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UNION BUDGET

LEAD ARTICLE

Laying the Foundations for India's Amrit Kaal

V Anantha Nageswaran

FOCUS

Towards Cooperative Fiscal Federalism

Dr Sajjan Singh Yadav, Sumit Agrawal

SPECIAL ARTICLES

Blueprint for an Inclusive and Empowered Bharat

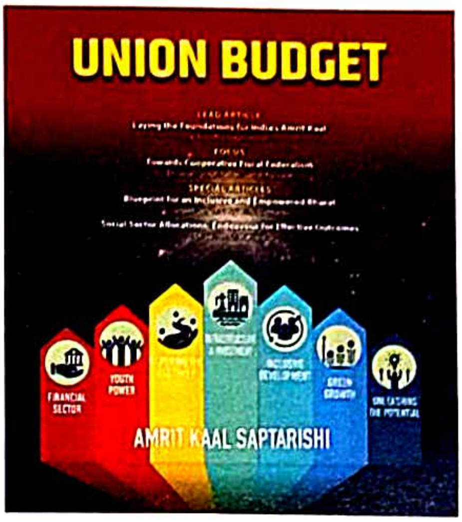
Sanjeet Singh, Devyanshi Didwania

Social Sector Allocations: Endeavour for Effective Outcomes

Dr Sachin Chaturvedi

Saptarishi for Amrit Kaal

In the 75th year of India's Independence, the world has recognised the Indian Economy as a 'bright star' as the economic growth is estimated at 7 per cent, which is the highest among all major economies, in spite of the massive global slowdown caused by the pandemic and global conflicts. This was observed by the Finance Minister while presenting the Union Budget 2023-24 in Parliament. The G20 Presidency gives India a unique opportunity to strengthen its role in the world economic order. With the theme of 'Vasudhaiva Kutumbakam', India is steering an ambitious, people-centric agenda to address global challenges, and to facilitate sustainable economic development.

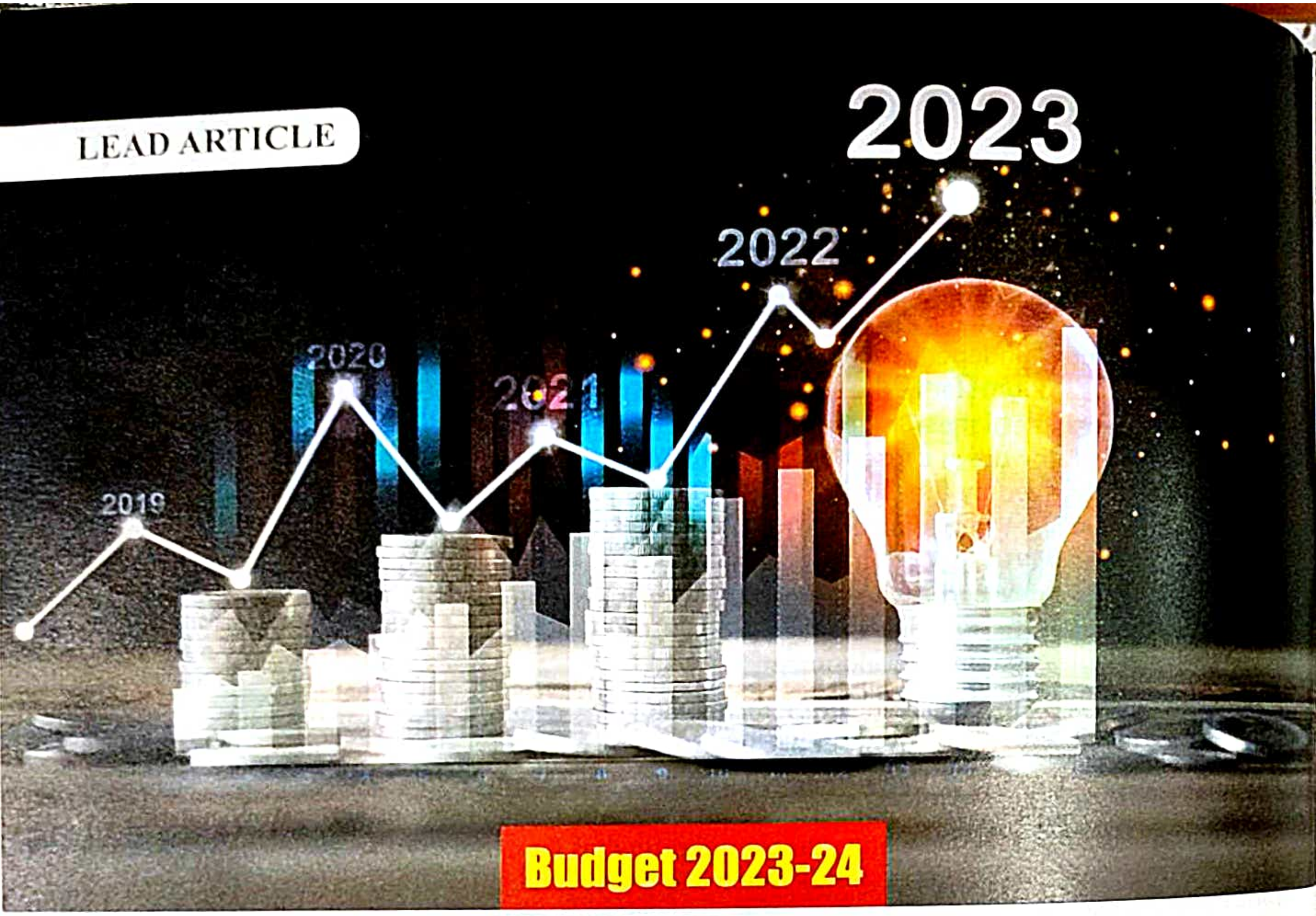


The vision for the Amrit Kaal includes technology-driven and knowledge-based economy with strong public finances, and a robust financial sector and to achieve this, Jan Bhagidari through Sabka Saath Sabka Prayas that is reflected in this year's budget. The economic agenda for achieving this vision focuses on three things and those are facilitating ample opportunities for citizens, especially the youth, to fulfill their aspirations, secondly, providing strong impetus to growth and job creation and finally to strengthen macro-economic stability. To service these focus areas in our journey to India@100, the following four opportunities can be transformative during Amrit Kaal that are Economic Empowerment of Women, PM VIshwakarma KAushal Samman (PM VIKAS), Tourism, and Green Growth. Seven priorities of the Union Budget mentioned to act as the 'Saptarishi' guiding through the Amrit Kaal are Inclusive Development, Reaching the Last Mile, Infrastructure and Investment, Unleashing the Potential, Green Growth, Youth Power, and Financial Sector. Investments in infrastructure and productive capacity have a large multiplier impact on growth and employment. After the subdued period of the pandemic, private investments are growing again. A capital outlay of Rs 2.40 lakh crore has been provided for the Railways. This highest-ever outlay is about 9 times the outlay made in 2013-14.

The Budget provided major relief in the personal income tax. The indirect tax proposals contained in the budget aim to promote exports, enhance domestic value addition, encourage green energy and mobility. The new income tax regime has been made the default tax regime. However, the citizens will continue to have the option to avail the benefit of the old tax regime. The indirect tax proposals announced in the budget emphasised on simplification of tax structure with fewer tax rates so as to help in reducing compliance burden and improving tax administration. The Union Budget also proposes to roll out a next-generation common IT return form for taxpayers' convenience. It also stipulates a plan to strengthen the grievance redressal mechanism for direct taxes.

Describing MSMEs as growth engines of our economy, the Budget proposes enhanced limits for micro enterprises and certain professionals for availing the benefit of presumptive taxation. To support MSMEs in timely receipt of payments, the Budget allows deduction for expenditure incurred on payments made to them only when payment is actually made. The Budget also has a slew of proposals for the cooperative sector. It seeks to complement macro-economic level growth with a focus on micro-economic level for all inclusive welfare. It outlines the vision of *Amrit Kaal* which shall reflect an empowered and inclusive economy. ❑

LEAD ARTICLE



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

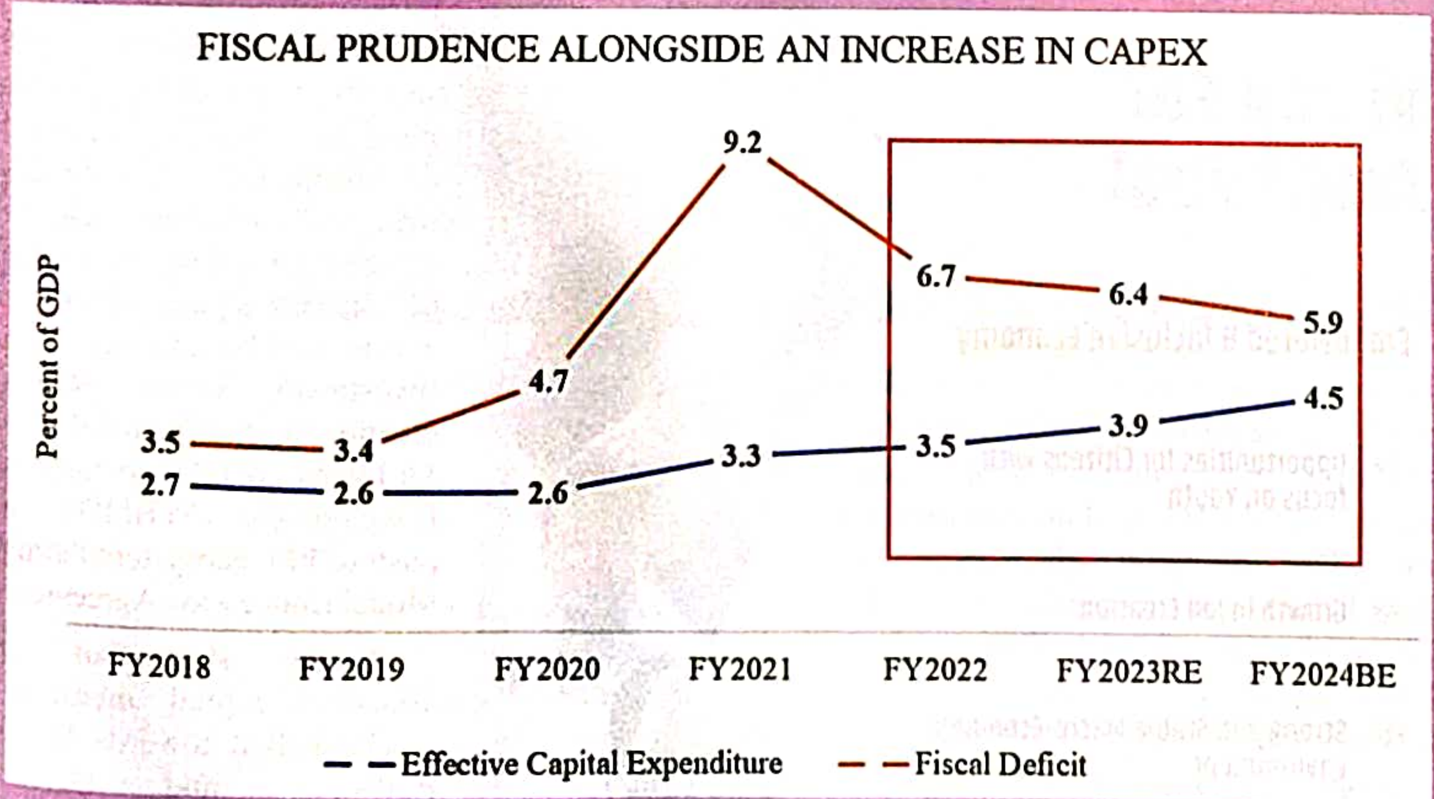
ii. Conservative assumptions

iii. Transparency

iv. Commitment to Capital expenditure

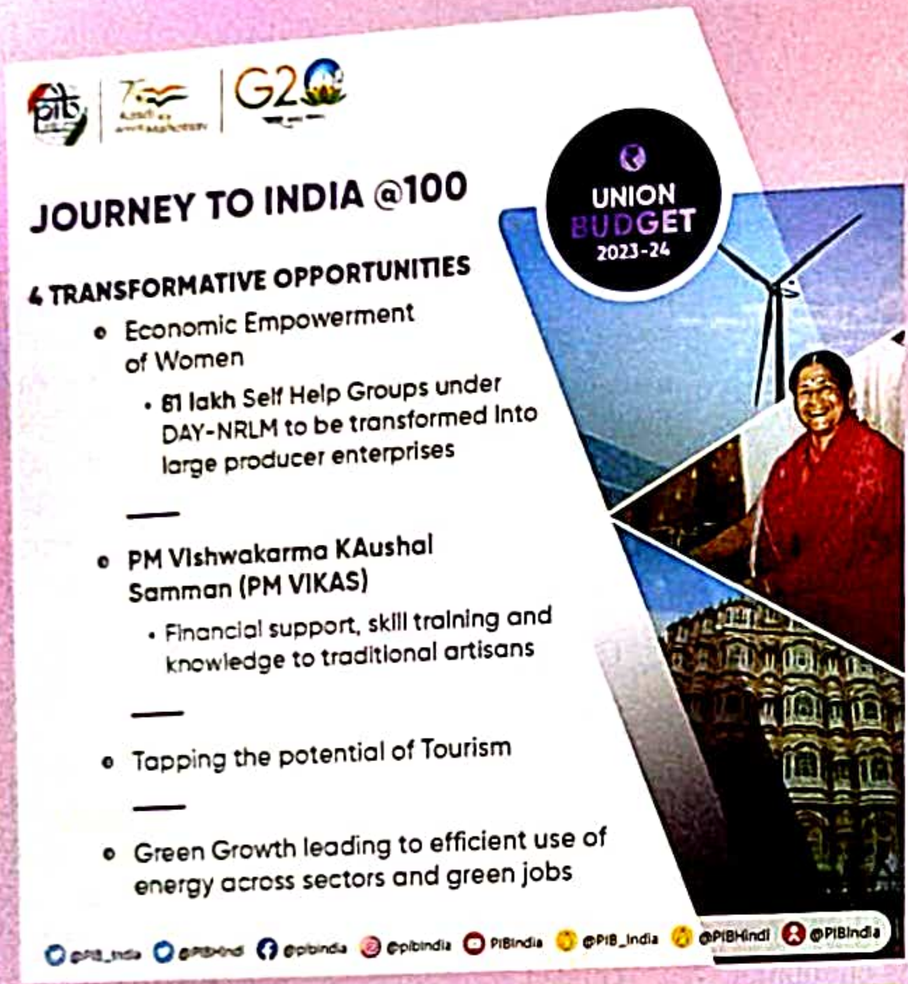
v. Incremental and steady reforms with an eye on the medium-term growth

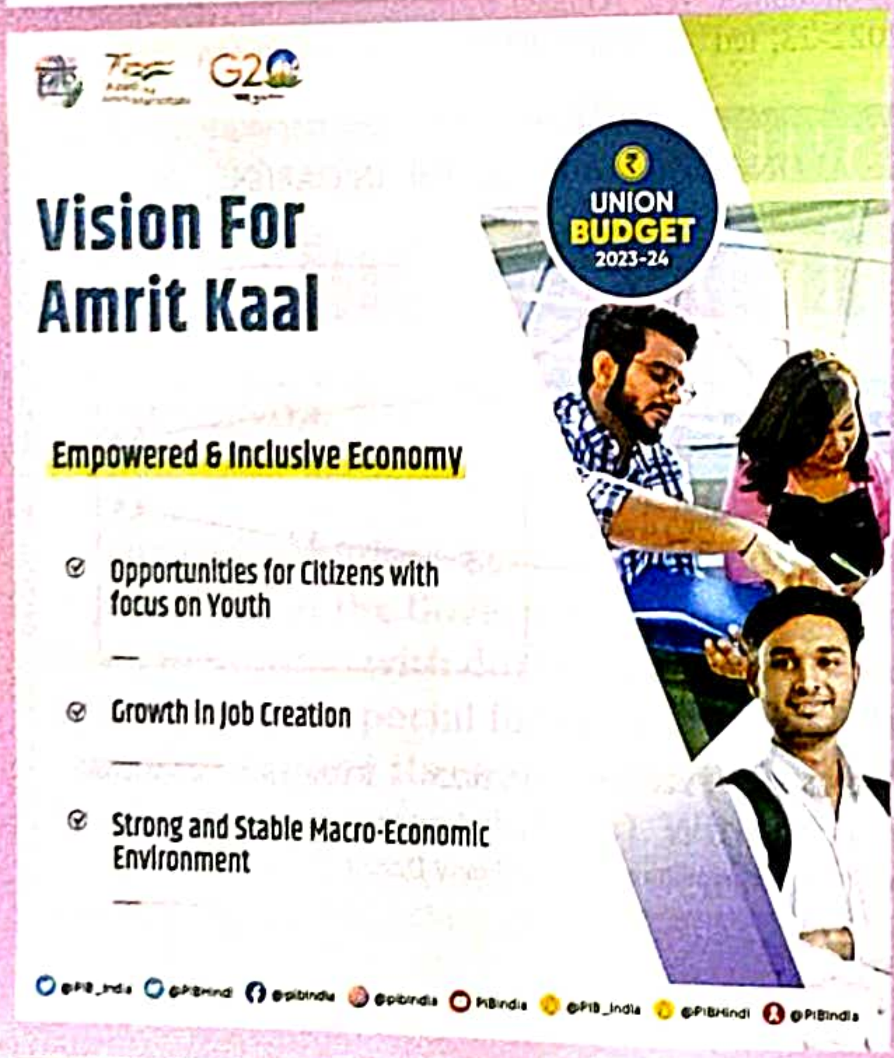
Guided by these principles, Budget 2023-24 adopted the '*Saptarishi*' priorities to create world-



Source: Economic Survey; Union Budget

***Effective Capital Expenditure includes the capital expenditure of the Central Government and Grants in aid for the creation of capital assets**





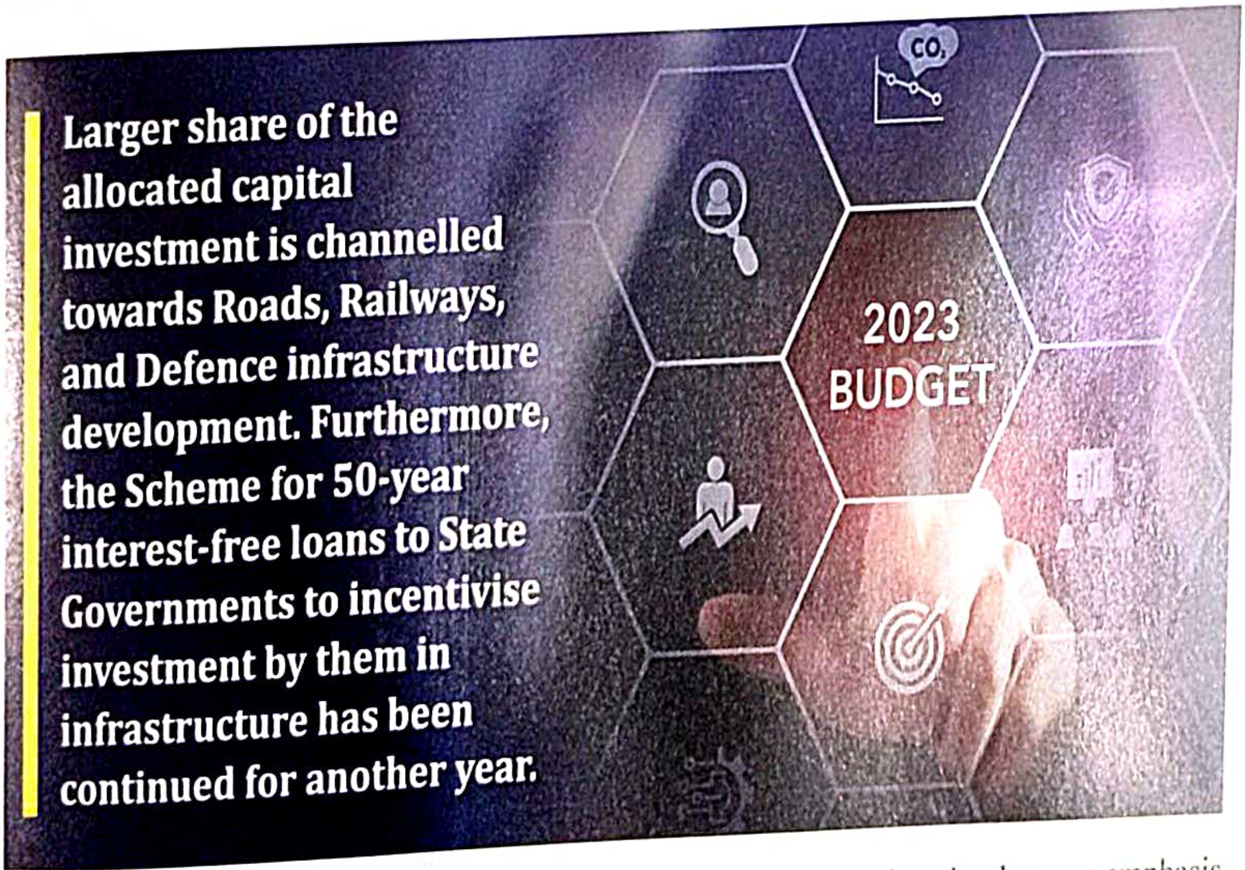
class infrastructure, strengthen a trust-based governance framework and provide an impetus to micro, small and medium enterprises (MSME). The Budget also takes a forward-looking stance in its endeavour to promote green growth and gives thrust to skill creation for the youth in line with modern themes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

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

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-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 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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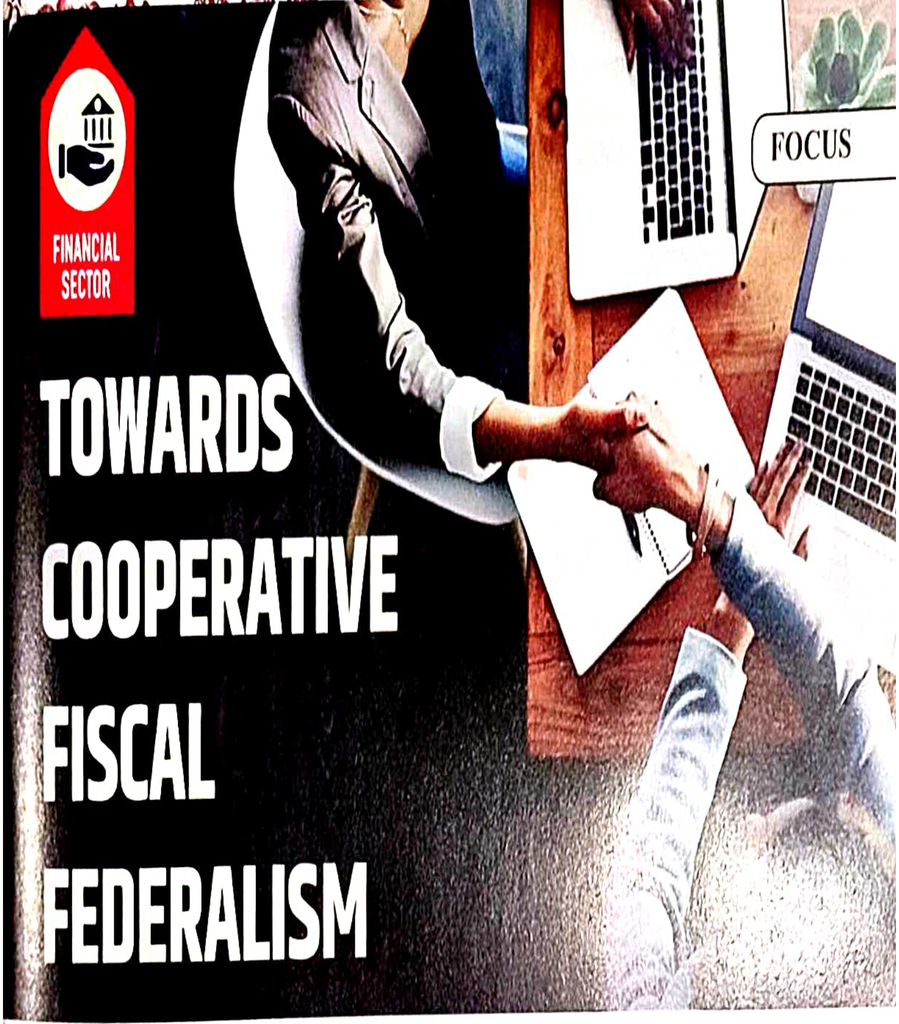

TOWARDS COOPERATIVE FISCAL FEDERALISM

Fiscal federalism refers to fiscal relations between various government units, which in the Indian context means the Union Government and the State Governments. Both tiers of government need to possess adequate financial resources to discharge their respective responsibilities enshrined in the Constitution effectively. 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.

