



**VEDANGA**  
INSTITUTE FOR CIVIL SERVICES

# BUDGET and SURVEY 2023



Contact No.: \_\_\_\_\_  
**8447386765, 9718054084**

U-135, Ground & 2<sup>nd</sup> Floor, Vikas Marg, Baba Complex,  
Near Laxmi Nagar Metro Station Gate No.- 3 Shakarpur, Delhi - 92



# Budget & Economic Survey 2023

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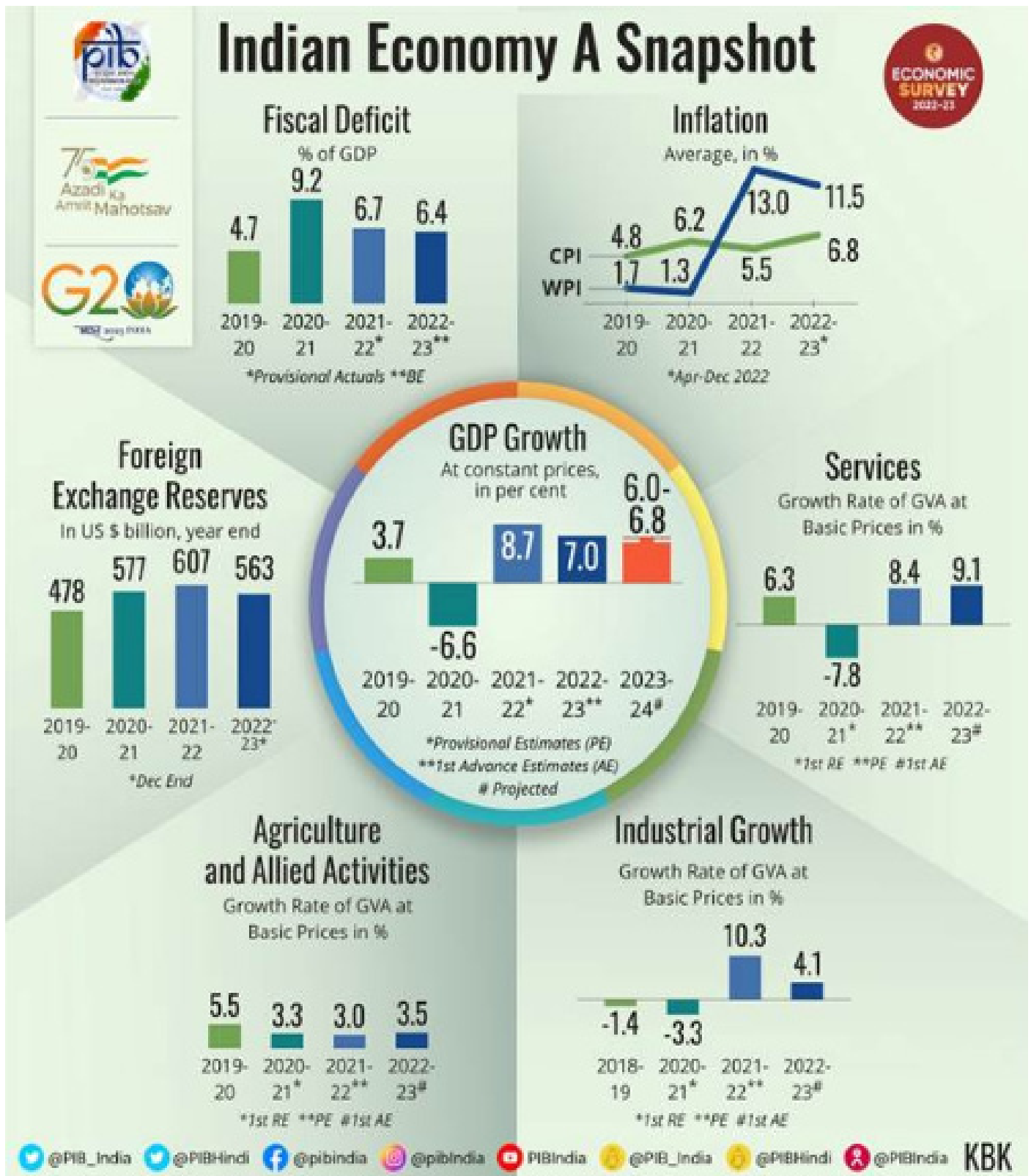
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## Economic Survey 2023

India to witness GDP growth of 6.0 per cent to 6.8 per cent in 2023-24, depending on the trajectory of economic and political developments globally.



