowd in private investment and is fundamental to a strong foundation of New India.

Through property tax governance reforms and ring-fencing user charges on urban infrastructure, cities will be incentivised to improve their creditworthiness for municipal bonds. An Urban Infrastructure Development

with over 1400 archaic laws over the last few years, Budget 2023-24 has also pushed for measures such as simplification of the Know Your Customer (KYC) process, establishing a common identifier for businesses via the PAN card and the introduction of the landmark '*Jan Vishwas Bill*' in the Parliament. The practical effects of the measures previously introduced have already borne fruit, with India moving up the Ease of Doing Business rankings over the last eight years. All these measures are critical for preparing India for tomorrow and enabling it to realise its medium-term growth potential.

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Fund (UIDF) will also be established through priority sector lending shortfall. This will be managed by the National Housing Bank and used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.

Building trust between the government and its citizens/businesses is necessary to unleash efficiency gains. The actions of the Government in this regard are guided by the principles of "*Sabka Saath, Sabka Vikas*" and are reflected in the incremental governance and compliance reforms. To this end, in addition to the reduction in over 39,000 compliances and doing away

Over the years, there has been an emphasis on creating ease of doing business for Micro, Small and Medium Enterprises (MSMEs) through initiatives such as the Udyam portal, which is seamlessly integrated with the Central Board of Direct Taxes (CBDT) and Goods & Services Tax (GST) networks as also with the government e-procurement portal-GeM. Through this integration, now MSME registration is a paperless exercise, and over 1.4 crore MSMEs have been onboarded on this portal to date. Recognising MSMEs as the growth engines of our economy and acknowledging the

SAPTARISHI
7 PRIORITIES OF BUDGET 2023-2024

Amrit Kaal

- Inclusive Development
- Reaching the Last Mile
- Infrastructure and Investment
- Unleashing the Potential
- Green Growth
- Youth Power
- Financial Sector

UNION BUDGET 2023-24

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emission growth pathway. Taking guidance from the Prime Minister’s vision for “LiFE”, or Lifestyle for Environment, India is moving forward firmly for the ‘panchamrit’ and net-zero carbon emission by 2070 to spur a movement of environmentally conscious lifestyle and usher in green industrial and economic transition.

India is spearheading one of the world’s most ambitious clean energy transitions and remains steadfast in its commitment to combating climate change. Budget 2023-24 takes this vision forward by explicitly emphasising the importance of green growth. From natural farming to scrapping of old vehicles, the energy transition has been prioritised with investment programs such as the National

hardship and constraints they faced due to the pandemic, Budget 2023-24 introduced various provisions for providing relief and support. This includes the *Vivad se Vishwas* Schemes I&II for providing relief to MSMEs for failure by MSMEs to execute contracts during the Covid and settlement of contractual disputes through a voluntary settlement scheme. In addition, the Budget has proposed the launch of a revamped credit guarantee scheme for MSMEs worth Rs 9,000 crores which is expected to enable collateral-free credit of about Rs 2 lakh crore loans to small businesses. This will provide impetus to these businesses while also facilitating employment generation.

The global nature of the climate change problem makes India one of the most vulnerable regions despite having contributed only about 4 per cent in the cumulative global emissions (for the period 1850-2019) and maintaining its per capita emission at far less than the world average. While India is less responsible for high emissions, it has consistently demonstrated global leadership towards ensuring a low-

Green Hydrogen mission, Green Credit Program, PM-PRANAM and the GOBARdhan scheme. With Ladakh serving as a prime location for solar energy projects, the budget also provides for setting up inter-state transmission lines, thus integrating the long-sequestered UT into the power grid.

The growth and evolution of India’s public digital infrastructure is a story not just of numbers and milestones but also of thoughtful regulatory and innovation architecture that have enabled it to retain its public good character with enough incentives for the private sector to innovate and invest. India has been one of the few countries where technology and digital connectivity innovation has been and continues to be led by the public sector. Building on the technological success of UPI and the Co-Win platform, the budget also sought to push Digital India forward, reaffirming the belief in the ability and aptitude of the Indian population to adapt to the inclusion of digital infrastructure in the economy. Thus, keeping this momentum going, the budget proposed open-source digital

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platforms that will notify farmers of market trends, crop estimation and access to farm inputs. In the context of unique challenges only a country with a billion people can face, India's digital infrastructure journey has been global in outlook but domestic in innovation and implementation.

The Indian economy has undergone a transformative process of New Age reforms in the last eight years. The broad principles behind the reforms were creating public goods, adopting

trust-based governance, co-partnering with the private sector for development, and improving agricultural productivity. This approach reflects a paradigm shift in the growth and development strategy of the government, with the emphasis shifted towards building partnerships amongst various stakeholders in the development process, where each contributes to and reaps the development benefits. At this juncture of its economic journey, the Indian economy has started benefiting from the efficiency gains resulting from greater formalisation, higher financial inclusion, and economic opportunities created by digital technology-based economic reforms. It is now prepared to grow at its potential in the medium term.

Budget 2023-24 is the first to be presented in India's *Amrit Kaal*. The measures announced in this year's budget will complement the ongoing reform agenda and prepare India for charting its course amidst a fast-changing global economic order. The budget is not content with ensuring the continuation of India's economic recovery from the pandemic and other global shocks in 2023-24. It sets the stage for sustained and sustainable economic growth of the country that ensures an affordable high quality of living for its citizens in the coming decades, leading up to the centenary of India's independence. □

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