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As the New India is ushering in a radical shift towards cooperative fiscal federalism, there is a perceptible trend towards enhanced fiscal decentralisation and distribution of revenue to the sub-national governments. This historic move 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. The higher untied resources thus made available to the States offer them greater flexibility and autonomy in incurring expenditure based on their priorities.

In the Union Budget 2023-24, a mammoth sum of Rs 1.3 crore was allocated for for providing financial assistance to States for capital expenditure. The announcement validated a firm commitment of the Union Government to cooperative fiscal

CHANNELS OF INTERGOVERNMENTAL TRANSFER

Tax Devolution

It is the States' share in the divisible pool of central duties and taxes. Union Government releases it to States based on the States' share recommended by Finance Commission and actual tax collection.

Grant in Aid

Grants are given by the Union to States based on the recommendation of the Finance Commission. For example, revenue deficit grants, local bodies' grants, disaster management related grants, etc.

Other transfers including Centrally sponsored schemes

These are outside the recommendation of the Finance Commission.

federalism and grant of fiscal autonomy to States.

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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, on the other hand, have more expenditure responsibilities for providing core public services.

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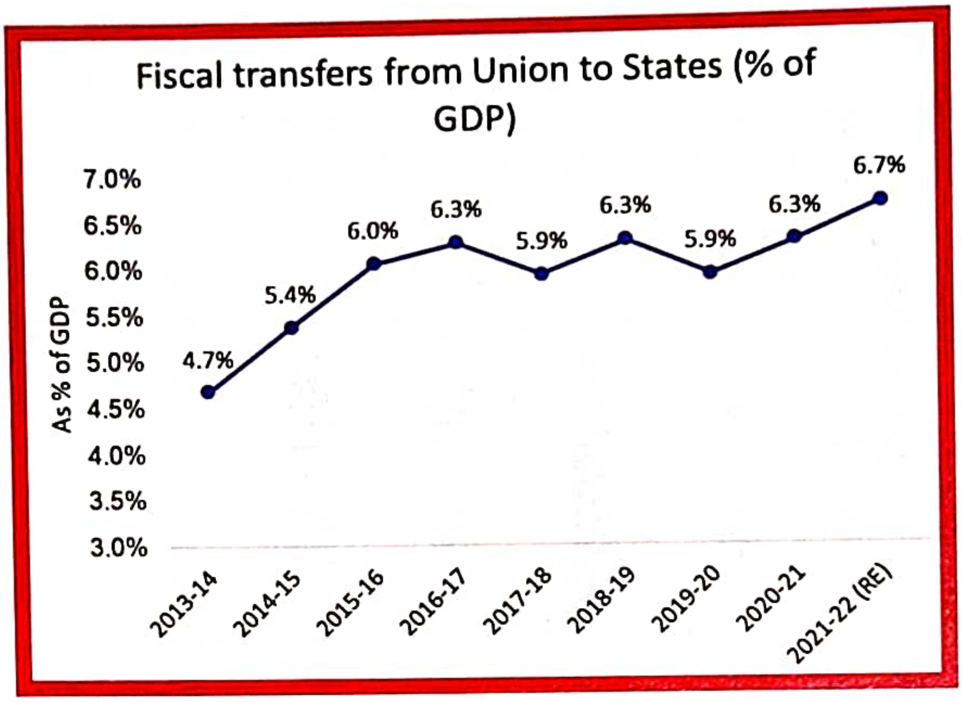
However, the resources mobilised by the Union Government are not meant to be used exclusively for the Union activities. In India, the Union and the States together form an organic whole for the utilisation of these resources. So, the Constitution makers have very intelligently provided a mechanism to correct the fiscal imbalances through the Finance Commission.

Finance Commission

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

Unfolding of a new era of cooperative fiscal federalism

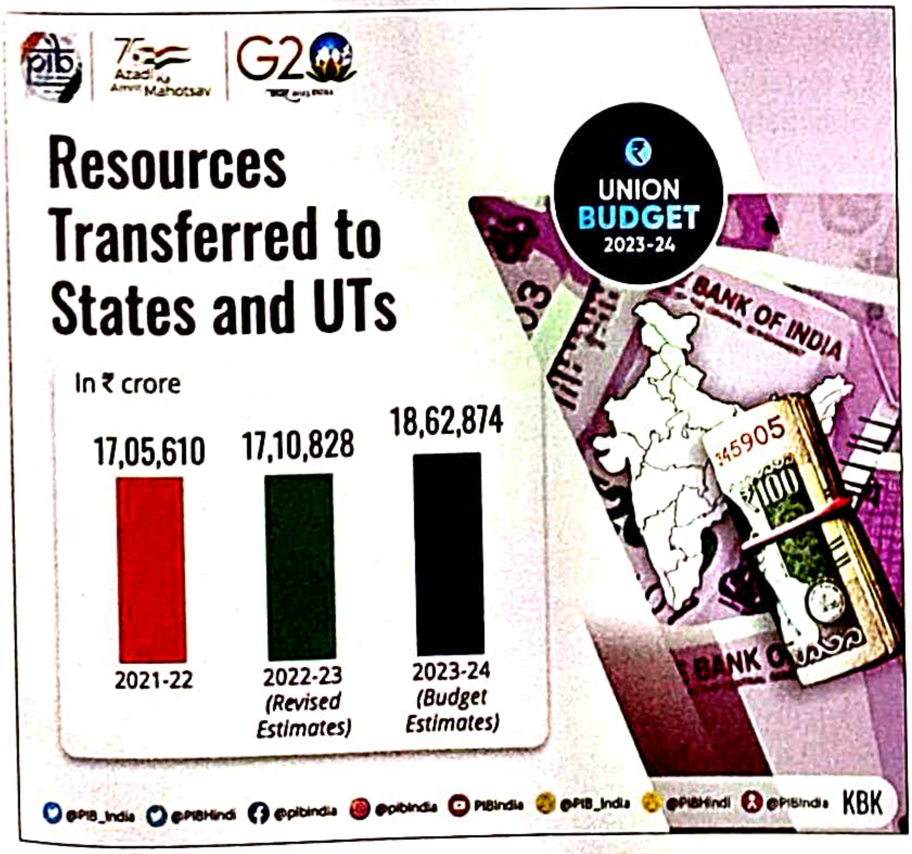
The new India is ushering in a radical shift towards cooperative fiscal federalism. Prime Minister Narendra Modi has, after assuming office in 2014, repeatedly emphasised on the pivotal role of State governments calling them as "drivers of transforming India." He has also appealed to States to "imbibe the spirit" of cooperative federalism. Under his leadership, the Government of India has taken a slew of measures to promote cooperative fiscal federalism. Let's discuss some of these initiatives.



Marked shift in fiscal decentralisation

There is a perceptible trend towards enhanced fiscal decentralisation and distribution of revenue to the sub-national governments[1]. 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.[2] Annual total transfers have taken a big leap from Rs 5.24 lakh crore to Rs 15.74 lakh crore during this period.

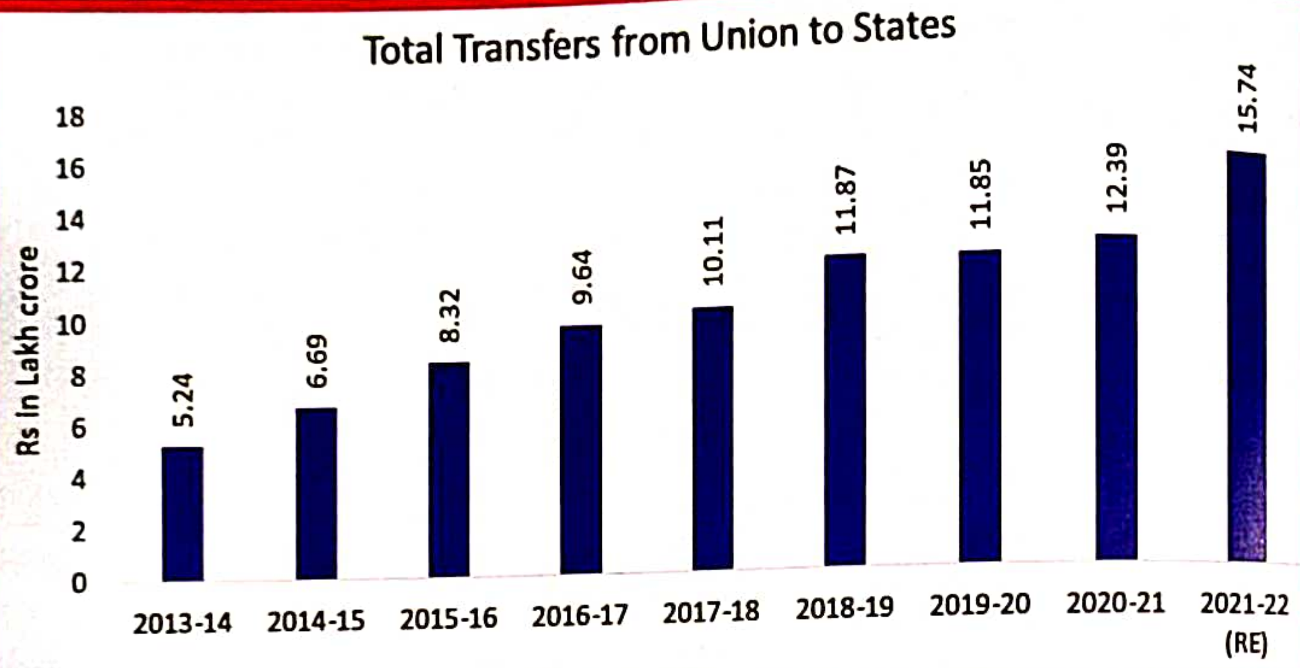
It has been facilitated by the recommendations of the 14th and 15th Finance Commissions. The 14th Finance Commission had recommended an enhanced share of States in the central divisible pool of taxes and duties from 32 per cent to 42 per cent. The Union Government promptly accepted the recommendation and implemented it from the financial year 2015-16. 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 historic move 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. The higher untied resources thus made available to the States offer them greater flexibility and autonomy in incurring expenditure based on their priorities. Changed fiscal architecture has also been accompanied by major changes in the mode of planning and design of fiscal transfers.

NITI Aayog, a harbinger of cooperative fiscal federalism

In a bold move, the Government of India, in January 2015, abolished the Planning Commission and constituted NITI Aayog. The Aayog has become a proponent of



cooperative federalism. The erstwhile Planning Commission, an extra-constitutional body was established in 1950. It made grants to States to support their five-year plans. The increasing role of the Planning Commission was undermining the role of the Constitutional mechanism of Finance Commissions.

NITI Aayog strives to evolve the shared national vision with the active involvement of States.[3] The Aayog has provided a platform where States act together in the national interest and thereby fosters cooperative federalism. A corollary to the abolition of the Planning Commission was removing the distinction between Plan and Non-Plan expenditure from 2017-18. This was replaced by the universally accepted practice of classifying expenditure as revenue and capital.[4]

Rationalisation of Centrally Sponsored Schemes

Based on the recommendations made by a Sub-Group of Chief Ministers constituted by NITI Aayog, the Union Government in 2016-17 effected a major rationalisation of the Centrally Sponsored Schemes (CSS). The rationalisation was a long pending demand of the States. The number of CSS was reduced to twenty-eight umbrella schemes, consisting of six 'core of the core' schemes, twenty core schemes and two optional schemes.[5] Further, the medium term framework for CSS and their sunset dates were made co-terminus with the Finance Commission cycle.

Introduction of GST

Introduction of the Goods and Services Tax (GST) is one of the most important structural reforms in the indirect taxation system and has fundamentally redefined federal fiscal relations.[6] Implemented on July 1, 2017, GST has fostered cooperative fiscal federalism.[7] States Governments taken together have been assigned weightage of two-third of total votes in the GST Council. We have opted for a dual GST framework. This means that transactions of goods and services attract two levies, Central GST and State GST. GST has subsumed several central and State taxes. It has also expanded the taxation power of the States, giving them a broader tax base.

Cooperation to boost capital expenditure in States

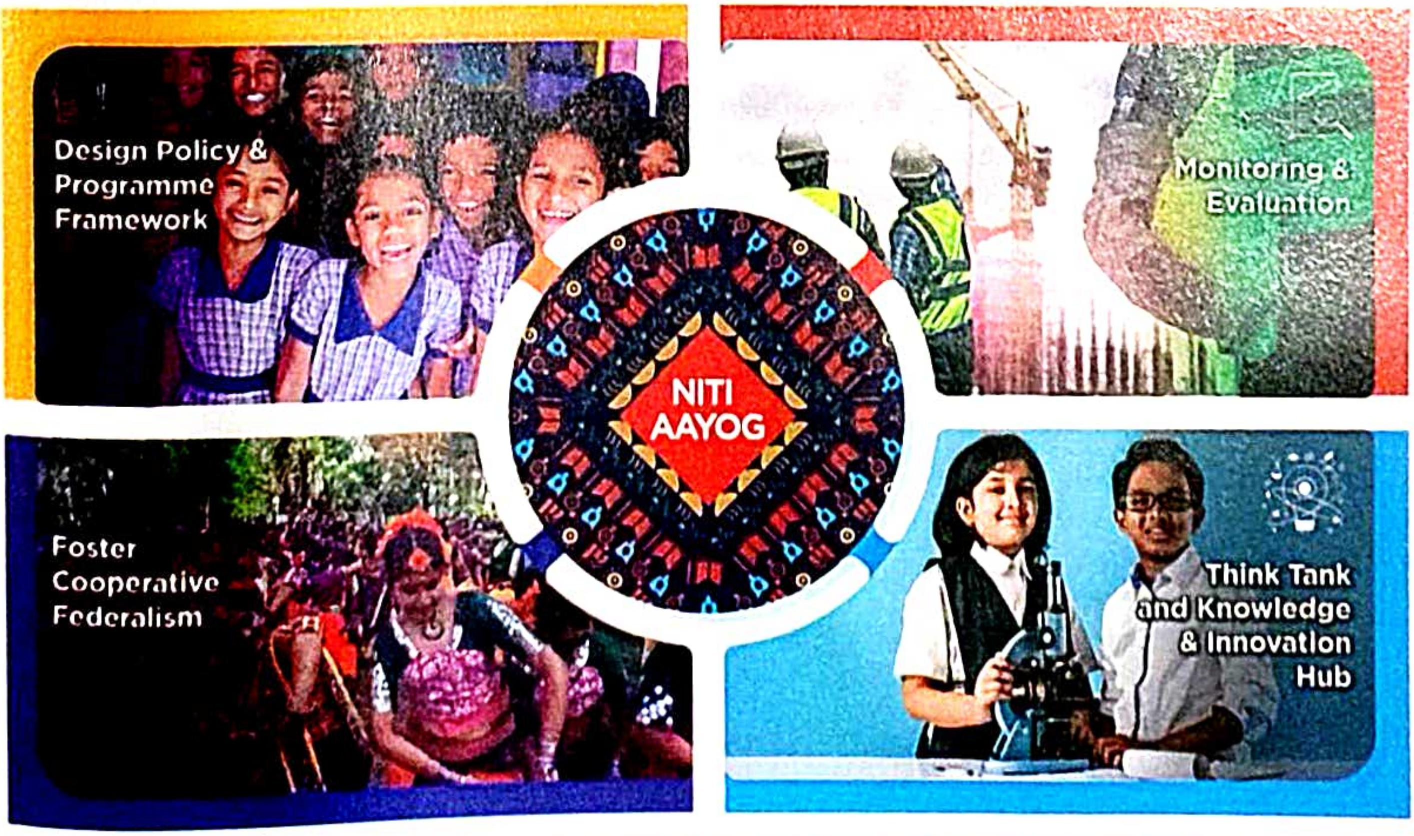
The Covid-19 pandemic had a devastating impact on the economies globally. The pandemic, which hit us in early 2020, had dried up revenue collection in the States. On the other hand, the demand for revenue expenditure had soared. Consequently, capital expenditure, which has a high multiplier effect and was essential to spur economic growth, was declining sharply. According to various studies, capital expenditure has a multiplier effect of 2.45 in the short term and 4.8 in the long term.[8]

So, in the true spirit of cooperative fiscal federalism, the Union government developed an innovative scheme titled 'Special Assistance to States for Capital Expenditure' in 2020-21. Despite fiscal constraints, an amount of Rs 12,000 crore was allocated under the scheme and an amount of Rs 11,830 crore was released to States. This assistance was provided as fifty years interest- free loan. The States were allowed to incur expenditure under the scheme on new capital projects, ongoing capital projects and clear pending bills. The States have full flexibility in choosing projects as per their local needs. Funds provided under the scheme being interest free and long-term in nature do not impact the debt sustainability of States.

On the demand of States, the scheme was continued in the financial year 2021-22 with an allocation of Rs 15,000 crore. Out of this, Rs 14,186 crore was released to the States. The flexibility of the scheme design and prompt release of funds earned a lot of appreciation from the State governments. So, in the pre-budget consultations 2022-23, the States unanimously urged the Union Finance Minister to continue and expand the scheme.

In the spirit of cooperative fiscal federalism, the Union government accepted the demand of States and allocated an amount of Rs 1 lakh crore. The scheme was renamed as the "Scheme for Financial Assistance to States for Capital Investment." While a major chunk of Rs 80,000 crore was allocated to the States as per the 15th Finance Commission formula of devolution of central taxes, Rs 20,000 crore were set aside to provide incentives to facilitate citizen centric reforms in the States. By February 7, 2023, capital projects worth Rs 84,480 crore were approved under the scheme in various States.

Once again, in the pre-budget consultations 2023-24, the State Chief Ministers and Finance Ministers voiced a strong demand for the continuation of the scheme. The Union Government not only accepted their demand but also surprised them by proposing a huge allocation of Rs 1.3 lakh crore under the scheme for the financial year 2023-24. The guidelines of the scheme, issued by the Ministry of Finance promptly after the presentation of the budget, not only aim at pushing capital expenditure in the States but also endeavour to facilitate citizen centric reforms and achieve certain national priorities. These include urban planning reforms, financing reforms in Urban Local Bodies, incentives for scrapping of old vehicles, construction of a "Unity Mall" in each state, augmenting the



housing stock for police personnel, and setting up physical libraries in each gram panchayat and municipal ward.