The optimistic growth forecasts stem from a number of positives like the rebound of private consumption given a boost to production activity, higher Capital Expenditure (Capex), near-universal vaccination coverage enabling people to spend on contact-based services, such as restaurants, hotels, shopping malls, and cinemas, as well as the return of migrant workers to cities to work in construction sites leading to a significant decline in housing market inventory, the strengthening of the balance sheets of the Corporates, a well-capitalised public sector banks ready to increase the credit supply and the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector to name the major ones.



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ECONOMIC  
SURVEY  
2022-23

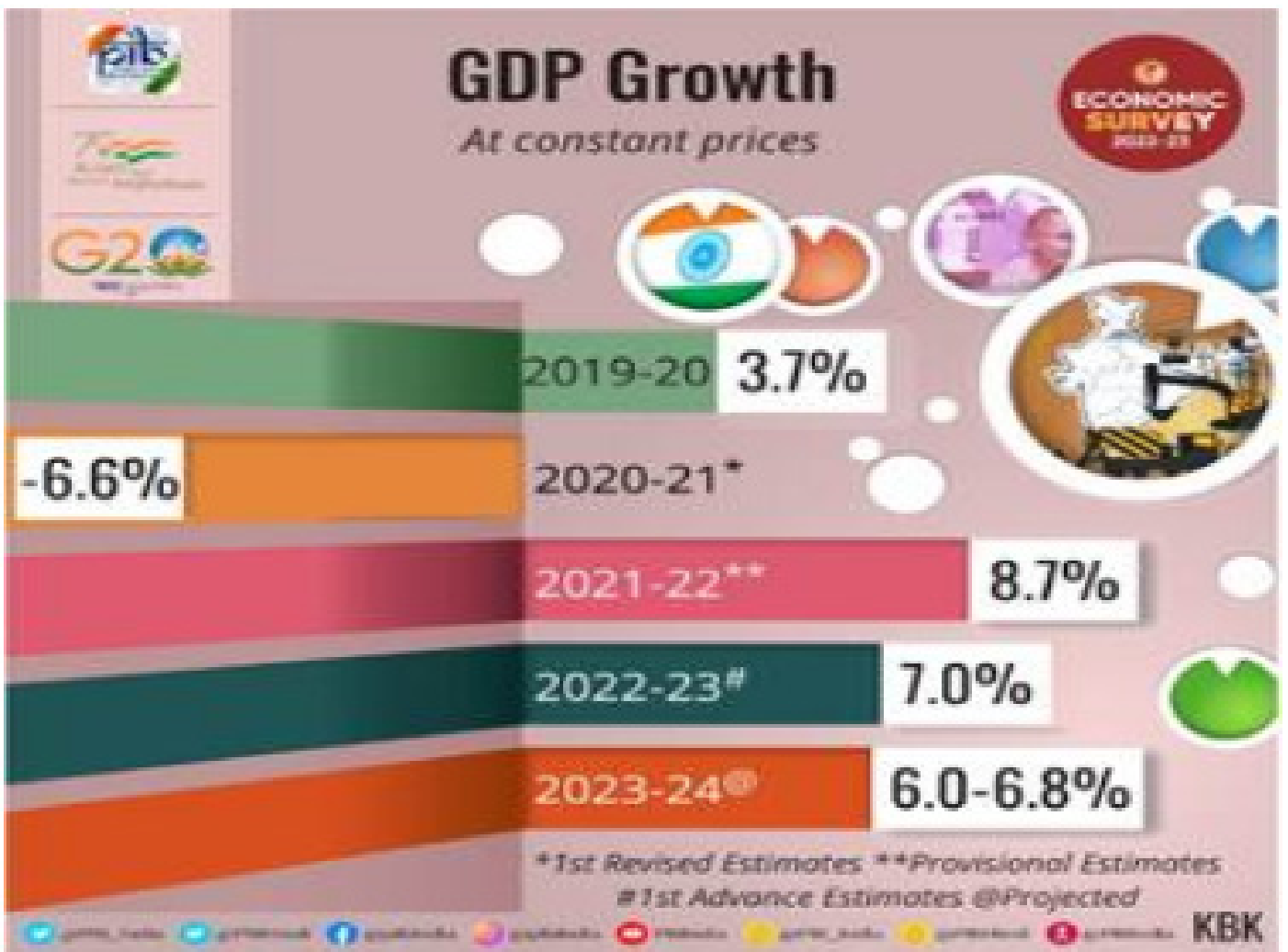


## SERVICES: SOURCE OF STRENGTH


- Strong Growth in Services sector in FY23  
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- PMI Services witnessed strongest expansion since July 22  
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- Credit growth to services above 16% since July-22  
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- 75 Digital Banking Units announced for transforming financial services  
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- Fashion, grocery, and general merchandise to capture nearly two-thirds of the Indian e-commerce market by 2027

The Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman tabled the Economic Survey 2022-23 in Parliament today, which projects a baseline GDP growth of 6.5 per cent in real terms in FY24. The projection is broadly comparable to the estimates provided by multilateral agencies such as the World Bank, the IMF, and the ADB and by RBI, domestically.

It says, growth is expected to be brisk in FY24 as a vigorous credit disbursal, and capital investment cycle is expected to unfold in India with the strengthening of the balance sheets of the corporate and banking sectors. Further support to economic growth will come from the expansion of public digital platforms and path-breaking measures such as PM GatiShakti, the National