Strong federal fiscal shield during pandemic

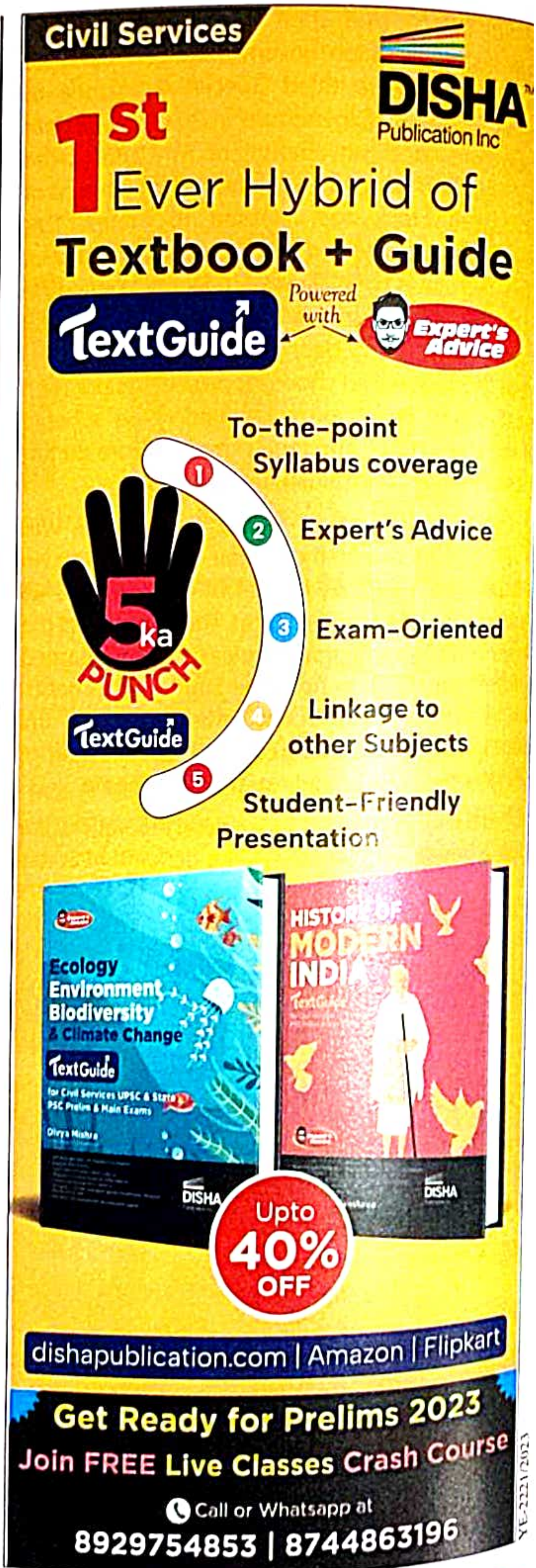
During the Covid-19 pandemic period, Union Government responded in the true spirit of cooperative fiscal federalism. In addition to the Scheme for Financial Assistance to States for Capital Investment, it took a series of measures to make sufficient resources available to States to fight the contagion effectively, boost economic activity and maintain the standard of public service delivery. The borrowing limit of the States was enhanced by 2% of the Gross State Domestic Product (GSDP) in 2020-21. This made available financial resources of up to Rs 4.27 lakh crores to States. It had also set up a special window for borrowing an amount of Rs 1.10 lakh crore in 2020-21 which was passed on to the States as a back-to-back loan to meet the shortfall in GST compensation. In 2021-22, the Union Government raised an amount of Rs 1.59 lakh crore through this window and was made available to the States.

Epilogue

The announcements in the Union Budget 2023-24 and a bouquet of initiatives taken in recent years depict the Union Government's unwavering quest to promote cooperative fiscal federalism in India. India is likely to move faster on this path in the coming years. With greater fiscal flexibility and expanded fiscal space, States will provide multiple and faster engines for growth and transforming India in the "Amrit-Kaal." ❑

Endnotes

1. Report of Fifteenth Finance Commission of the period 2021-2026.
2. As per Data from RBI report titled "State Finances: A Study of Budgets of 2022-23" and GDP data from National Statistical Office, MoSPI
3. Objectives of NITI Aayog- Website of NITI Aayog
4. Report of 15th Finance Commission-Vol.I
5. NITI Aayog's Office Memorandum dated August 17, 2016
6. Shri N.K. Singh, Chairman, 15th Finance Commission
7. Report of 15th Finance Commission-Vol.I
8. Bose S and Bhanumurthy N.R. - Fiscal multipliers for India NIPFP



SPECIAL ARTICLE

REACHING THE LAST MILE

BLUEPRINT FOR AN INCLUSIVE AND EMPOWERED BHARAT

The thrust of the Union Budget 2023-24 is on broad-based growth and development, taking the benefits to all sections and sectors of the economy. Inclusive growth and last-mile delivery were top among the 7 priorities, termed as 'Saptarishi', announced by the Finance Minister as the guiding principles while India moves into the 'Amrit Kaal'. The Saptarishi work in harmony with each other and provide a blueprint for an inclusive and empowered Bharat.

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This budget was unanimously lauded by experts and economic commentators as a 'Budget for All' as it is designed to offer something for every stratum of society. It is a testament to the government's consistent efforts toward citizen-centric policymaking and governance. Keeping people at the heart of policy-making, this budget reinforces the overarching theme of India's development model.

This budget comes at a critical juncture when the whole world sees the rise of India as a shining bright spot in an otherwise bleak world that continues to grapple with multiple crises. Rising strongly in the face of strong headwinds of a deadly pandemic and continuing to be resilient in the face of global supply shocks, India truly is charting a new course of development and prosperity. Through this, it has placed before the world, especially the global south, a model of growth and development which offers hope and a way forward which can be easily adapted across economies.

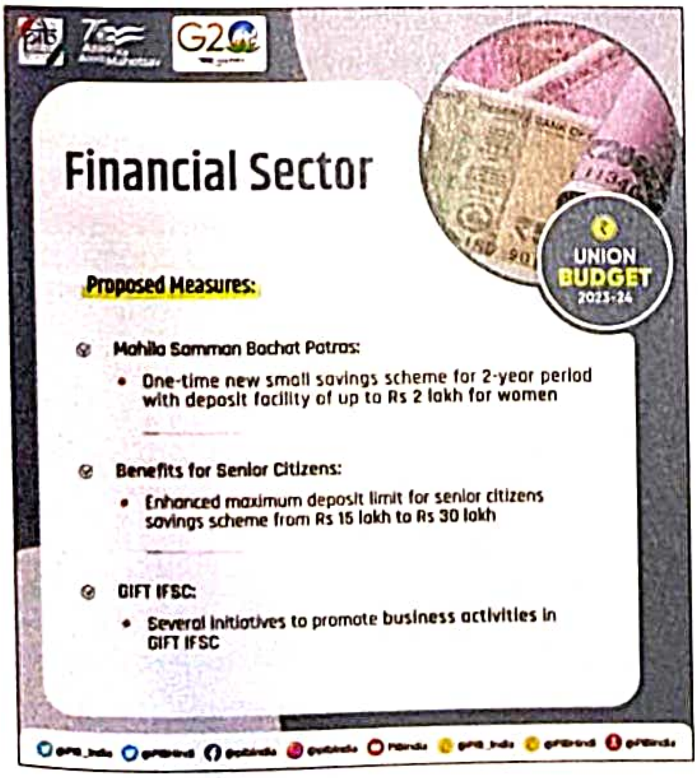
Navigating through the economic and geopolitical risks, the Indian economy is on a sustained projected growth path of 7% in FY23 and 6-6.8% in FY24. This positive growth forecast is driven by strong domestic drivers that will likely remain robust even in the face of global turbulence. These include a strong rebound in consumption, strengthening balance sheets of corporates, and a huge influx of capital expenditure. This budget reaffirms the government's clear and unwavering dedication to maintaining macroeconomic stability and fiscal prudence. Despite reaching its highest point in FY21, the fiscal deficit is now on a path toward consolidation and has been set at 5.9% for 2023-24, which is lower than the 6.4% that was initially projected for 2022-23. Due to its economic policies since 2014, the Indian economy has jumped 5 places from 10th to 5th largest in the world and laid out a solid bedrock. This budget provides new impulses of growth to this strong foundation with a special focus on sectors such as agriculture, tourism, and infrastructure.

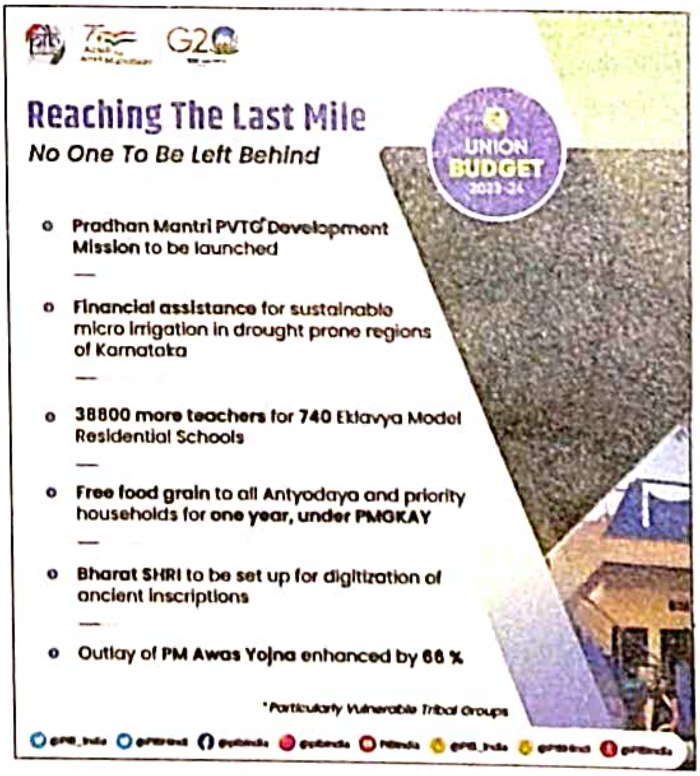
One of the most notable announcements made in this budget is the 33% increase in capital expenditure, which has been raised to Rs 10 lakh crores. Continuing the rationale of the previous two budgets, the government is wisely pursuing India's growth through capital creation. Studies indicate that every rupee spent by the government on building capital assets has a 2.95 multiplier effect, a much higher rate of return than spending on consumption. The government's sizeable investments in infrastructure are expected to create more job opportunities besides crowding in private investment and triggering a positive cycle of growth. Centre's continuous push on infra capex strengthens India's productive capacity and reinforces the vision of Atmanirbhar Bharat during the Amrit Kaal.

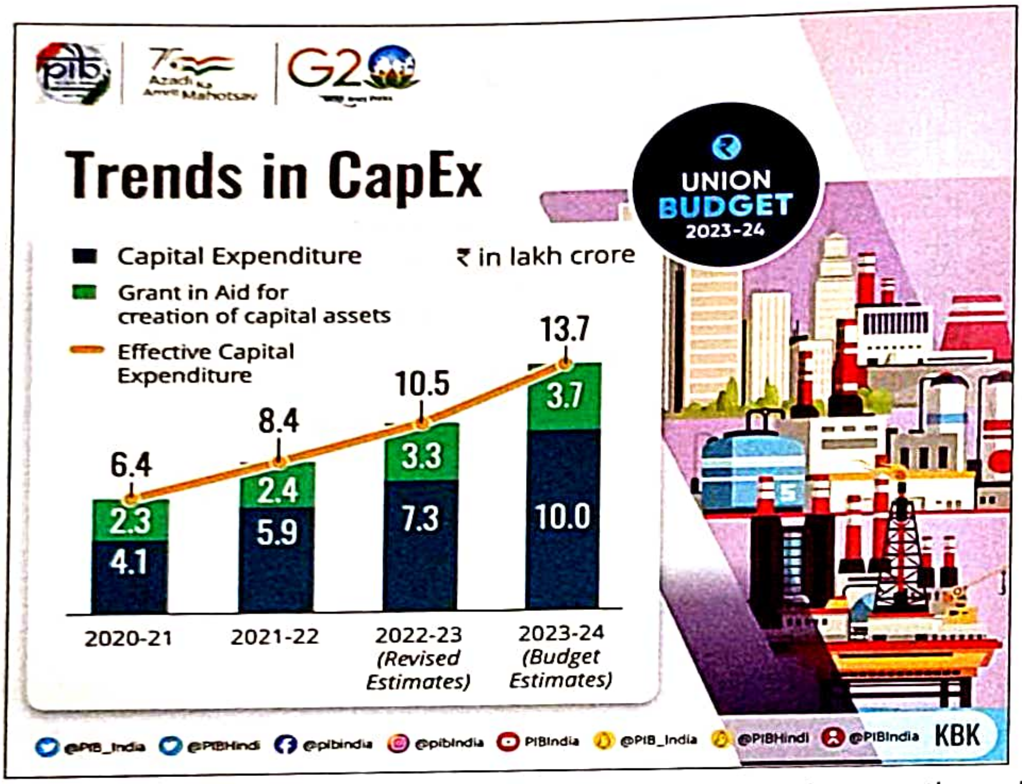
Promoting inclusive development, this budget has prioritised growth in agriculture with a slew of policy measures such as the establishment of digital infrastructure, an agriculture accelerator fund, targeted credit for animal husbandry, dairy, and fisheries, and plans to make India a global leader in millets. The budget has effectively threaded the needle between spurring inclusive growth and fighting climate change. Through the GOBARdhan scheme, the government is setting up 500 new "Waste to Wealth" plants and augmenting farmers' income while generating green energy.

This is the first budget in the Amrit Kaal and echoes India's vision of improving every aspect of life for all its citizens and enhancing their ease of living. The budget leaves no stone unturned and emphasises key areas such as food and nutrition, public health and education, skilling, social entrepreneurship, and rural housing, to enhance social impact through every rupee invested.

Flagship schemes of the government over the eight years have focused on creating an India that is self-sufficient in all aspects and where all sections of the society have access to basic amenities. These efforts have included providing toilets to eliminate open defecation, access to tap water, electricity, LPG cylinders, healthcare, and bank accounts. Ensuring all fundamental requirements for a decent standard of living are accessible to all citizens, there has been a significant shift in public service delivery of government programs since 2014. There has been irreversible progress in empowering marginalised groups, providing a social safety net that helps them achieve self-sufficiency. Through the significant expansion of its welfare programs, India is now aspiring to achieve 100% saturation. In this budget, the government has made targeted investments with clear timelines to ensure maximum benefits from







aims to continue empowering 81 lakh self-help groups of rural women by assisting them in creating large producer enterprises and supporting them in branding and marketing. Mahila Samman Bachat Patra is a small savings scheme for the financial empowerment of women in Amrit Kaal. Recognising the importance of harnessing the potential of young people and their contemporary skills development, two programs are launched: PM Kaushal Vikas Yojana 4.0 and the Amrit Peedhi program. These initiatives aim to equip the youth with abilities such as coding, AI, and robotics, among others, while also offering financial

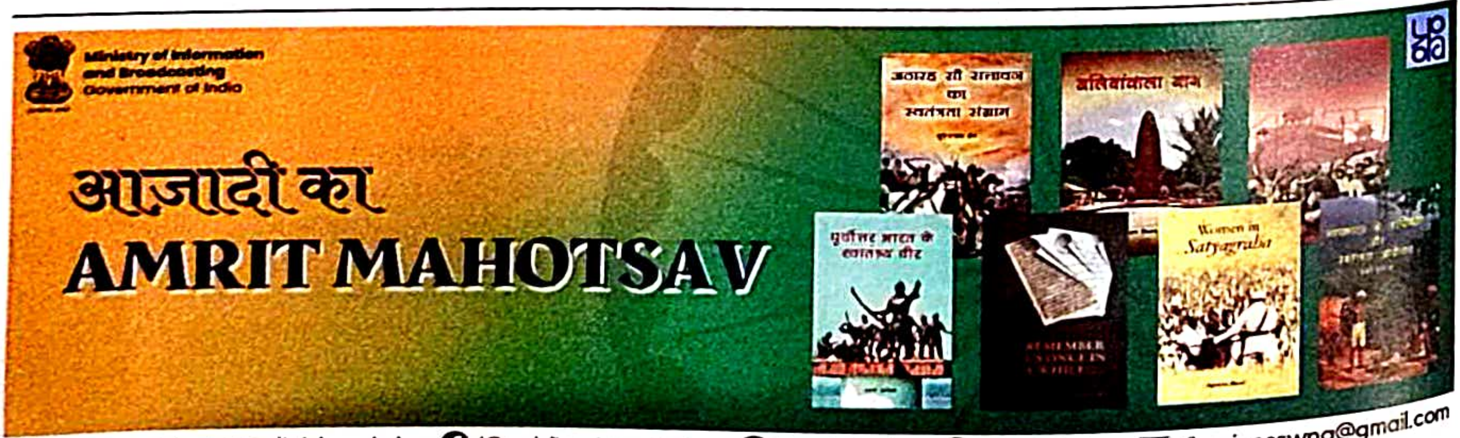
these schemes. The Pradhan Mantri Awas Yojana (PMAY), the flagship rural housing scheme, aims to provide 'Housing for All'. With a massive outlay of over 54,000 crores, the highest ever since its inception, it is likely to benefit almost 45 lakh rural families in 2023-24.

Economically empowering women and youth goes hand in hand with the transformation of India into an economic superpower. The budget reiterated this philosophy and announced multiple initiatives to strengthen these key pillars of growth. The Deendayal Antyodaya Yojana National Rural Livelihood Mission, announced in the FY24 budget,

assistance through the National Apprenticeship Promotion Scheme. Innovation and impact have been identified as the key drivers for strengthening the skill development sector. This is reflected in cross-sectoral interventions such as the 'Dekho Apna Desh' initiative in tourism and multidisciplinary courses for futuristic medical technologies, high-end manufacturing, and research in medical devices.

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. □

(Views are personal)



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REACHING THE LAST MILE

SOCIAL SECTOR ALLOCATIONS: ENDEAVOUR FOR EFFECTIVE OUTCOMES

Strengthening and expanding the social sector in the country has always been the priority of the government and this reflects in this year's budget as well. In the nutrition sector, the proposed Development Action Plan for the STs would provide access to nutritious food to tribal groups. At the same time, PM Garib Kalyan Anna Yojana is another step in promoting nutrition. Another important initiative, PM Poshan Shakti Nirman has also received a significant budgetary allocation. Several measures have been announced in the budget for the effective implementation of the provisions of the New Education Policy and skilling.

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This year again, the efforts by the Finance Minister Nirmala Sitharaman for evolving capital expenditure led economic growth strategy has been widely appreciated. Capital expenditure in the 2023-24 Union Budget has been doubled from Rs 4.26 lakh crore ($58.2 billion) of actual expenditure in 2020-21 to Rs 10.01 lakh crore ($122 billion) budgeted in 2023-24. States have also been encouraged to follow the same path and supplement the national efforts. The Budget for 2023-24 provides a window of Rs 1.3 lakh crore of interest-free loans to States for capital expenditure. This is happening along with ever expanding social sector outlays. The mantra of facilitating access and ensuring inclusion in the social sector allocations has continued in the fifth Budget by the Finance Minister.

Almost all the budgetary schemes, designed for social sector, have also moved in the direction of universalisation, without losing efficacy. In the quest for universalisation of many schemes a slew of measures have been taken for inclusive development under critical schemes leading to many important social sector achievements. The Budget has also explored the possibility of enhancing complementarities across schemes for better outcomes.

Social Sector Outlays

With rising per capita income and size of the national economy moving towards the national goal of $5 trillion by 2026-27, the focus is on the development of social sector. To ensure a better quality of living , a life of dignity and expansion of the economy, 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. Considering the latest budget, the annual average growth rate for the social sector spending would be around 14.1 per cent from 2015-16 to 2023-24.

The accomplishments since 2014 are now also discernible across sectors: with nearly 11.7 crore household toilets under Swachh Bharat Mission;

9.6 crore beneficiaries with LPG connection under Ujjwala. The number of people with Jan Dhan bank accounts stands at 47.8 crore facilitating cash transfer of Rs 2.2 lakh crore to over 11.4 crore farmers under PM Kisan Samman Nidhi. With more than 220 crore Covid vaccinations, nearly 102 crore persons are benefitted. Insurance cover for 44.6 crore persons under PM Suraksha Bima and PM Jeevan Jyoti Yojana is accomplished.

Health

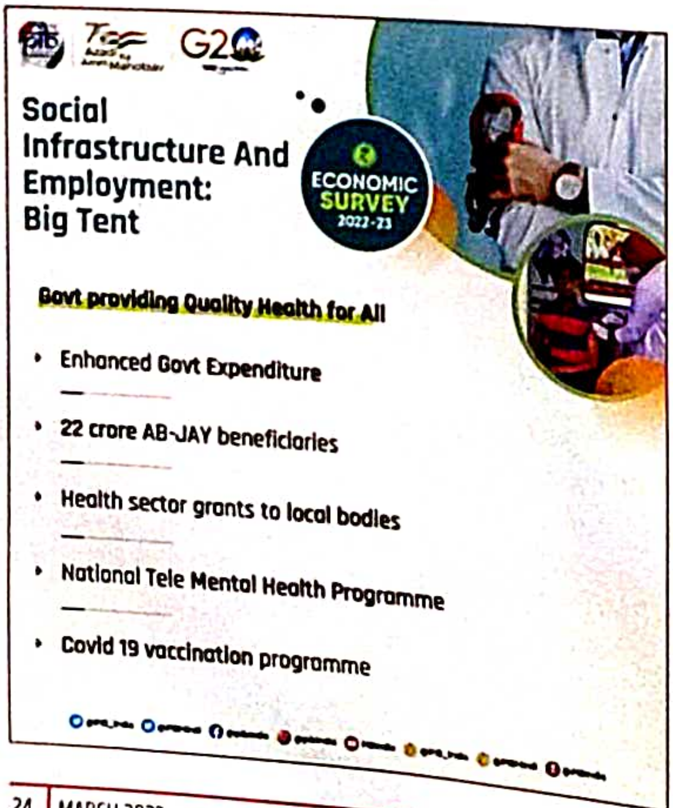
The budget for the year 2023-24 indicates a significant trend as there is an increase in expenditure on health as percentage of GDP from 1.4 per cent in 2019-20 to 2.1 per cent 2022-23.

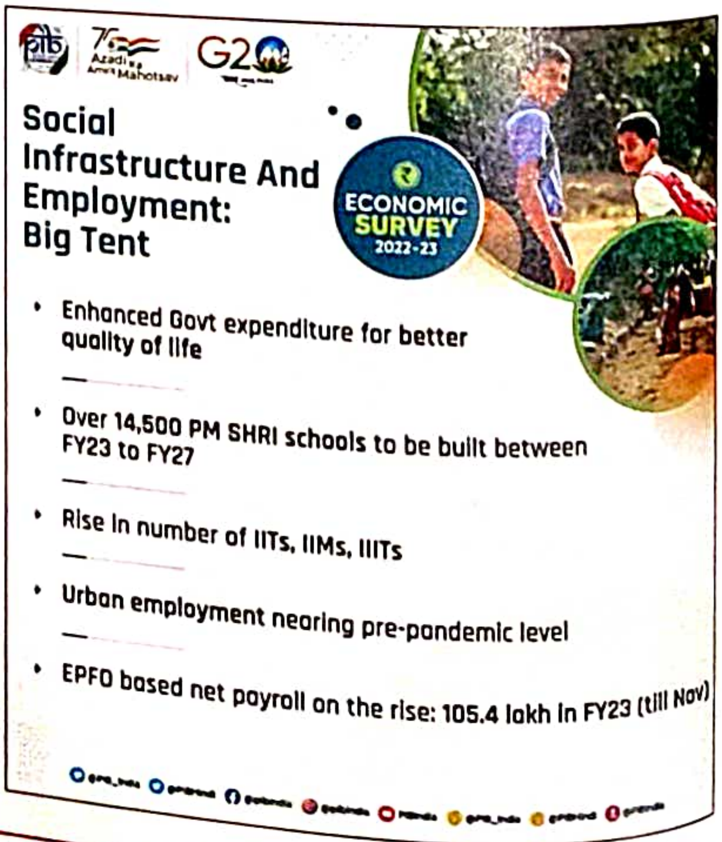
There has been a substantial increase in the expenditure on health sector of the Union Government .It has increased from Rs 24,041 crore in 2015-16 to Rs 58,119 crore in 2023-24. Ayushman Bharat–Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY), launched in 2018-19, has emerged as a flagship programme. Each citizen is provided quality health care for secondary and tertiary care hospitalisation, through a cover of upto Rs 5 lakh per family per year.. This is now the world's largest government funded healthcare programme targeting over 50 crore beneficiaries. 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.

Among the new initiatives for Amrit Kaal, it is proposed to eliminate anaemia by 2047 by interventions like awareness creation, universal screening etc. of over seven crore people in the age group of 0-40 years in the affected tribal areas, and counselling them through synergised efforts of Central Ministries and State Governments. A special scheme namely Sickle Cell Anaemia Elimination Mission would be launched. Sickle Cell Disease (SCD), though at times associated with particular geographic region/s or specific groups of people, is actually a common inherited blood disorder. The Government has also announced the establishment of 157 new nursing colleges in co-location with the existing 157 medical colleges established since 2014. According to a WHO study (2022), India would require at least 4.2 million more trained nurses by 2024 to care for of its over 1.44 billion expected population. It is also proposed to launch a new programme during 2023-24 to promote research and innovation in pharmaceuticals. Private sector would also be encouraged to invest in some specific priority areas.

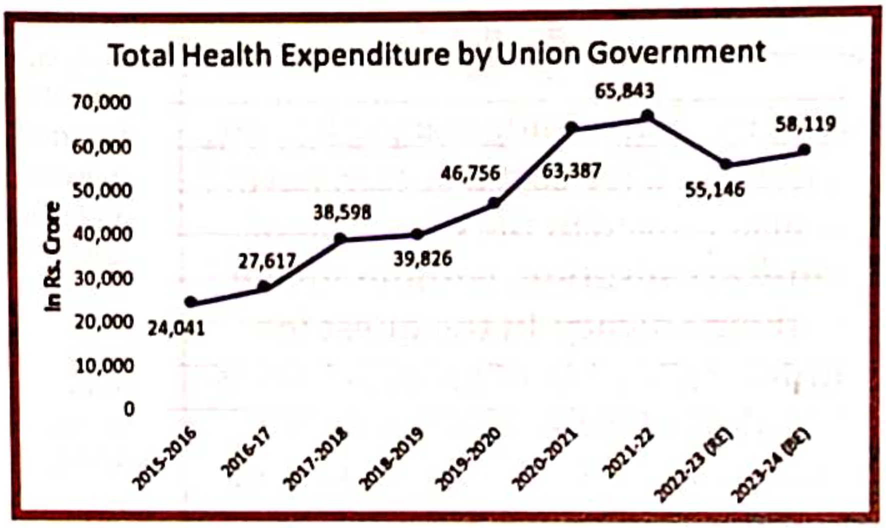
Nutrition

The Budget made efforts for inclusion at all levels. In the nutrition sector the proposed Aspirational Blocks Programme, covering 500





blocks for saturation of essential government services across multiple domains, would also include nutrition. Proposed Rs 15,000 crore Development Action Plan for the Scheduled Tribes would also provide nutritious food to vulnerable tribal groups (PVTGs). Similarly, PM Garib Kalyan Anna Yojana (PMGKAY), with 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 (NFHS) 2019-21, about 19.3 per cent children below five years were facing wasting and 35.5 per cent were stunted.



Shree Ann in the Budget is another important step for promoting nutrition. While National Year of Millets was celebrated in 2018, India took an initiative at the UN General Assembly for declaration of 2023 as the International Year of Millets (IYoM). The Budget has made provision for supporting the Indian Institute of Millet Research, Hyderabad as the Centre of Excellence for sharing best practices, research and technologies at the international level.

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

The allocation for the 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 a support of Rs 68,804.85 crore for school education.

To cope well with the learning loss during the Covid crisis, measures have also been announced for effective implementation of all the provisions of the National Education Policy, particularly focussing on skilling. 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.

Focus would also be on training of teachers through District Institutes of Education and Training. Similarly to further boost reading habits a National Digital Library for children and adolescents is proposed to provide quality books in various local languages. To address the challenge of last mile connectivity, education has also been included in the programmes for Aspirational Blocks. Women's education under the Samagra Shiksha, an overarching school education programme under the National Education Mission, has been provided Rs 37,453 crore.

Budget has also proposed to set up three centres of excellence for Artificial Intelligence (AI) at the top educational institutions. This would 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 emphasized. As per the commitment for inclusion, the Budget 2023-23 laid emphasis on skilling artisans. The PM VIshwakarma KAushal Samman (PM VIKAS) would enable artisans and craftspeople with focus on quality, scale and reach of their products

> Almost all the budgetary schemes, designed for social sector, have also moved in the direction of universalisation, without losing their efficacy. In the quest for universalisation of many schemes a slew of measures have been taken for inclusive development under critical schemes leading to many important social sector achievements.

while integrating them with the MSME value chain. Besides financing, it would encompass skill training, knowledge of modern digital techniques and efficient green technologies on the production side, and brand promotion, linkage with local and global markets, digital payments, and social security on the marketing side.

Green Growth

India has taken a number of measures towards green growth and declared its nationally determined contribution for net zero emissions by 2070. Expanding the idea of Lifestyle for Environment (LiFE), India is moving forward firmly for the 'Panchamrit' (five nector elements for India's climate action) and net-zero carbon emission. The Budget has elaborated some of the programmes that include green fuel, green energy, green farming, green mobility, green buildings, and green equipment. It also talks about the industrial transition strategies.

The National Green Hydrogen Mission, with an outlay of Rs 19,700 crore is planned with a target to reach an annual production of 5 MMT by 2030. Banks and other financial institutions would also be encouraged to launch a Green Credit Programme, which would be notified under the Environment (Protection) Act. Central and State Government Departments are also being encouraged to scrap old vehicles.

For promoting green mobility, excise duty on GST-paid compressed bio gas has been exempted. This would help in avoiding cascading effect of taxes on blended compressed natural gas. It is also proposed to exempt customs duty on import of capital goods and machinery required to manufacture lithium-ion cells for batteries used in electric vehicles.

PM PRANAM, a new scheme, is also being launched to incentivise States / UTs to promote usage of alternative fertilizers. Besides, 500 waste to wealth plants would be established under GOBARdhan scheme to promote circular economy.

Agriculture and Cooperation

In agriculture sector the Budget has proposed digital infrastructure for modernisation and market connect strategies. Enhanced credit support for farmers is also well recognised. The Agriculture credit target is increased to Rs 20 lakh crore with a focus on animal husbandry, dairy and fisheries.

Digital Public Infrastructure for Agriculture would be set up as an open source, open standard and inter-operable public good. It aims at better crop planning, input management, crop estimation, market intelligence and push the agritech ecosystem to generate job opportunities. An investment of Rs 2,516 crore has been proposed in the budget in order to strengthen the cooperative institutions and Rs 63,000 Primary Agricultural Credit Societies (PACS).

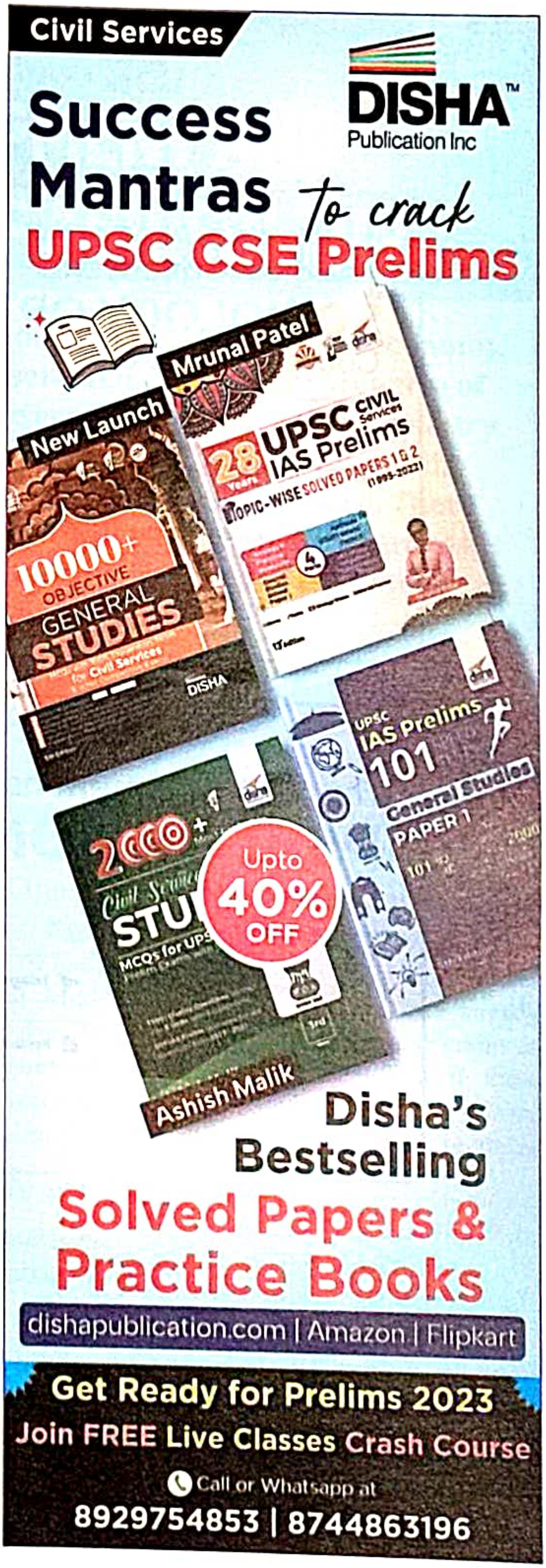
An agriculture accelerator fund would be established to encourage agri-start-ups promoting entrepreneurship by youth in rural areas. An amount of Rs 20 lakh crore towards agricultural credit is also targeted for the allied sector, which would also enhance development of cooperation sector.

Role of research and good quality planning material is well recognised in the Budget. In case of cotton, attention has been focused on extra-long staple cotton. The idea is to adopt a cluster-based and value chain approach through Public Private Partnerships (PPP). Similarly, good germplasm quality for horticulture crops is to be supported. 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. Similar support under the PM Matsya Sampada Yojana with a targeted investment of Rs 6,000 crore would enable a quality fisheries programme to support micro enterprises in the sector.

Efficiency and Convergence

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. The allocation for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) received Rs 60,000 crores in 2023-24, while the allocation at the RE stage was proposed at Rs 89,400 crore. It is noteworthy that the scheme being demand driven can get more funds. If we take into account other flagship programmes a sharp jump is clearly discernible. The Pradhan Mantri Awas Yojna (PMAY) has an increase of almost 66 per cent in the proposed overall outlay and the rural component of this has also witnessed a major jump. Total allocation now stands at Rs 79, 590 crores which was only Rs 48,000 crores in 2022-23 Budget, in line with the Government's aim of completing its ambitious 'Housing for All' programme by March 2024. Accordingly, Rs 54,487 crore has been allocated for PMAY-Gramin. New houses under Pradhan Mantri Awas Yojana - Gramin are equipped with power and cooking gas, and now in this Budget the FM has announced linking the scheme with Har Ghar Jal so that water connection is also provided to each PMAY house. Efficiency again is a mantra here, as effort for convergence of delivery through different programmes is being attempted, such as, Ujjwala for free cooking gas connections and Saubhagya for universal electrification. In 2017, when the programme was launched, beneficiaries were already connected with Jan Dhan, Mobile and Aadhaar.

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



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GREEN GROWTH

INCLUSIVE DEVELOPMENT AND MODERNISATION OF AGRICULTURE

Agriculture and allied sectors are among the pillars of Indian economy. 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. The Union Budget (2023-24) shows the government's determination and commitment in this regard. There are many provisions in the Budget that will ensure inclusive growth in agriculture and allied sectors, modernisation and economic empowerment of farmers.

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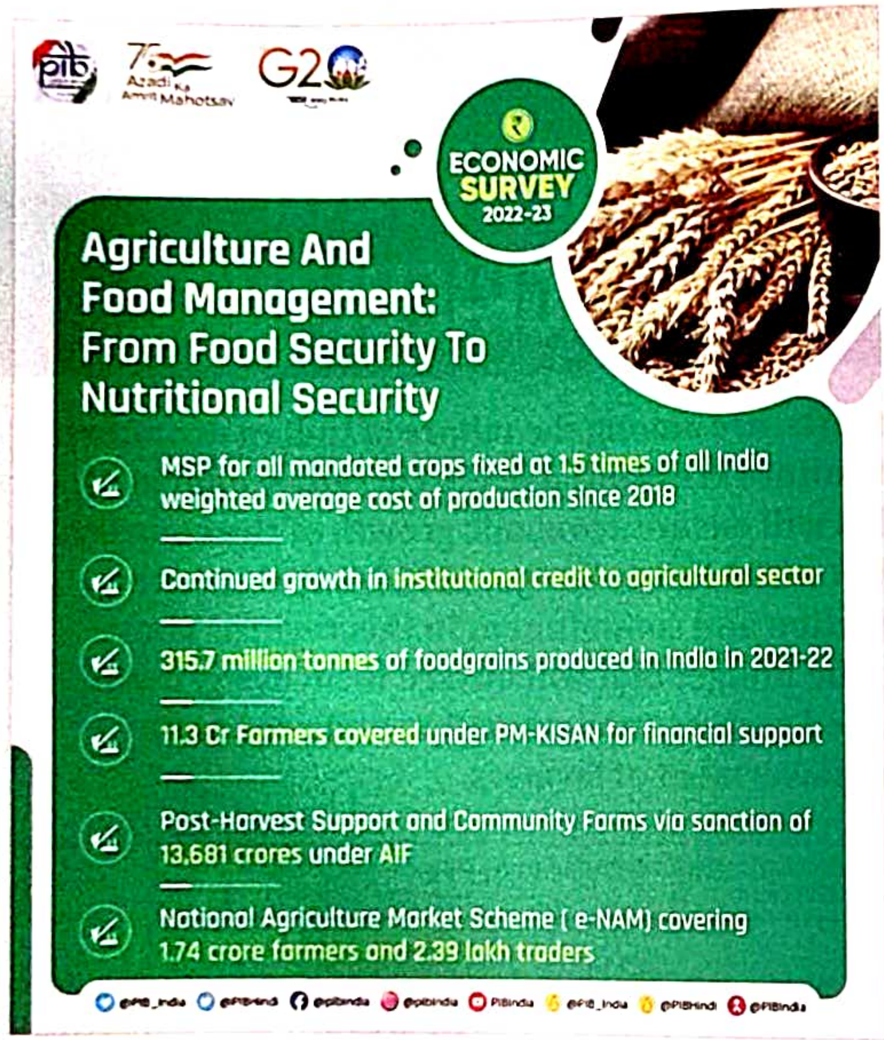
Provisions have been made in this Budget to facilitate modern technology for agriculture and farmers and to ensure that they should reap its benefits continuously in a transparent manner. Provisions have also been made for environment-friendly agricultural practices. Ministry of Agriculture and Farmers' Welfare has been allotted Rs 1.25 lakh crore in the Budget. This includes allocation for agricultural education and research. An amount of Rs 60,000 crore for *Pradhan Mantri Kisan Samman Nidhi* has also been included in the Budget. New schemes have been proposed for development of allied sectors of dairy, animal husbandry and fishery.

Crop Reforms and access to the market

Passing the resolution tabled by India, the UN has declared Year 2023 as International Year of Millets. Government of India has already taken the initiative of renaming coarse grains as nutritious grains. In the present Budget, these grains have been addressed with the name – *Shree Ann.* Presently, India is the highest producer



(180 lakh tonnes, 2020-21) and fifth highest exporter of millets. With the great variety (Sorghum, Pearl millet, Ragi, Kodon, Saanvan, Kangani, Kutki, etc.) and long tradition of growing these grains, India has good scope to become a 'global hub of millets'. This will require scientific and technological interventions. With this aim in mind, Government has proposed in budget to develop Hyderabad-based ICAR's Indian Millets Research Institute as a Centre of Excellence. Efforts have to be made to increase per hectare productivity of coarse grains and value-added products have to be developed, maintaining international standards of food security and quality. Competitive entry of Indian millets in international markets will result in enhanced income of small and marginal Indian farmers, start-ups, entrepreneurs, and exporters.

Enhancing productivity of cotton has also been proposed in the Budget. Long-fibre cotton has been selected for this end as such cotton has high national and international demand in textile industry. Such cotton has about 35-millimeter-long fibres used in manufacturing high class fabrics. Domestic demand for such cotton is of 20 Lakh bales (one bale is about 170 kg.) whereas the production is only about 5 lakh bales. Hence, cotton has to be imported from Egypt and the US. Cotton is grown on 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. Majority of Indian farmers do not prefer long-fibre cotton as the crop takes longer time, it is vulnerable to Pink Ball worm and the crop has low productivity. It is proposed to raise its productivity through Public-Private Partnership (PPP) mode. Community-based and value chain approach will be adopted and reforms will be adopted right from seeds' cultivation to production techniques and marketing. Corporation and partnership has to be developed among farmers, industry and the government to resolve issues related to agro inputs (irrigation, manures/ fertilisers, pesticides etc.).

> **The Budget provides for promotion of 'digital agriculture' to make farming more profitable and internationally competitive. Digital infrastructure will help Agriculture-based industries and start-ups and provide impetus to their development.**

Communication services (technical advice, guidance and demonstrations) and marketing. Horticulture (fruits, vegetables, spices, dry fruits, flowers, etc.) provides enormous possibilities of enhancing income and entrepreneurship of farmers. These high value crops have good domestic and international demand. Non-availability of high quality plantation is a big hinderance in development and spread of such produces. In view of the above, an ambitious programme worth Rs 2200 crore has been envisaged in the budget. *Atmanirbhar Swachch Paudh Karyakram* (Atmanirbhar Bharat Horticulture Clean Plant Programme) will provide support for cultivation of disease-free, high quality plants. This programme will be mainly focused on high value plantations. It is desirable to develop high quality scientific plantation as a full-fledged vocation, developing direct relations with farmers and their organisations. This approach will be definitely beneficial in view of the rising demand of Indian fruits and vegetables and their value-added products in international markets.

Technological development and modernisation

The Budget provides for promotion of 'digital agriculture' to make farming more profitable and internationally competitive. As informed by the Finance Minister, digital infrastructure will be developed which will be accessible to all stakeholders including farmers. All agro-related problems and queries of farmers will be addressed almost on real-time basis, efficiently and authentically, using digital technologies of information and communication. They should be provided right information to enable them to take right decisions. Certain sets of information have been suggested in the budget, such as, the planning and security of crops, easy availability of agricultural inputs, agricultural loans and crop insurance, assistance in crop estimation and relevant and quick information about on marketing. Such digital infrastructure will help agriculture-based industries and start-ups and provide impetus to their development. Latest technologies can be used to provide digital support to agriculture, such as Artificial Intelligence (AI), Internet of Things, Block chain, Kisan drones, etc. Government of India is also implementing a Digital Agriculture Mission (2021-25) in which efforts are being made to develop, popularise and use these technologies. An 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. Three centres of excellence are proposed to be developed which will work, among others, for agricultural solutions also. This initiative in the first budget of *Amrit Kaal* will provide a strong foundation to the modernisation of agriculture.

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. This fund will provide incentives and financial assistance especially to rural youth to open agri-startups. This will create employment opportunities in rural areas and farmers will get effective and practical solutions of their problems. The Finance Minister has informed in her Budget speech that these efforts will facilitate modern technology in agricultural practices, agricultural productivity will improve and that will finally result in more profitability and more income to farmers.