Logistics Policy, and the Production-Linked Incentive schemes to boost manufacturing output.



**ECONOMIC SURVEY 2022-23**

## LIFTING POTENTIAL GROWTH WITH PHYSICAL & DIGITAL INFRASTRUCTURE

- PM GatiShakti National Master Plan for seamless movement of people and goods
- National Monetisation Pipeline with ₹ 9.0 lakh crore investment potential
- UPI touched its highest ever mark with 782 crore transaction in Dec 2022
- National Logistics Policy for making Indian logistics competitive globally
- Capacity of major ports nearly doubled in 8 years
- Open Network for Digital Commerce in pipeline
- Open Credit Enablement Network for democratising lending operations

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The Survey says, in real terms, the economy is expected to grow at 7 per cent for the year ending March 2023. This follows an 8.7 per cent growth in the previous financial year.

Despite the three shocks of COVID-19, Russian-Ukraine conflict and the Central Banks across economies led by Federal Reserve responding with synchronised policy rate hikes to curb inflation, leading to appreciation of US Dollar and the widening of the Current Account Deficits (CAD) in net importing economies, agencies worldwide continue to project India as the fastest-growing major economy at 6.5-7.0 per cent in FY23.

According to Survey, India's economic growth in FY23 has been principally led by private consumption and capital formation and they have helped generate employment as seen in the declining urban unemployment rate and in the faster net registration in Employee Provident Fund. Moreover, World's second-largest vaccination drive involving more than 2 billion doses also served to lift consumer sentiments that may prolong the rebound in consumption. Still, private capex soon needs to take up the leadership role to put job creation on a fast track.