Resources and Facilities

Many steps have been taken in the budget to facilitate more financial and other resources to agriculture and allied sectors. The limit of agricultural loan has been raised to Rs 20 Lakh to facilitate easy institutional loans to small and marginal farmers. The Finance Minister has told that this step has been taken in view of the needs of farmers engaged in dairy, animal husbandry and fishery activities. Rs 23 thousand crore has been provided for enhancing Kisan Credit card facilities which have been proved quite beneficial to small and marginal farmers. Government is continuously strengthening the process of prosperity through cooperation as cooperatives empower rural people. Primary Agriculture Cooperative Societies have been supporting small and marginal farmers and other deprived categories to earn their livelihood. Therefore, provisions have been made in the budget for economic empowerment and modernisation of these societies. Computerisation of 63 thousand societies with an investment of Rs 2516 crore has already been initiated. Also, all stakeholders and states are being consulted to amend the by-laws related to these societies to make them multi-purpose societies. This will enhance the scope of work of these societies and the rural community will be able to get many facilities at one place. With the assistance of these societies, the farmers will be able to sell their produce directly to consumers and oth

> **In recent years, the government has made many steps to promote natural farming which is beneficial to environment, farmers and consumers. It is proposed to make one crore farmers volunteering for natural farming practices in next three years and to support them.**

Entrepreneurs who are dependent upon agriculture produce will also be benefited by the direct selling of goods by farmers, assisted by cooperative societies. Creating a national database of cooperative societies has also been proposed in the budget. This will ensure more efficient planning for the development of these societies. Government has also decided to support constitution of a large number of multi-purpose cooperative societies, primary fishery societies and dairy societies in next five years. Development of a large decentralised grains' warehousing system through cooperatives has also been proposed. This is proposed to be the world's largest storage system in which farmers will be able to store their produce and release and sell it at opportune time when they can get maximum price. Primary agriculture cooperative societies have been given some concessions in taxation and loans to ensure their proper growth. Special provisions have been made for the farmers of central Karnataka, facing continued drought. Rs 5300 crores have been provided for Upper Bhadra project to ensure sustainable micro irrigation in that area. Also, efforts will be made to rejuvenate local water tanks.

Budget shows commendable commitment for environment-friendly development. India has pledged to bring carbon emission to zero level by 2070. Initiatives are being taken in multiple areas to strive towards this goal. A special programme in the agriculture sector–PM-PRANAM has been initiated this year which provides for land's improvement, nourishment and rejuvenation. Under this programme, states and union territories will be provided financial assistance to encourage them to promote alternatives to chemical fertilizers, like bio-fertilisers, composts, etc. this will check pollution and ensure sustained soil productivity. Extensive efforts will be made to further boost already existing 'GOBARdhan' scheme aimed at rural sanitation and protection of the environment, as well as promotion of bio-fuel. Under the scheme, 500 'Waste to Wealth' plants will be installed throughout the country which will produce bio-gas from cattle dung and other biodegradable waste. Rs 10,000 crores have been earmarked for this project in the budget. Under this project, 200 plants will produce compressed bio-gas, while 300 plants will be operated at the community level. Bio manure is a byproduct of these plants which can be sold and be used for sustained soil nourishment. Financial support will be provided for collection of bio inputs for the plants and for distribution of bio manure.

In recent years, the government has made many steps to promote natural farming which is beneficial to environment, farmers and consumers. It is proposed to make one crore farmers volunteering for natural farming practices in next three years and to support them. Ten Thousand Bio Input Resource Centres will be opened throughout the country. This will develop a network of micro-fertilisers and bio pesticides. This will directly benefit the farmers volunteering for natural farming.

In view of many technical, economic and social factors, animal husbandry, dairy in particular, is considered a potential area to raise farmers' income. Therefore, the government is also promoting animal husbandry through many schemes.

Allied areas

In view of many technical, economic and social factors, animal husbandry, dairy in particular, is considered a potential area to raise farmers' income. Therefore, the government is also promoting animal husbandry through many schemes. In this budget, the budget allocation for Animal Husbandry and Dairy Department's allocation has been raised to Rs 4328 crores, 40% higher than the revised estimates of the last year. Maximum allocation has been made to cattle health and disease control. Two main ailments are harming Indian cattle since last three years. 'Lumpy Skin' and 'African Swine diseases have affected our cattle badly, also causing economic loss to our farmers. This allocation is likely to provide relief to cattle owners. Apart from that, states will continue to get assistance through various central schemes related to health of cattle. These schemes include cattle vaccination,development of basic facilities related to cattle health and skill development. National Livestock Mission has been allocated Rs 410 crore to ensure smooth running of its schemes.

To provide a boost to fishery sector, allocation for this department has been made Rs 2248.77 crore, 38.45% higher than last year. The Finance Minister has also declared start of a new co-scheme with an investment of 6,000 crore. 'Pradhan Mantri Matsya Kisan Sah Yojana' (PM Fishery Farmers' Co-scheme) envisages efforts to raise income of fishermen, fish sellers and marginal and small vendors in this area. The scheme provides reforms in the entire value chain including investment and capital. Entrepreneurs will be assisted in forming a safe supply chain to ensure safe delivery of fishery products. This will facilitate development and spread of domestic market and more employment opportunities. These efforts will be especially beneficial to women as they have a big share in sale of fishery products. Import duty has been reduced in some items related to shrimp foods which will reduce import and production costs. Custom duty has been reduced on fish meal, krill meal, algal prime, fish lipid oil and vitamin and mineral mixture. This will give a boost to domestic market and raise export potential in this area.

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. ❑

POST-PANDEMIC HEALTH

Health is an integral part of a prosperous society. India aims to become a US$ 5 trillion economy; therefore, it needs to take care of the health of every citizen. In the Union Budget, many proposals have been made for the health sector. Health research is emphasised. Attention is on preventive services as well. Improving the health data quality and availability has been a learning from the Covid-19. It is also time to deliberate in what ways cooperative federalism can be strengthened in the matter of public health.

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In the Union Budget for 2023-24, one of the highlights for the health sector has been an announcement to launch a new mission to eliminate Sickle Cell disease (SCD), a type of anaemia by 2047. Sickle Cell anaemia is a genetic condition, which is widespread, especially in the tribal populations in India, where about 1 in every 90 births carries this disease trait. Early identification and treatment of sickle cell disease can improve the health of people. A national report on tribal health highlighted the relevance and need for urgent action on this regard.

Other key proposals include opening 157 new nursing colleges in those districts where medical colleges have been opened recently. This will ensure sufficient availability of nursing staff to match the needs. The budget has also proposed starting dedicated multidisciplinary courses for medical devices. One of the core emphases in the budget has been on health research. There are proposals to open up the facilities in select ICMR Labs for research by public and private medical college faculty. The budget proposal makes a call to the private sector research and development teams for collaborative research and innovation with the government. The budget also calls to promote research and innovation in pharmaceuticals by setting up the centers of excellence and calling the industry to invest in research and development in specific and identified priority areas.

There are a few proposals in the budget, though primarily of non-health sectors, but likely to contribute to better health. These include a proposal to start three centres of excellence in Artificial intelligence (AI) with health as one of the core sub-themes. The government has announced to move away from the aspirational district programme to a smaller unit of block level through the launch of the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services, which would have health sub-components. A major taxation related announcement has been an increase of the National Calamity Contingency duty (NCCD) by 16% on cigarettes which would make them more expensive.

In terms of financial allocation, the Ministry of Health and Family Welfare including the Department of Health Research has received a nominal increase of around 3.5% from Rs 86,175 Cr in BE 2022-23 to Rs 89,155 Cr in BE 2023-24. The allocation for the National Health Mission has remained nearly unchanged at around Rs 29,000 Cr. The allocation for another flagship scheme Ayushman Bharat–Pradhan Mantri Jan Aarogya Yojana increased by 13% to reach around Rs 7,200 Cr.

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It is the right time to reflect upon how to get 'more health from the money' allocated to health sector. Alongside, there is a lot of discussion on the next 25 years in India. Therefore, it is logical to reflect on priorities of the health sector for India at 100 in 2047.

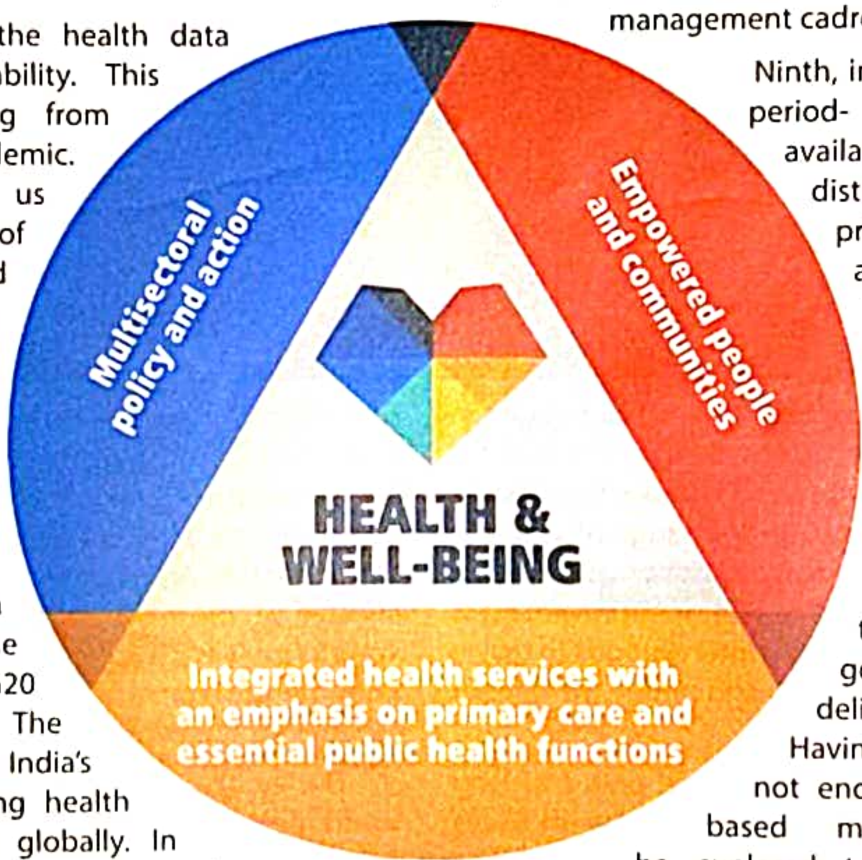
First, effective, timely and science-based communication is integral to health services. The Covid-19 pandemic has reminded us that misinformation is a major challenge for the health sector. Vaccine hesitancy and refusal and resulting lower vaccine coverage in some sections of the population has been some of the outcomes of misinformation. Learning from all this, timely, evidence-informed, and reliable communication has to be part of all government health initiatives. The mechanisms must be established to dispel any health misinformation in real time. This would ensure high coverage with ongoing interventions.

Second, Covid-19 has reminded us that vaccination is not just for children but also for adolescents and adults. Apart from Covid, a few other vaccines such as hepatitis-B, meningococcal and pneumococcal vaccines can reduce diseases in adults. These are especially useful for select vulnerable adult populations. The year 2023 is when the government starts prioritising and to vaccinate the at-risk adult population. India now has an indigenously developed and low cost HPV (Human Papilloma Virus) vaccine which can protect adolescent age groups from cervical cancer and other conditions. It is time that this vaccine is made available through a government program in India and high coverage is achieved for all eligible populations.

Third, Covid-19 has emphasised the importance of stronger health services and well-functioning primary health care services (PHC). 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.

Fourth, India has 11 diseases that are considered 'neglected tropical diseases', such as filariasis, kala-azar, snake bites, etc. which need higher policy and programmatic attention. It is time, sufficient investment is made in programmatic interventions, vaccines and medicine research and focus on public health interventions to tackle these diseases.

Fifth, improve the health data quality and availability. This is another learning from the Covid-19 pandemic. has also taught us the importance of timely, granular and accurate health data. Such data is useful for health decision making and for dispelling the myths and rumors.



Sixth, India has assumed the Presidency of the G20 for the year 2023. The G20 Presidency is India's opportunity to bring health issues to the fore globally. In particular, the country needs to play leadership in bringing and sustaining attention to the challenge of 'Antimicrobial Resistance', the coordinated global response to epidemics and pandemics, neglected tropical diseases and focus on 'one health' (health of humans, animals and the environment is related to each other). The G20 nations should take such collective steps so that there is no vaccine -inequities in the future, as we witnessed in the Covid-19 pandemic.

Seventh, it is time to move towards stronger health systems, building upon the Ayushman Bharat Programme, and health and wellness centers initiatives. These platforms should be used to strengthen school health services, augment the provision of post and long Covid services and enhance community engagement in health.

Eighth, seventy-five years of independence is the time for a re-examination of the role of federalism in health policy. Health is a State subject in India, but there are many central policies and schemes that deal with various aspects of public health. It is time to deliberate in what ways cooperative federalism can be strengthened in the matter of public health. All Indian States must also implement the recently announced public health management cadre.

Ninth, in the post-pandemic period- health workforce availability and equitable distribution has to be the priority. Then, while the aggregate number could be enough, 90% of the doctors are in the private sector and only one in ten doctors in the government sector. These have implications on the capacity of the government sector to deliver health services. Having trained doctors is not enough, but incentive-based mechanisms should be explored to ensure equitable distribution of the health workforce.

Tenth, the disease surveillance systems and public health measures need to be sustained. Following the Covid-19 pandemic, there have been some concrete measures to strengthen India's disease surveillance system and public health testing capacity. Some of these efforts resulted in early detection of many new viruses in Indian states and that of monkeypox cases. However, the disease data collection, analyses, sharing and use of health by the government remains a challenge and needs rapid improvement.

Eleventh, malnutrition and anemia in women and children continue to be challenges. The National Family Health Survey -5 (NFHS-5) shows that despite decades of implementation of a range of schemes for women and children, malnutrition and anemia rates remain high, and the rate of improvement is very low. It demands urgent interventions to revive the efforts to tackle anemia and bridge the gaps in other nutrition policies.

Twelfth, the Mental Health and post and long Covid are two urgent post-pandemic health issues to be catered to. Mental health was a challenge even before the pandemic. The National Mental Health Survey 2015-16 reported that one in every eight persons in India needed one or other form of mental health services. However, the issue was not recognized because of the stigma associated. After the pandemic, the number of mental health concerns has increased. Fortunately, in the Covid period, the stigma associated with mental health services has been reduced and people are more willing to seek care. The time is also of rapid expansion of mental health services. An estimated one in every ten Covid-affected people is likely to have post and long-term symptoms. Health services also need attention from the government for the post and long-covid especially through primary healthcare systems.

Thirteenth, 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. This has become especially important for emerging and re-emerging diseases and many neglected tropical diseases, which affect low- and middle-income countries and are not a research priority for high income countries. ❑

Further Readings

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Remembering Netaji,

> **Today it is the endeavour of India that energy of Netaji should guide the country. Netaji's statue on Kartavya Path will become its medium. This statue will become a source of inspiration for Subhas Babu's imprint in the policies and decisions of the country.**
>
> *-Prime Minister Narendra Modi at Kartavya Path*

To take forward PM Modi's vision of honouring India's rich culture and heritage, the Modi government has prioritised honouring the life of India's freedom fighters. As a part of this, several initiatives have been taken to remember and honour Netaji Subhas Chandra Bose's contribution to the Indian freedom struggle and the birth of a new India. The Modi government's efforts highlight Netaji's role as a great freedom fighter and visionary leader and the measures taken in this direction include, amongst other things, **celebrating his birthday,**

23 January, as Parakram Divas annually starting 2021.

Netaji Bose unfurled the Tricolour

in December 1943 at Port Blair in the Andaman Islands.

To pay tribute to his dream of unfurling the Tricolour at Red Fort, New Delhi, the **Modi government dedicated a museum at the Red Fort to Netaji and the Azad Hind Fauj.** In another step to emphasise Netaji's pre-independence connection to Andaman and Nicobar Islands, on 16th October 2021, the Modi government dedicated the Azad Hind Fauj Setu in the Andaman and Nicobar Islands to the nation.

Netaji's Vision for an Independent India

Netaji, through his work and vision, represented the aspirations of young and old leaders alike for a progressive and successful Bharat. PM Modi is carrying forward Netaji's legacy through his mission for

"Ek Bharat Shreshtha Bharat"

focusing on the all-round development of the country and its people. In February 1938, the 51st Indian National Congress session in Haripura unanimously elected Netaji as the INC President. Netaji laid emphasis on the independence and reconstruction of the country and the formation of a Planning Committee for future India. His letter to presidents of provincial Congress committees inspired the Directive Principles of State Policy in the Indian Constitution. Emphasising India's motto of unity in diversity, in 1941, Netaji strengthened the Azad Hind Fauj for liberation by enlisting men from every caste, religion, and region. In 1943, when women's emancipation was a heated debate all over the world,

Netaji established the "Rani Jhansi Regiment"

to include women in the Indian National Army (INA). The Modi government's decision to grant women a permanent commission in the military is a display of Netaji's vision for a greater role of women in the growth and development of the country.

PM Modi inaugurated the statue of Netaji at Kartavya Path, Delhi

Parakram Divas & Netaji's 125th Birth Anniversary

To instill a sense of pride in Indians for the sacrifice of freedom fighters and martyrs, the Modi government has commissioned new memorials and institutions named after freedom fighters. PM Modi made a similar effort to honour Netaji's contribution to India by

Inaugurating a statue of Netaji

at the Canopy near India Gate on 8th September 2022. The 28-foot-tall statue is handcrafted out of a single rock and is one of India's largest and most lifelike sculptures. The government decided to commemorate Netaji's 125th birth anniversary at the national and international level as celebrations began on 23rd January 2021. The Modi government took the decision to commemorate Netaji's indomitable spirit and selfless service to the nation and now, Republic Day celebrations begin with Parakram Divas. It is an act to inspire people of the country, particularly the youth, to act with fortitude in the face of adversity as Netaji did, and to inculcate in them a spirit of patriotic fervour. PM Modi presided over Parakram Divas celebrations at Kolkata's Victoria Memorial in 2021. A cultural programme based on Netaji's theme, Amra Nuton Jouboneri Doot, was also held and included a permanent exhibition, Nirbhik Subhas, a 3D projection mapping show on Netaji, the unveiling of the book titled, "Letters of Netaji," the release of a commemorative coin, and the release of a stamp in memory of Netaji.

In January 2021, honouring Netaji's legacy to the country, the Union Ministry of Railways, under PM Modi's leadership, **renamed the Howrah-Kalka Mail as "Netaji Express".** It is worth noting that the Howrah-Kalka Mail is one of Indian Railways' most popular and oldest trains. It runs from Howrah (Eastern Railway) to Kalka (Northern Railway) via Delhi and is an important connector between the eastern and northern regions of India.

Honouring His Legacy

Major Initiatives by the Modi Government to Honour Netaji

Date	Event	Place
14th October, 2015	Declassification of Records & Files on Netaji	New Delhi
21st October, 2018	PM Modi hoisted the Tiranga atop the Red Fort to mark 75 years of the Netaji-led Azad Hind Government	New Delhi
30th December, 2018	Ross Island in A&N Islands renamed as Netaji Subhas Chandra Bose Dweep	Cellular Jail in Port Blair, Andaman & Nicobar Islands
23rd January, 2019	Inauguration of the Subhas Chandra Bose Museum	Red Fort, New Delhi
25th February, 2019	Inauguration of National War Memorial	India Gate, New Delhi
20th January, 2021	Howrah- Kalka express renamed Netaji Express	Howrah to Kalka
22nd January, 2021	Discussion on, "Teachings of Netaji & its Ever Growing Relevance for Youth in Nation Building"	Virtual conferencing
22nd January, 2021	Ministry of Tourism's Dekho Apna Desh Webinar series on, "Relevance of Netaji Subhas Chandra Bose in 21st Century"	Virtual conferencing
23rd January, 2021	Nirbhik Subhas: 125th Birth Anniversary Year of Netaji	Kolkata, West Bengal
16th October, 2021	Inauguration of Azad Hind Fauj Setu over Humphrey Strait Creek	Andaman and Nicobar Islands
23rd March, 2022	Inauguration of Biplobi Bharat Gallery	Victoria Memorial Hall, Kolkata, West Bengal
8th September, 2022	Inauguration of the Netaji Subhas Chandra Bose statue	India Gate, New Delhi

PM Modi's Tribute to Netaji

In order to showcase **Netaji's** many contributions to the idea of a united, independent and prosperous India, **PM Modi inaugurated the Biplobi Bharat Gallery at Victoria Memorial Hall in West Bengal in March 2022.** The gallery depicts the revolutionaries' role in the freedom struggle and their armed resistance to British rule. The gallery also highlights the revolutionary movement, the formation of significant associations by revolutionary leaders, the revival of the Indian National Army (INA) under Netaji's leadership, and the Naval uprising against erstwhile colonial government and its contribution. As part of the Amrit Mahotsav celebrations, events were held in India and South East Asia in the run-up to 21st October 2021, to commemorate the anniversary of Netaji Subhas Chandra Bose's formation of the Azad Hind Government 78 years ago in 1943. Participants in the programmes included INA veterans, school students, local communities, and others, creating a true embodiment of the concept of **Jan Bhagidari.** Events were held in a number of states, including Odisha, Manipur, and Nagaland as the Ministry of Culture, under PM Modi's guidance spearheaded the organisation of an integrated programme calendar across regions and geographies, **with participation from various Ministries, States and Union Territories of India, and Singapore.**

In October 2021, **the Azad Hind Fauj Bridge** was dedicated in his honour so that future generations would always remember his sacrifices and heroic actions. The bridge is 1.45 km long and runs over Humphrey Strait Creek in the Andaman and Nicobar Islands. It connects North, Middle, and South Andaman and is a marker of Netaji's legacy to the island when he liberated Andaman and unfurled the Tricolour there in 1943.

On January 23, 2023 to commemorate Netaji's 126th birth anniversary, Prime Minister Narendra Modi unveiled a model of the proposed Netaji Memorial at the Netaji Subhas Chandra Bose Dweep of the Andaman and Nicobar Islands.

Netaji's connection to Andaman & Declassifying papers related to Netaji

PM Modi inaugurated the Subhas Chandra Bose Museum at the Red Fort on 23rd January, 2019. The museum not only provides a detailed account of Netaji's life and the history of the INA but also displays numerous valuable artefacts related to both.

To pay further tribute to Netaji, two institutions were named after him in 2018 – Netaji Subhas University of Technology in New Delhi and Netaji Subhas University in Pokhari, Jamshedpur.

In 2018 PM Modi renamed Ross Island in the Union Territory of Andaman and Nicobar as "Netaji Subhas Chandra Bose Dweep"

In 2018, **PM Modi renamed Ross Island in the Union Territory of Andaman and Nicobar as "Netaji Subhas Chandra Bose Dweep"** to honour the 75th anniversary of Netaji hoisting the Tricolour on Indian soil in Andaman. The same year, the National Disaster Management Authority established the **"Subhas Chandra Bose Aapda Prabandhan Puraskar"** to recognise outstanding work done by individuals and institutions in India in the field of disaster management. Addressing the long pending demand to declassify documents on Netaji, on 14 October 2015 PM Modi, during a meeting with members of Netaji's family at his residence in New Delhi, **announced that the government would declassify and make public the files** relating to Netaji Subhas Chandra Bose's life and works. By May 2016 all records pertaining to Netaji and the Azad Hind Fauj were declassified and placed in the National Archives of India.

Major Events in Netaji's Life

Date — Event — Place

Date	Event	Place
1938	Elected President of Indian National Congress	Haripura, Bank of River Tapti
1939	Formed Forward Bloc	Jabalpur, Madhya Pradesh
1941	Met with the then Italian Foreign Minister Galeazzo Ciano	Italy
1942	Formation of the Indian National Army or Azad Hind Fauj	
1943	Formed Rani Jhansi Regiment of the INA	
1943	Liberated Andaman & Unfurled the Tricolour	Port Blair, Andaman Islands
1943	Delivered the Famous "Dilli Chalo" Address	Padang, Singapore
1943	Formed Provisional Government of Azad Hind (Free India)	Cathay Building, Singapore
1943	FIRST PRIME MINISTER OF UNDIVIDED INDIA	
1944	Established Azad Hind Bank	Rangoon, Myanmar

Netaji's Footprint on Future India

The inauguration of Netaji's statue under the canopy at India Gate and the renaming of Rajpath to Kartavya Path go hand-in-hand with PM Modi's vision of his *panch prans.* The inclusion of Netaji's birthday is consistent with PM Modi's emphasis on commemorating significant aspects of Indian history and culture.

The Modi government's numerous initiatives to acclaim the efforts of Netaji Subhas Chandra Bose by installing Netaji's statue in New Delhi, replacing centuries-old colonial legacy and dedicating a museum in his name in 2019 will act as trailblazers to lead the country into the future while keeping a strong-hold on the past ideals of visionary Indian behemoths like Netaji.

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FINANCIAL SECTOR

BANKING: FOCUS ON NEW RESPONSIBILITIES AND GOOD GOVERNANCE

In the Union Budget 2023-24, a slew of measures have been taken to promote savings among women and secure the future of the elderly through savings. Acknowledging the wider acceptance of digital payments, the budget ensures continuous fiscal support for digital public infrastructure in 2023-24. The agriculture sector continues to get benefits like Kisan Credit Card, besides an increase in the agricultural loan target focusing on animal husbandry, dairy, and fisheries.

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If you ask anyone what happens in a bank, the typical answer would be that it accepts deposits and give loans. When you ask what the bank looks like, most people would answer that it is a building made of brick and mortar on which the board of a particular bank on display. There are different counters inside, some have the facility of deposit, and some have the facility of giving loan. After this, if you ask what the banking system is, most people would answer that the group of banks is the banking system.

Based on some of these definitions efforts are made to find and understand the banking provisions in the budget. It generally leads to the narrowing down of the discussions ranging from tax concessions on deposits or loans and privatisation of banks to capital provisions. The definition of a bank is no more confined to the brick-and-mortar building. It has now been widely recognised as a secure and robust medium which, through various real and virtual mediums, has introduced innovation in deposit schemes, provided security for the deposited money, and extended prompt help in giving loans and transactions from the government to the common man. At the same time, the banking system has not only remained a conglomerate of traditional banks. New forms of banks such as payment banks, small finance banks, and the general banking system of post offices and non-banking financial companies have also made inroads in it.

For this reason, the concept of banking has become very broad in the budget. Many provisions

get associated with it directly or indirectly, such as a special savings scheme for a particular section of society, incentives for digital transactions, loan targets for specific sectors or government borrowing, etc. Considering this, 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

In the Budget, measures have been taken to promote savings among women and secure the future of the elderly through savings. Keeping in view the importance of economic empowerment of half the population, Finance Minister Nirmala Sitharaman has announced 'Azadi ka Amrit Mahotsav Mahila Samman Bachat Patra.' Under this, a new small savings scheme, Mahila Samman Savings Certificate, will be available for two years until March 2025. It will offer a deposit facility of up to Rs 2 lakh for women or girls for two years at a fixed interest rate of 7.5 percent with a partial withdrawal option.

Currently, there is a special scheme for girls, viz. Sukanya Samriddhi Yojana. It was launched on January 22, 2015 by Prime Minister Narendra Modi under the 'Beti Bachao Beti Padhao' initiative. The aim was to encourage families to invest in the girl child's education and save for her marriage expenses. Under the scheme, parents of girls below the age of 10 can open a maximum of two (three in case of first girl child twins) Sukanya Samriddhi accounts in an authorised bank or post office. In this, a maximum of Rs 1.50 lakh can be deposited every year and it is "EEE" (Exempt-Exempt-Exempt, i.e. tax exemption at the time of investment, tax exemption on the increase in investment, and tax exemption at the time of withdrawing the entire amount of investment including interest).

It is also worth noting that the interest rate on Mahila Samman Savings Certificate is much higher than the existing schemes. For example, the interest rate on the two-year term small savings scheme is 6.8 percent, while the interest rate on the Sukanya Samriddhi scheme for January-March 2023 is 7.6 percent. Remember that these interest rates are reviewed every quarter, while there is no change in the interest rate for two years in the new scheme. On the other hand, banks have interest rates ranging from 6.75 to 7 per cent on two-year fixed deposit schemes. It is also worth noting that banks are continuously hiking the interest rate on fixed deposit schemes.

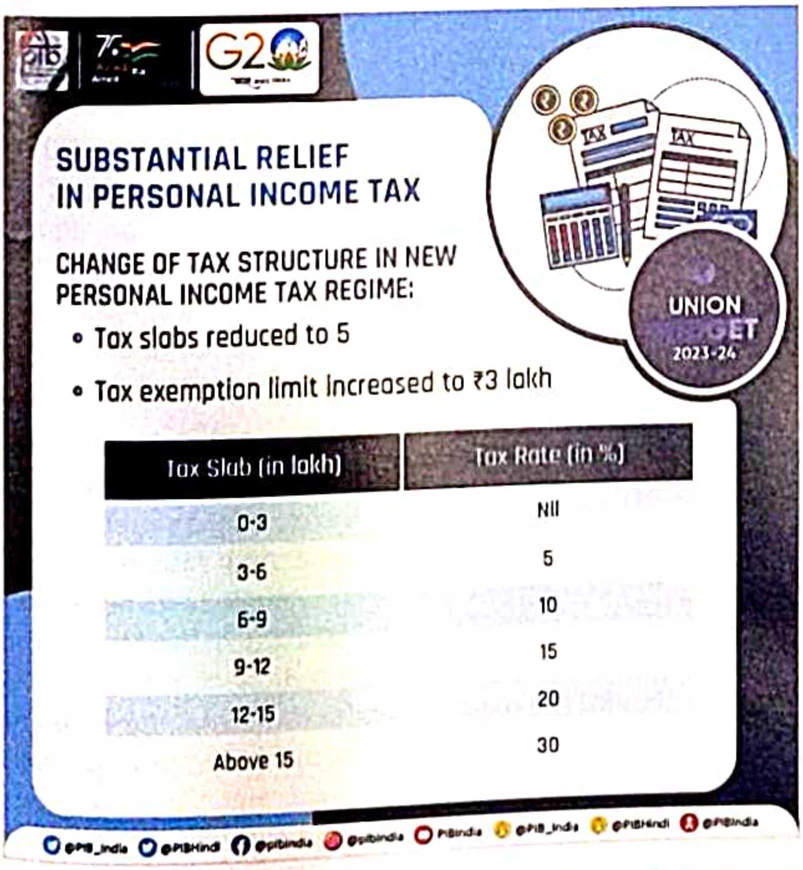
On the other hand, changes have been made in some of the existing post office schemes for older women, men, and third-gender persons. Under this, the maximum deposit limit for Senior Citizen Savings Scheme has been increased from Rs 15 lakh to Rs 30 lakh. In addition, the maximum deposit limit for Monthly 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. The interest rate for January-March, 2023 under Senior Citizen Savings Scheme is 8 percent, while in Monthly Income Account Scheme, it is 7.1 percent. Remember that under both these schemes, an account can be opened in the post office. Also, the interest rates for both are reviewed quarterly.

While the announcement regarding the three savings schemes in the budget is beneficial for the common people, it will also be helpful for the government. To bridge the fiscal deficit the government has kept a target of raising more than Rs 4.71 lakh crore through small savings schemes.

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, with the objective to meet the statutory requirements and, on the other hand, to take advantage of the market conditions. For active participation in this system financial condition of the banks must be sound. 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.

> **The definition of a bank is no more confined to the brick-and-mortar building. It has now been widely recognised as a secure and robust medium which, through various real and virtual mediums, has introduced innovation in deposit schemes, provided security for the deposited money, and extended prompt help in giving loans and transactions from the government to the common man.**



Promoting digital transactions

There is a lot of competition among banks to provide a fast, secure, and accessible medium for digital transactions. One reason for the competition is the incentive scheme announced in the budget for the financial year 2021-22. It was continued in the financial year 2022-23. Under this, 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 the budget for the financial year 2023-24, the Finance Minister stated that digital payments are continuously getting wider acceptance from different sectors of the economy and sections of society. Sharing last year's data, the Finance Minister said, "In 2022, they showed a 76 percent increase in transactions and

Agriculture is most important for specific sector lending. It was stated in the budget that about 86 percent of small farmers in the country had significantly benefited from the Kisan Credit Card (KCC). These farmers should continue to get benefits like this. Hence for this time, a provision of Rs 23 thousand crores has been made.

91 percent in value; fiscal support for this digital public infrastructure will continue in 2023-24 as well." This provision will be beneficial for the banks.

Sector-specific loans

The banking sector keeps an eye on credit targets for different sectors. In fact, banks get some facilities with these targets such as the provision of a part of the interest rate by the government or the credit guarantee fund. It helps the banks to give their loans to a specific sector.

Agriculture is most important for specific sector lending. It was stated in the budget that about 86 percent of small farmers in the country had significantly benefited from the Kisan Credit Card (KCC). These farmers should continue to get benefits like this. Hence for this time, a provision of Rs 23 thousand crores has been made. The agricultural loan target has been increased to Rs 20 lakh crore, focusing on animal husbandry, dairy, and fisheries.

It must be kept in mind that 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. On the other hand, 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. In addition, if the bank gives agricultural loans through its resources, then they get 2 percent assistance. Thus, targeted loans can benefit all banks and farmers and agriculture-related activities.

An essential part of the economy is the Micro, Small and Medium Enterprises, i.e., MSME. Keeping this in view, 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. "This will enable collateral-free loans of an additional Rs 2 lakh crore, besides bringing down the cost of credit by about one percent," she said.

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

In the last few years the scope of the banking system has expanded a lot due to which there is a need to reform the governance of banks. Given this, the budget has proposed some amendments to the Banking Regulation Act, Banking Companies Act and Reserve Bank of India Act to improve the banking system and increase investor protection. Although the blueprint of these amendments has not been disclosed yet, it is understood that through these reforms, new guidelines regarding the bank's board of directors would be drawn which may include the eligibility and tenure of the director. Along with this, it may also consider the duration and manner of the re-appointment of the director.

Now you must have understood that with the changes taking place in the banking system the mode of analysing the general budget for the banking sector has also changed. Also, neither in the budget of the financial year 2022-23 nor in the budget of the financial year 2023-24 has there been a move for the recapitalization of public sector banks. The main reason for this is that the financial health of public sector banks has improved a lot, bad loans have come down, and the situation is likely to remain the same in the future. ❑

वसुधैव कुटुम्बकम्
ONE EARTH ONE FAMILY ONE FUTURE

Azadi Ka Amrit Mahotsav

INDIA 2023

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STRENGTHENING THE FINANCIAL SECTOR

The Budget 2023-24 laid a blueprint for India@100. The inclusive Budget focussed on growth and employment generation besides boosting infrastructure and development through self-reliance, transparency and digitalisation. The budget proposals would empower youth, women, farmers, scheduled castes, scheduled tribes, senior citizens, BPL families, MSMEs, and people affected by the pandemic. It has used innovative methods of financing various projects using PPP mode, which will all add to the growth and help build the economy's productive capacity and jobs.

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The Finance Minister has presented a phenomenal Budget with a difference. It is in continuation of the reform process through budgets presented in the past, laying down the foundation and a clear path for India@100 Amrit Kaal. The Minister has rightly identified objectives, assigned priorities, recognised constraints, technological innovations in the world economy and the needs of Indians & Indian Industry, incorporating the mission and vision of the Prime Minister. The Budget is a clear-well-planned document which presents a clear-cut roadmap for India's tomorrow.

The budget has laid a foundation for catering to the needs and aspirations of Millennials and Generation Z in India@100. Given the GDP growth of 7% in 2022-23 with controlled inflation at 6.8% and Fiscal Deficit at 6.4%, India has moved to a higher pedestal amongst top five world economies in every sphere of its activity and amongst the top three world economies on PPP basis having GDP of over US$ 10 Trillion. This budget would enhance global competitiveness and ensure a sound sustainable future for India and the Indian industry on account of inducing transparency, accountability and sustainability through digital influx in all spheres of public and private lives and livelihood.

Budget 2023 is growth oriented; employment generating; infrastructure expanding budget with a focus on development through *Atmanirbharta*, transparency & digitalisation; repealing laws towards ease of doing business; bringing dynamism in tax structure with a portfolio approach. The Budget, through reorienting tax slabs, reducing surcharges to individuals, corporates and associations provides more liquidity to the middle class while targeting to control evasion or avoidance of taxes. The re-mention of RBI issuing Digital Currency in 2023-24 having test run initiated in November 2022 will help India increase productive efficiency and global competitiveness of the economy while containing inflation in medium term, facilitating ease of doing business and ease of living in tune with the latest technological

developments taking the economy to a higher platform.

The budget proposals would directly benefit India, its youth, women, farmers, scheduled castes, scheduled tribes, senior citizens, BPL families, MSMEs, "*have nots*", and those suffering from the ill effects of the pandemic. The meaning of money has changed from cash to digital currency. 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. Financial Inclusion through schemes like Pradhan Mantri Jan Dhan Yojana; Aayushman Bharat; Pradhan Mantri Jeeven Bima Yojana; Pradhan Mantri Suraksha Bima Yojana; Pradhan Mantri Mudra Yojana; Stand Up India; Crop Insurance; Emergency Credit Guarantee Scheme and others with Aadhaar as its backbone provides security and authenticity. It thus enables the poorest of the poor, women, farmers, youth, senior citizens and the MSMEs to seek social security and credit from the financial system appreciated for its robustness and resilience globally by institutions like the World Bank.

The Government has, in the long drawn process of reforms strengthened the ability of the last mile advantage through a resilient financial system. It was much needed that post pandemic recoveries are supported by the government to ensure that the poorest of the poor receive the benefits of the continued economic growth pegged at 7%. 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. Encouraging a Digital Payments ecosystem that is economical and friendly will ensure the formalisation of the economy and industry. 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. This process will help increase multi-fold the productive capacity of the economy and general employment at large scale at all levels.

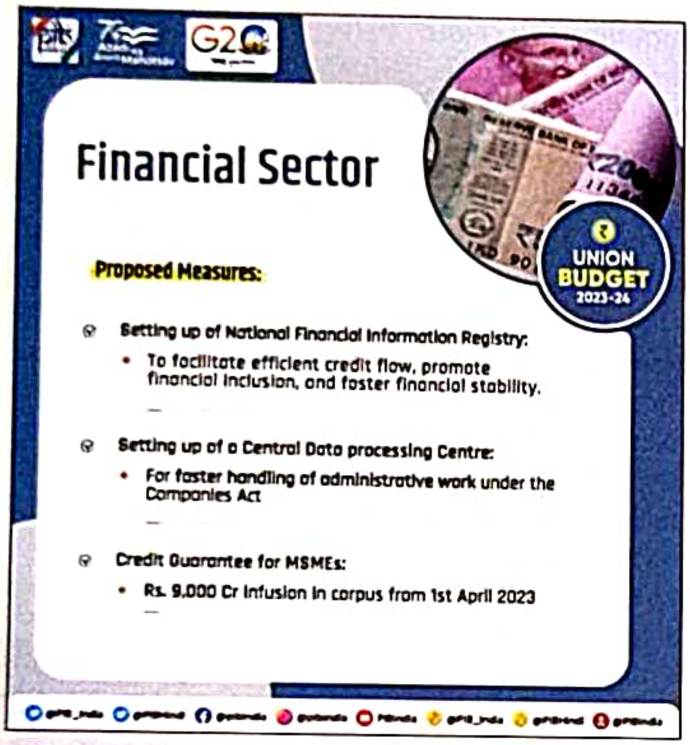
The budget aims to provide the means to strengthen the social safety net through Mahila Samman Bachat Patra. It is an attempt to secure the small savings of women who find no means or instruments dedicated to their effort of small savings which help them and their family in difficult times. The attempt to reach the millions of women, especially the less privileged, is the most innovative and effective structure of defining financial systems as means and ways of reducing the gender gap in various financially available systems. Savings of the women would also potentially secure the financial system as these savings are often used only in dire needs. This would improve the saving rate in the financial system and also make women at the grassroots level incentivised to be part and parcel of the economic development and prosperity through interest earning.

Another key feature that touches the common man, poor and vulnerable groups and senior citizens whose only resources for other incomes are their savings in Monthly Income Schemes (MIS) or senior citizens for which the saving limits have been enhanced keeping in view the progress we have made in our economic development and present needs of people. In order to give people the ability to seek other resources of income and take advantage of the growing corporate world, it is a welcome step to recognise that people's participation can be increased in the capital markets through the education fostered under the umbrella of SEBI. The more people are educated about the capital markets, the more they can make it as another source of income for themselves by participating at affordable means. This would further ensure that the corporates can also raise money through deep capital markets as retail participation would improve. Also, education would ensure that speculation is converted into investments that garner support for economic development. The launching of Digital University, One-Class-One-TV channel under PM e-Vidya 200 TV channels will supplement equitable right to education in national and regional languages for classes 1-12, setting up of 750 virtual labs in science and mathematics along with 75 skilling e-labs for simulate learning environment. Development of high quality e-content in all spoken languages for delivery via internet, mobile, TV, radio will equip teachers with digital tools of teaching and facilitating better equitable learning outcomes throughout the country for all irrespective of income or status.

> **The Government has in the long drawn process of reforms strengthened the ability of the last mile advantage through a resilient financial system. It was much needed that post pandemic recoveries are supported by the government to ensure that the poorest of the poor receive the benefits of the continued economic growth pegged at 7%.**

NPAs continue to be a challenge, especially with its legacy baggage of the world financial crisis of 2007-08 and the post pandemic effect. The Insolvency and Bankruptcy Act (IBA) provided for the strengthening of creditors' rights has enabled the banking system to exert their rights and protect the money of the depositors. Yet the constant challenge for most bankers is the inability to communicate any defaults or delimit any individual or company which has a default credit history. The veil of the corporates protects and hides many borrowers in terms of their capacity and ability to borrow. The budget provides for meeting the need for a National Financial Information Registry to serve as the central repository of financial and ancillary information. This would strengthen the financial system and its intermediaries by making borrowers more accountable for their borrowings. The ability to serve the institutions in terms of public data would continue to be challenged by privacy issues and cyber attacks. The system protects the creditor but can at the same time make the borrower vulnerable to financial whales who look for opportunities to acquire assets at any defaults. A framework for M&As or recoveries that protect the borrowers would further be needed with a borrower redressal mechanism that protects and supports the borrowing process given the PM's motto is *Atmanirbhar Bharat*.

A business-friendly environment and ecosystem is reflected in the provisions of the Budget for Fintech along with other technology to provide for a business-friendly environment that is compliance-friendly with more than 39,000 compliances have been reduced and over 3,400 legal provisions have been decriminalised. Several initiatives have been taken in GIFT IFSC to make India a financial hub for international transactions and promote international business and trade. The bilateral trade talks; free trade agreements; alliance in QUAD; neutral and



peace initiatives in the Russia-Ukraine war; G20 Presidency and Internationalisation/ Digitalisation of the Rupee have all put India in a position to become a leader that recognises UN-ESGs, continuous growth needs for its people and sustainable development contributions to the world economy.

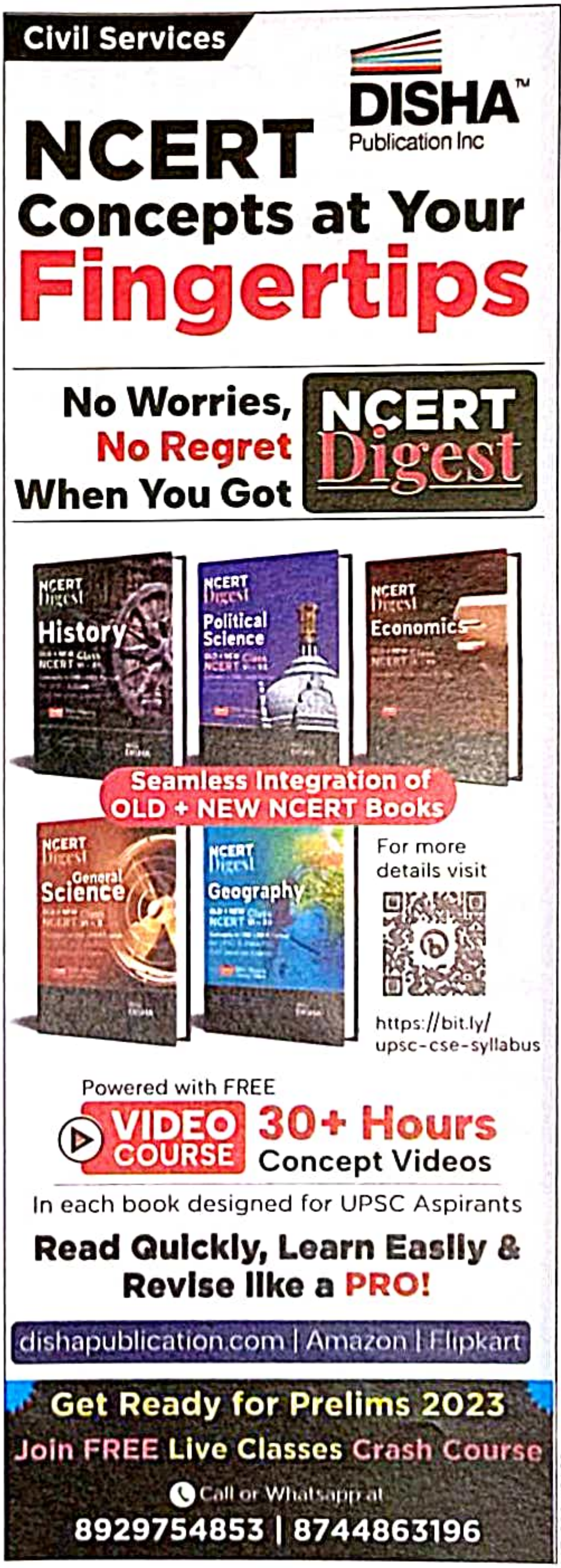
The Budget proposals for the GIFT IFSC are an essential step in the direction of strengthening trade and open economy frameworks. Data Embassies would further strengthen the process of Transparency and Accountability. The direction of the government from being a regulator with Draconian laws has shifted to being a facilitator of businesses to ensure that they are job friendly, growth orientated and enhancing the ability of the country's potential of demographic dividends towards GDP growth. The GEM Market framework and Central Depository Processing Centre are also quick operational response mechanisms developed by the government to ensure ease of doing business for companies.

The support for the MSME through Atmanirbhar Bharat Abhiyan 1, 2 and 3 continues to be further facilitated by the government through the Credit guarantee for MSME with revamped scheme from 1st April 2023. It 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 MSMEs' timely receipt of payments concern has been addressed by allowing a deduction for expenditure incurred on payments made to them only when payment is actually made. This will support the millions of people employed in the MSME sector which is the largest employer after the government. This is in addition to the 10 lakh jobs in the government departments and subsidiaries as announced by PM Narendra Modi in July 2022 towards various vacancies on account of lean government and effective governance to be filled before December 2023.

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 makes a progressive leap into the financial sector through its reforms ensuring social security for the poor, women, farmers, senior citizens and MSMEs given the capital investment outlay being increased steeply for 3rd year in a row by 33% to Rs 10 lakh Crore (3.3% of GDP) with effective capital expenditure being budgeted at Rs 13.7 lakh crore (4.5% of GDP). The Budget strives to enrich states and make them an integral part of the India's Growth Story through the 50 year interest-free loan to the state government to spur infrastructure, healthcare and socio-economic development. Financial intermediation is a strong engine for growth with capital expenditure increasing by Rs 7.3 Lakh crores shall give impetus to the economy to sustain itself as the fastest growing economy inducing jobs and social security for the poor and vulnerable. The borrowing of the government shall be from small savings which will give an avenue for the small saver, usually the poor, a safe investment alternative.

Fiscal consolidation and tap on fiscal deficit are often strongly preached ignoring the role of high leverage facilitates faster economic growth provided it is used for investment in productive capital assets. A country gains tremendously when the Return on Investment, ROI (both social benefits and private benefits) from a project is higher than the cost of such funds invested in various projects (capital assets). Restricting fiscal deficit to a low level, say at about 4%, is against the interest of the nation as it will throttle growth and equitable development. For a developing economy own funds are never adequate for development and building up productive assets of the economy. Fixing low deficit targets also indicates restricting the government in its spending capabilities to induce growth, investment for India@100 and jobs for youth. The Foreign Exchange Reserves for India is US$ 563 Billion (excluding more than US$ 50 billion as loans to neighbouring countries) with over US$ 7 billion FDI being received monthly is clearly an indication of India being one of the Most Favoured Nations for Investment. Globally despite the effect of Covid-19 & US increased interest rates helps India have leverage on Fiscal Spending for long term growth projects. The Budget 2023-24 has used innovative methods of financing various projects using PPP mode which will all add to the growth and help build the productive capacity of the economy and jobs. Thus, 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*". □



YE-2224/2023

BUDGET EMPOWERS INDIA'S GEN-Z

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. Building the capacities of youth through quality education and skilling will contribute to economic growth. 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.

JATINDER SINGH

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Today's youth will be tomorrow's leaders, nation builders, corporate honchos and social reformers. For any country, youth is its biggest asset as youth power entails a spirit of innovation, technology prowess, entrepreneurship and sports acumen. India is blessed to have the highest number of young population. Under the leadership of the Prime Minister, several policies to meet the youth's aspirations have been implemented to achieve the vision of a developed India in Amrit Kaal by 2047. In the progressive landscape of India's economic growth and development, youth has a significant leadership role.

With high energy, innovation and creativity levels, Indian youth are meaningfully contributing to India's growth story. Our digitally savvy youth are influencing social media and taking on bigger roles in decision making. Youth are becoming more conscious of convergence and inclusion and are supporting efforts to foster dialogue with their global counterparts. The Union Budget 2023-24 has emphasised 'Amrit Peedhi' as a priority under the 'Saptarishi' guiding through the Amrit Kaal. It

Agriculture is the most important for specific sector lending. It was stated in the budget that about 86 percent of small farmers in the country had significantly benefited from the Kisan Credit Card (KCC). These farmers should continue to get benefits like this. Hence for this time, a provision of Rs 23 thousand crores has been made.

focuses on seven key areas: inclusive development, youth power, last-mile connectivity, infrastructure, green growth, unleashing potential, and a robust financial sector. Youth empowerment is one of the top priorities in this year's budget.

Tapping the Demographic Dividend

India is a consumer-driven economy with a young working age population. Young people can adapt fast and be in sync with the dynamic macroeconomic ecosystem and technological change. At this time in history, with a population of more than 1.4 billion, India marks a new phase in growth story, enabling the opportunity to frame development strategies. 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. 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.

Aspirational Budget for Skill-based Training for Youth

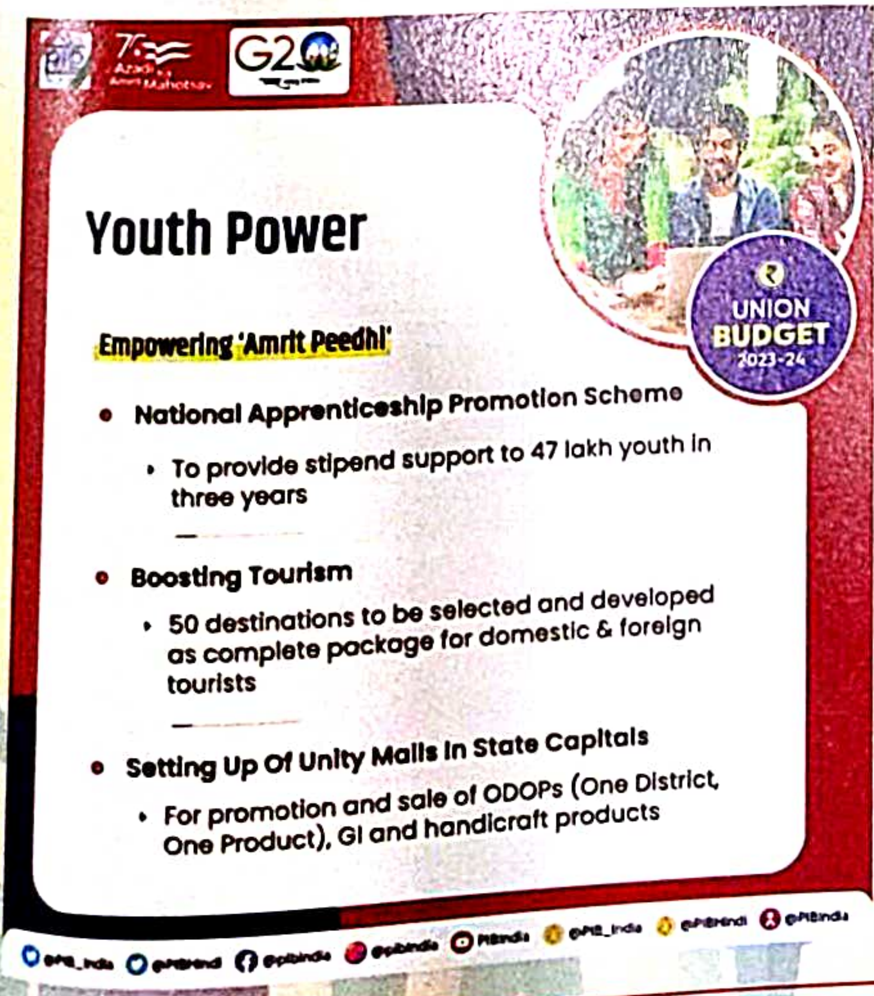
The true potential of the young population can be unleashed if they have the requisite skills and competencies to match with the global markets. This year's Union Budget is a strategic step as skill development and vocational training will be fundamental in creating a world class workforce. The budget allocation for the Ministry of Skill Development and Entrepreneurship is Rs 3,517.31 crores out of which Rs 2,278.37 crores have been allocated to the Skill India program. These additional allocations for skill development and employment opportunities will empower youth. With this objective, 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. These efforts will boost employability and improve the quality of life of young workforce. The focus is on achieving the long-term development goals of inclusion, decent work and economic growth, poverty eradication, and overall improvement in the quality of life of all citizens.

Digital transformation is the backbone of all economic development. Disruptive technologies like Metaverse, Web3, AI and automation have increased digital adoption. The government is launching a unified Skill India Digital Platform for catalysing demand-based formal skilling. The platform will link employers and facilitate access to entrepreneurship schemes. The announcement of Direct Benefit Transfer under a pan India National Apprenticeship Promotion Scheme (NAPS) to provide a stipend to 47 lakh youth in three years is a welcome step.

Highest Allocation for Educating the Young

Education and Skill Development are the growth drivers for inclusive development. Building the capacities of youth through quality education and skilling will contribute to economic growth. The 2023-24 Budget for the Ministry of Education is Rs 1,12,898.97 crores. It is the highest allocation so far. The National Education Policy (NEP) lays the foundation for a comprehensive and inclusive education focusing on up-skilling and facilitating job creation at scale for well-rounded individuals armed with 21st century skills. NEP aspires to create an entrepreneurship culture by enabling students to get experiential learning and vocational training. It has the Academic Bank of Credits system which lets students learn multiple skill sets and focus on research. NEP guide students to cultivate an entrepreneurial approach from a young age. However, it can manifest only if the teachers are aptly trained. This year emphasis is given to revamping teachers training through District Institutes of Education and Training (DIETs) as centers of excellence. There is also a proposal for setting up a National Digital Library and physical libraries at Panchayat and ward levels. 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.

These actions shall bring more inclusivity for the largest generation of young people. Furthermore, youth are India's cultural ambassadors and interactions with foreign delegates in the Youth20 under G20 shall lay the groundwork for mutually beneficial synergies among the young people of all G20 nations.



Highest Ever Budget allocation to Youth Affairs and Sports

The Government of India has brought youth affairs and sports into the center stage with a manifold increase in budget over the years to Rs 3397.32 crores for the financial year 2023-24, an increase almost three times since 2014. There is increased impetus for creating an enabling ecosystem for learning sports-related disciplines and technology to create opportunities for the youth to make a career in 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

India has an inherent entrepreneurial spirit as nearly 79% of organisations in India are family-led businesses. Our new-age businesses and Startups are creating a competitive edge for innovation and prosperity. With the burgeoning Startup ecosystem and the entrepreneurship culture, Indian youth are geared to become entrepreneurs and solve real life problems. 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 under the leadership of the Prime Minister has boosted innovation and economic activities in our country. India is the hub of the Startup ecosystem in the world, ranking third with more than 91,000 DPIIT- recognised startups and108 unicorns worth 30 billion dollars; this has been manifested only by the contribution of India's youth. The Union Budget has proposed several strides to boost the startup ecosystem, improving the investment climate and boosting the entrepreneurial spirit of the youth.

Simplifying the KYC process, establishing a Central Processing Centre for Ease of Doing Business and introducing a Unified Filing Process are the hallmarks of the 2023-24 Union Budget. To give a fillip to the tech-enabled Startups, the government has undertaken to create 100 labs for the development of 5G apps in leading engineering institutions. The idea is to encourage 'Made in India' apps to increase the country's influence in the global tech ecosystem. A National Data Governance Policy is proposed to unleash innovation and research by Startups and academia. The Budget has proposed extending the date of incorporation for eligible Startups to avail of tax benefits by an additional year. Emphasising agri-tech Startups in rural areas, the Budget has announced the setting up of an Agricultural Accelerator Fund.

Youth Power - One of the 7 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. The aspirational initiatives proposed in the Union Budget 2023-24 shall strengthen the Indian youth to realise their true potential thereby aiding their advancement, making them more competitive and securing formidable positions on the global front. We are in an opportune time where every sector is in the midst of a fundamental change. Positive disruptions are now visible in electric vehicles, healthcare, fintech, retail and E-commerce, the 5G transition, and many other innovations with significant developments. Our youth are mindful of the critical challenges related to sustainable development; they are now more sensitised 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.

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. □

FORM IV

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Date: 27.01.2023

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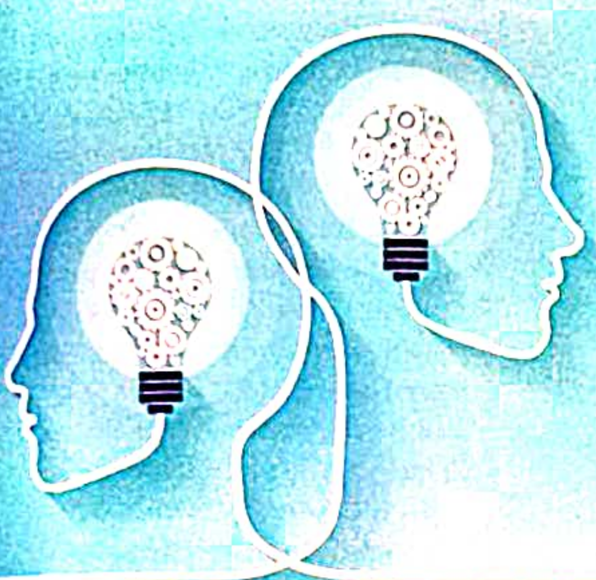
UNLEASHING THE POTENTIAL



SKILLS, EMPLOYMENT AND HUMAN RESOURCE DEVELOPMENT

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'. Several studies around the world have conclusively proven that appropriate and relevant skill-sets within a population not only lead to increase in productivity and standards of living but also reduce inequality and poverty.

ARUN CHAWLA

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According to the World Economic Forum report published in October 2020, the rapid acceleration of automation and economic uncertainty caused by the pandemic will shift the division of labor between humans and machines, causing 85 million jobs to be displaced and 97 million new ones to be created by 2025. Now, more than ever, existing and new workforce would have to be more agile, adaptable and would need to constantly upskill their knowledge and skills. Learners today, need to be equipped with transferable employability skills across a broad range of job opportunities and help them modify their approach to solving business problems in a dynamic industry environment.

India is home to the largest youth population in the world with around 66 per cent of the total population (more than 808 million) below the age of 35. The Indian work force is set to grow by over 8 million per annum over the coming decade, most of which will be driven by youth entering the labour market[1]. For India to be rich before it gets old, the responsibility is not just on the shoulders of the young population but also on the government, private, and public sector organisations.

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 unutilised due to the want of students; albeit the reason being a low 'return on investment' of time and money. India needs to look at creating a framework for institutionalising skill development and vocational education within the school system.

The Evolving Skilling Ecosystem

Vocational education in India has grown alongside the industry needs, which is supposed to prepare trained manpower. Over the past decade, a lot of efforts have been directed to short-term training, essentially described as 'minimum employable skills' which opens doors for entry-level employment, rather than looking at vocational education as a whole.

In this regard, the new National Education Policy (NEP) 2020 intends to overhaul India's education system. 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.

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. Last year's Union Budget (2022-23) had emphasised on having skilling programs in partnership with the industry and aimed at reorienting them to promote continuous skilling avenues, sustainability, and employability.

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

Recent Reforms in Skilling and Employment Landscape

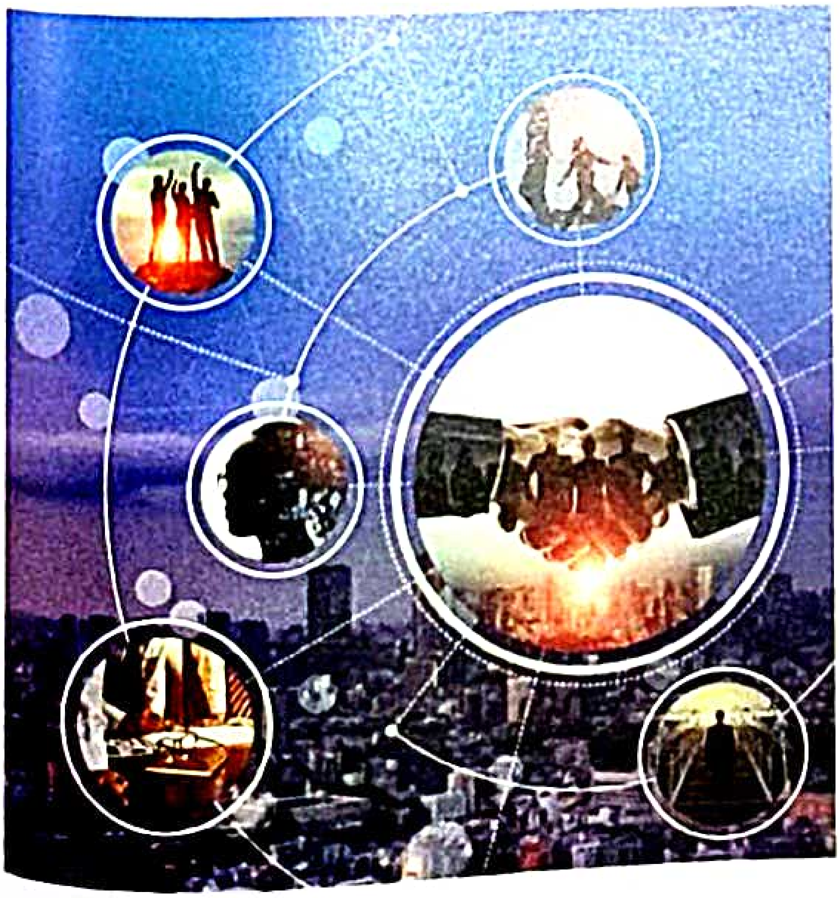
Our country's Technical & Vocational Education Training (TVET) ecosystem has witnessed tremendous development, growth, and evolution since its inception in the Ministry of Skill Development & Entrepreneurship (MSDE) in 2014. The journey of bringing the 'Neither in Employment, Education & Training' (NEET) 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.

There have been multiple reports that have highlighted that automation and Industry 4.0 will make many jobs obsolete and at the same time, create new ones too. Few years back, this looked like a threat that organisations would have considered fast replacing humans with robots. Now the corporates see this as an opportunity. Employees believe in upskilling themselves to get a better job with more flexibility. The Automobile sector is a perfect example. With the advent of Electric Vehicles (EVs) and the impetus by the government to build capacity for manufacturing, repairing, and maintaining these vehicles, the entire manpower of the industry cannot be replaced. The need is to reskill them on the new and emerging technologies. 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.

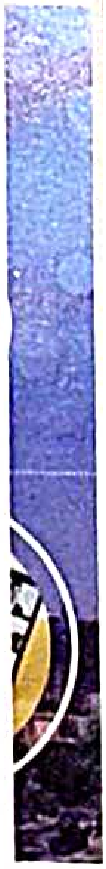
The newly-announced scheme in the Union Budget 2023-24, PM VIshwakarma KAushal Samman (PM VIKAS) is a welcome move that will enable traditional artisans and craftspeople to improve the quality, scale and reach of their products, integrating them with the MSME value chain. This will significantly benefit the weaker sections while supporting the true spirit of Atmanirbhar Bharat. FICCI has been working in this space for a few years through its initiative of 'VIRASAT: The Heritage'. The Integration of skilling and entrepreneurship development programme aligned with the theme 'Dekho Apna Desh' would open new career avenues for the youth in the sector and boost the tourism sector economy.

The world of Artificial intelligence is constantly witnessing new developments. This is an opportune time for the youth to learn this emerging skill and create new models through AI. "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.

To empower our youth and help the 'Amrit Peedhi' realise their dreams, the Budget 2023-24 provides for creating solutions for an educated, skilled, and employable workforce. 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.



"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. India needs to look at creating a framework for institutionalising skill development and vocational education within the school system.



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

Human Resource Development: The Fulcrum of Change

This year's budget has capital investment outlays increased steeply by 33 per cent to 10 lakh crores, which would be 3.3 per cent of GDP. This will be almost three times the outlay in 2019-20. The investments in infrastructure and productive capacity have a significant multiplier impact on growth, human resource development and employment. The Budget takes the lead once again to ramp up the virtuous cycle of investment and job creation. Developing 100 labs for creating applications using 5G services is an initiative to realise new opportunities, business models, and employment potential with engineering institutions.

The government's focus on transforming the District Institutes of Education and Training (DIET) into Centres of Excellence will provide the much needed 21st-century readiness. It will help build capacities within teachers to develop innovative pedagogy and adopt effective ICT implementation. 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. It will also be a gateway of opportunities to self-learn, upskill and re-skill. The Pradhan Mantri Kaushal Vikas Yojana (PMKVY) has been a transforming milestone for building the capacity and making our learners future ready. The PMKVY 4.0 aims to prepare a workforce skilled in new-age skills like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, etc.

In alignment with the UN Sustainable Development Goal (SDG) #4 which aims to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all", the NEP 2020 intends to realise the full potential of India's demographic dividend. The policy aims to expose at least 50% of students from schools and higher education institutions to vocational education by 2025. Though this is a step in the right direction, it needs to be supported by robust structural changes in the current learning ecosystem to ensure holistic development of learners.

Besides, since education is a concurrent subject, the reforms proposed can only be implemented and achieved by effective collaboration between the Centre and states. The government must further ensure that it does not resort to bureaucratic approach of convenience or a piece-meal action regarding implementation of the suggested reforms. To adhere to the set timelines and to ensure smooth adoption of changes envisioned in the NEP, concerted, focused and a time bound approach is needed that engages relevant stakeholders including industry association bodies.

The future 'world of work' is competency-based and all freshers and existing professionals should build on their foundational strengths and competencies. Agility, critical reasoning, creative thinking and resilience are the top skills of tomorrow which when clubbed with emerging technologies like AI, ML, IoT, cloud computing etc. can create a very successful career pathway for the youth of the nation.

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

Endnote

1. https://www.ilo.org/newdelhi/info/WCMS_175936/lang--en/index.htm

YOUTH POWER

SABKA SAATH SABKA VIKAS THROUGH UNION BUDGET

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.

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The stable, consistent, inclusive and gender-oriented budget reflected India's momentum and potential. Several measures have been announced in the budget to empower vulnerable tribal groups, women, youth, and micro, small and medium enterprises. In addition, the budget considers the uncertainties prevailing in the global macroeconomic outlook and provides a road map for fostering resilience and accelerating growth as the Indian economy moves towards Amrit Kaal.

Inclusive development ensures that all marginalised and excluded groups are stakeholders in development processes. India is an inexhaustible engine of economic development and opportunities. The stable, consistent, inclusive and gender-oriented budget reflected India's momentum and potential. This year's budget was remarkable for its clarity, equity, simplicity and effectiveness.

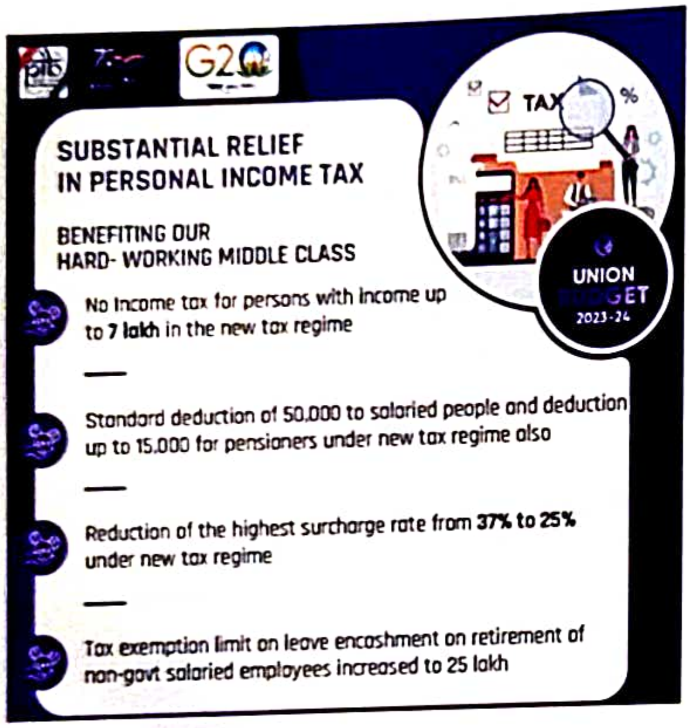
Empowering Women

Gender Budgeting is a powerful tool for achieving gender mainstreaming to ensure that the development benefits reach women as much as men. The rationale for gender budgeting arises from the recognition of the fact that national budget impact men and women differently through the pattern of resource allocation. 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.

Focused on empowering women, developing the skills of the youth, providing funds for developing tribal infrastructure and improving employment opportunities – the budget did a lot to promote the notion of equity and give every Indian the opportunity to reach their full potential. 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

The Union Finance Minister Nirmala Sitharaman announced a new small savings scheme with a fixed interest rate and fixed tenure to encourage more savings among women and girls.



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.

At present only Sukanya Samriddhi Scheme allows a guardian to open the account of a girl child with a maximum investment limit of Rs 1.5 lakh in a financial year and an interest rate of 7.6 per cent per annum.

The Finance Minister also announced changes to the Senior Citizens Savings Scheme doubling the maximum deposit limit under the scheme. The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from Rs 15 lakh to Rs 30 lakh.

An individual above 60 years of age or retired civilian employees above 55 years can open an account under SCSS Scheme can subject to the condition that investment must be made within one month of receipt of retirement benefits. Retired defence employees above 50 years but below 60 years can also subscribe to SCSS subject to the condition that investment must be made within one month of receipt of retirement benefits. SCSS has a tenure of 5 years and offers an interest rate of 8 per cent per annum.

While the investment limit has been doubled, the tax exemption of Rs 15 lakh available on SCSS investment under section 80C remains unchanged.

Increasing the limit of SCSS from Rs 15 lakh to Rs 30 lakh is an important announcement to help senior citizens and retired investors plan their investments in safe instruments. The limit for the monthly income account scheme has also been enhanced. The maximum deposit limit for Monthly Income Account Scheme will be enhanced 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.

MIS account can be opened by a single individual or jointly up to 3 adults or a guardian on behalf of a minor. The investments are in multiple of Rs 1000 and the scheme offers an interest rate of 7.1 per cent per annum payable monthly.

MIS is one of the most popular small savings schemes with an outstanding amount of Rs 234825 crore as of February 2022 and SCSS had an outstanding of Rs 117239 crore as of February 2022. The total small savings outstanding as of February 2022 was Rs 1426737 crore.

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.

Through this year's budget, the Indian government has reaffirmed its commitment towards inclusive development underlining the seven priorities for the 'Amrit Kaal'. The Union Budget focuses on empowering youth and reaching the last mile through schemes like PM Kaushal Vikas Yojana 4.0, which aim to skilling lakhs of youth in new courses like coding, AI, robotics, 3D printing, etc.

Further, 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.

The Centre's focus on green growth – to help reduce India's carbon intensity and generate large-scale green jobs is bound to make the economy future ready. Apart from the recently launched green hydrogen mission, the government's announcement of customs duty exemption on importing machinery required to manufacture electric vehicle batteries will be a boon for green mobility. Further, to promote green fuel, the government has announced central excise duty exemption for blended compressed natural gas, in addition to other measures for promoting the circular economy, such as establishing 500 new waste-to-wealth plants.

At a time when the global economy is facing headwinds, it is heartening to see that the government has not shied away from supporting domestic economic activity by maintaining the capex support but has gone a step ahead and revised the direct tax slabs to support consumption activity, especially among the Indian middle class. This feat becomes even more commendable in cognizance of the fact that 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. Overall, with this pragmatic budget and its strong fundamentals, the Indian economy is well established in a safe place and emerges as a 'star' among its global peers.

Union Budget 2023-24 is bold in its ideas yet conservative in its calculus, ambitious in its strategies and firmly anchored in reality. It successfully captures the uncertainties enshrouding the global macroeconomic outlook while providing a road map for fostering resilience and accelerating growth as the Indian economy moves towards Amrit Kaal.

This budget is being hailed as a 'Budget for All', along the lines of Sabka Saath, Sabka Vikas (with everyone, for the development of all), as it has something to offer to all sections of society. The focus of the budget has transitioned from facilitating recovery of the Covid-affected economy in the last two years to laying down both hard and soft tracks for increasing economies of scale and ensuring long-term growth.

The document provides a clear vision, as given by Prime Minister Narendra Modi, of the kind of society India aspires to be in 2047. India@100 will rest on the pillars of inclusivity and prosperity, where fruits of development reach all regions and citizens, especially our youth, women, farmers, Other Backward Classes, Scheduled Castes, and Scheduled Tribes. As reflected through the first two priorities of "inclusive development" and "reaching the last mile", the budget lays out several measures for empowering vulnerable tribal groups, women, youth, and micro, small and medium enterprises.

The budget has a strong focus on empowering individuals and local entrepreneurs by leveraging technology, and, to a lesser extent, finance. It lays out policies for empowering our youth and helping the Amrit Peedhi (the golden generation) unlock their potential. It draws attention to the importance of skilling for youth, women, craftspersons and self-help groups (SHGs) to facilitate job creation at scale. Special mention must be made of PM VIshwakarma KAushal Samman (PM-VIKAS) for skilling traditional artisans and craftspersons, 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. The scheme will equip young people with skills in coding, Artificial Intelligence, and robotics, among others and provide stipends through the National Apprenticeship Promotion Scheme. The tourism sector will benefit from a skilled workforce and young entrepreneurs will receive marketing support through the proposed unity malls (through the One District, One Product initiative). These are all the force multipliers budget wishes to unleash over time to compensate for external headwinds.

Overall, Budget 2023-24 is anchored in reality, transparency, and achievable goals. It is economically smart, reflects political confidence , is fiscally credible and emphasises Gender Equality and Inclusiveness. 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. ❑

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YE-2207/2023

FINANCIAL SECTOR

FISCAL DEFICIT POLICY SHIFT AND SUSTAINABLE DEVELOPMENT

A country's budget is not just a government's receipts-expenditure tatement but a potent tool that determines the country's destiny and sets he 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. Over the years, due to global uncertainty and internal economic upheavals, especially post-Covid, fiscal policy intervention has become inevitable to ascertain a sustainable growth trajectory.

DR AMIYA KUMAR MOHAPATRA

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The budget plays an important role in the overall development and socio-economic transformation of the country. The impact of the budget hould not be understood on the basis of the mount of fund/total fund allocated to various ectors and departments, rather needs to be valuated how a particular expenditure would ffect the country's long-term growth in terms of nclusive and sustainable development. From an conomic perspective, the impact of the budget must be reviewed from the viewpoint of fiscal eficit and capital expenditure. The development of our nation depends upon fiscal discipline and iscal consolidation.

Fiscal Deficit and Analysis

Fiscal deficit indicates the total borrowing requirements of a country during a fiscal year. It is used as an instrument to measure fiscal discipline and sets the fiscal roadmap of the country in terms of its current needs and future liabilities. This furnishes a more holistic view of the government's funding situation in terms of borrowings.

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. However, the government has to ensure that it does not deviate from the estimated deficit, otherwise it may escalate the economic crisis, leading to inflation and other fiscal disturbances. Further the government must spend on investment and welfare schemes to foster faster income, output and employment in the path of fiscal sustainability. Only then would the higher fiscal deficit provision be justified, which is over and above 3 per cent of GDP as prescribed by FRBMA-2003.

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. Despite of all the effort and trade-offs, adherence to a high fiscal deficit over a period

Table 1: Estimated Fiscal Deficit (FD) 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
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

Source: *Author's Compilation from Budget Documents of GoI*

of time reflects the fiscal distress of an economy.

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 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, and provide a cushion against global headwinds. It will enhance the long-term supply-side productive capacity and will promote exports. This is further justified in terms of including path breaking policies, PM GatiShaki, National Logistics Policy, PLI Schemes and also help strengthen manufacturing infra-base and value-chain efficiency. 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.

Although the mark/target per cent of revenue deficit is neither clearly spelt-out nor binding by any fiscal and regulatory framework/act, yet played a decisive role in setting the fiscal deficit and the road for fiscal prudence and fiscal sustainability. Therefore, fiscal prudence depends on how the government manages the revenue deficit in particular, and especially the revenue expenditure. Revenue deficit can be reduced by higher revenue mobilisation through tax buoyancy & wider tax base and with quality tax administration and by reprioritising expenditure through expenditure

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*

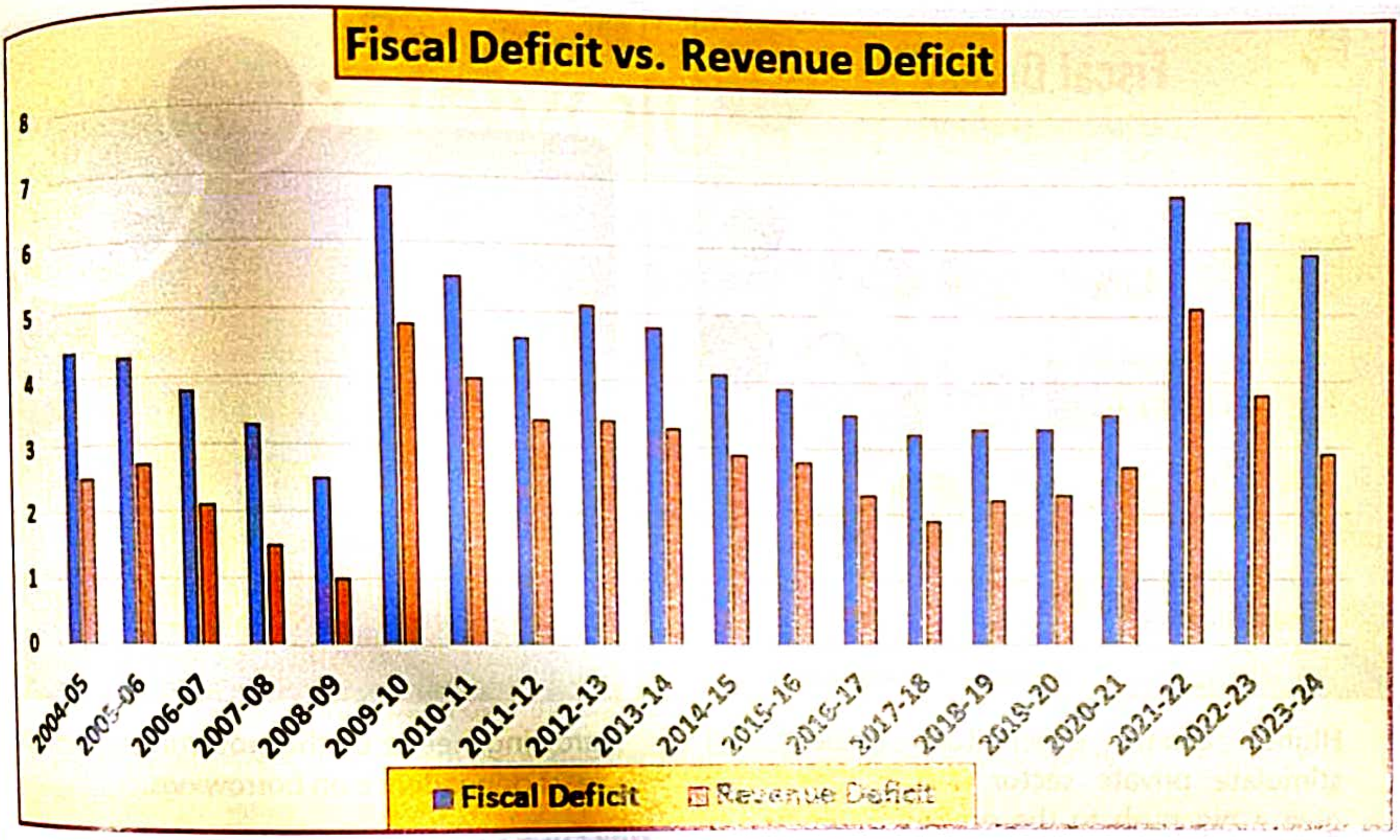


Figure 1

rationalisation. Based on the recommendations of the Expenditure Reforms Commission, all the expenditures, particularly revenue expenditure are reprioritised and rationalised which is very much visible in the budget provisioning.

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

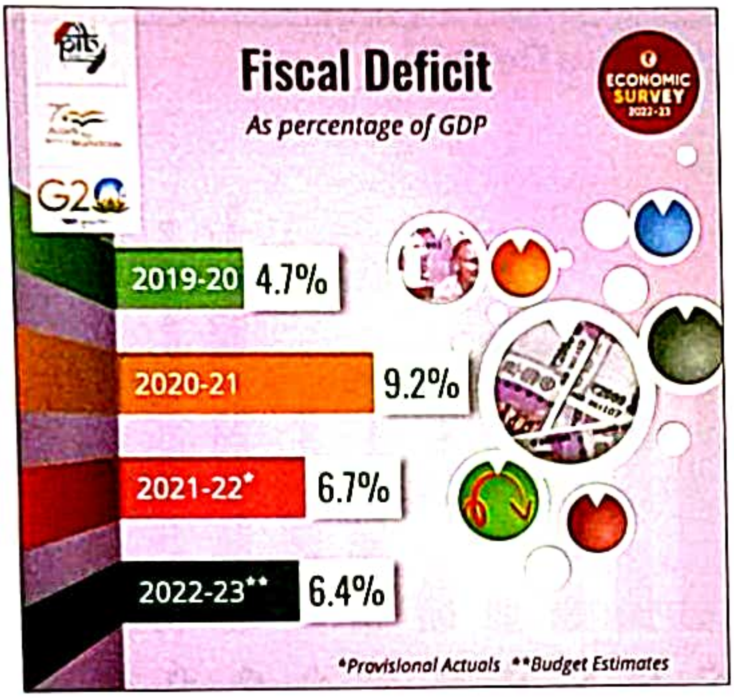
Further diagnostic analysis on the six fiscal sustainability indicators and their impact/ outcome is considered. We have already analysed fiscal deficit and revenue deficit and their linkage through Figure 1. Let's focus on the remaining four indicators given in Table 3.

- 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. It is estimated that it would be 75.2 in 2023-24, with total revenue receipts of Rs 26.32 lakh crore and total revenue expenditure of Rs 35.02 lakh crore. It shows a steady rise in RRE.

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 GoI*



- 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 sustainable model of the fiscal framework looks forward to a situation where the adverse effects of a high fiscal deficit get well-adjusted by higher spending on various capital assets and welfare programs.
- Similarly the ratio of capital expenditure to the fiscal deficit (Capex-FD) broadly measures how much of borrowed resources are used for financing the capital expenditure. It is found that YoY, Capex-FD ratio is improving and is now projected at 56.0, which clearly reflects the positive intent and outlook of the government. So, it is evident that India is moving in the right direction of fiscal sustainability.
- It is anticipated that the tax-GDP ratio should be more than 10 per cent . In the proposed budget 2023-24, tax-GDP ratio is estimated at 11.1 per cent. Further fiscal management principles strongly suggest a stable and sustainable source of tax revenue to meet the growing needs of the government, with the least dependence on borrowings.

Way Forward

The Government of India has adopted a holistic policy towards fiscal stability in the last few years, including FY 2023-24. It continues to be guided by the principle of a gradual reduction of the deficit and a progressive movement towards fiscal consolidation. From an economic perspective, the provision of higher capital expenditure/spending in this budget 2023-24 re-affirms for higher *investment-employment-growth trinity* and ensures the government's focus and commitment to *4I – infrastructure, investment, innovation and inclusion*. It is expected that 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. □

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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

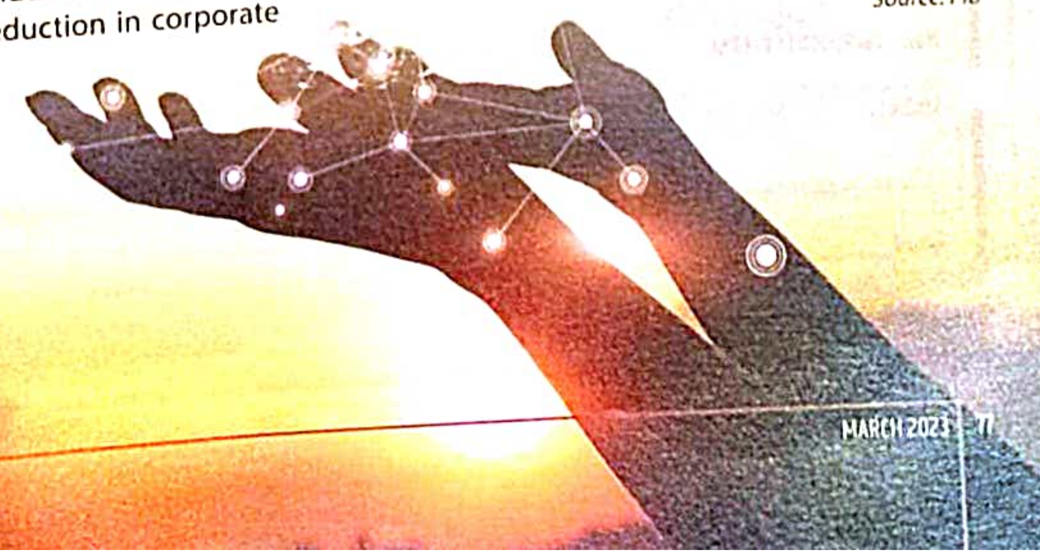
iv. Decriminalisation of minor technical or procedural defaults.

Specifically for the startup ecosystem, the Government has taken various measures to enhance ease of doing business, raising capital and reducing compliance burden. In this regard, more than fifty key regulatory reforms have been undertaken for the startup ecosystem.

In addition to ongoing schemes of various Departments and Ministries, the Government has taken various steps to boost domestic and foreign investments in India. These include the introduction of Goods and Services Tax, reduction in corporate taxes, financial market reforms, consolidation of public sector banks, enactment of four labour codes, Foreign Direct Investment (FDI) policy reforms, reduction in compliance burden, policy measures to boost domestic manufacturing through public procurement orders, Phased Manufacturing Programme, to name a few. 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. Further, the policy on FDI is reviewed on an ongoing basis, to ensure that India remains an attractive and investor-friendly destination. Changes are made in the policy after having consultations with stakeholders including apex industry chambers, associations, representatives of industries/groups, and other organisations.

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. ❑

Source: PIB



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