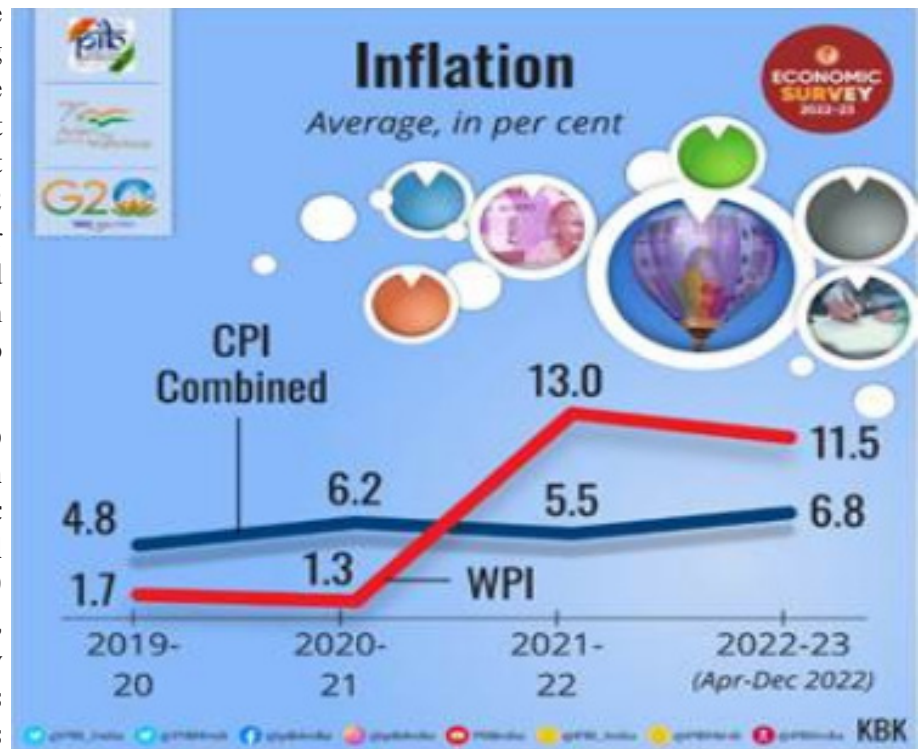
It also points out that the upside to India's growth outlook arises from (i) limited health and economic fallout for the rest of the world from the current surge in Covid-19 infections in China and, therefore, continued normalisation of supply chains; (ii) inflationary impulses from the reopening of China's economy turning out to be neither significant nor persistent;

(iii) recessionary tendencies in major Advanced Economies (AEs) triggering a cessation of monetary tightening and a return of capital flows to India amidst a stable domestic inflation rate below 6 per cent; and (iv) this leading to an improvement in animal spirits and providing further impetus to private sector investment.

The Survey says, the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector has been remarkably high, over 30.6 per cent, on average during Jan-Nov 2022, supported by the extended Emergency Credit Linked Guarantee Scheme (ECLGS) of the Union government. It adds that the recovery of MSMEs is proceeding apace, as is evident in the amounts of Goods and Services Tax (GST) they pay, while the Emergency Credit Linked Guarantee Scheme (ECLGS) is easing their debt servicing concerns.

Apart from this, increase in the overall bank credit has also been influenced by the shift in borrower's funding choices from volatile bond markets, where yields have increased, and external commercial borrowings, where interest and hedging costs have increased, towards banks. If inflation declines in FY24 and if real cost of credit does not rise, then credit growth is likely to be brisk in FY24.

The Capital Expenditure (Capex) of the central government, which increased by 63.4 per cent in the first eight



**Social Infrastructure And Employment: Big Tent**

- Enhanced Govt expenditure for better quality of life
- Over 14,500 PM SHRI schools to be built between FY23 to FY27
- Rise in number of IITs, IIMs, IIITs
- Urban employment nearing pre-pandemic level
- EPFO based net payroll on the rise: 105.4 lakh in FY23 (till Nov)

1/2



months of FY23, was another growth driver of the Indian economy in the current year, crowding in the private Capex since the January-March quarter of 2022. On current trend, it appears that the full year's capital expenditure budget will be met. A sustained increase in private Capex is also imminent with the strengthening of the balance sheets of the Corporates and the consequent increase in credit financing it has been able to generate.

Dwelling on halt in construction activities during the Pandemic, the Survey underscores that vaccinations have facilitated the return of migrant workers to cities to work in construction sites as the rebound in consumption spilled over into the housing market. This is evident in the housing market witnessing a significant decline in inventory overhang to 33 months in Q3 of FY23 from 42 months last year.

It also says that the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been directly providing jobs in rural areas and indirectly creating opportunities for rural households to diversify their sources of income generation. Schemes like PM-Kisan and PM Garib Kalyan Yojana have helped in ensuring food security in the country, and their impact was also endorsed by the United Nations Development Programme (UNDP). The results of the National Family Health Survey (NFHS) also show improvement in rural welfare indicators from FY16 to FY20, covering aspects like gender, fertility rate, household amenities, and women empowerment.

The Survey notes with optimism that Indian economy appears to have moved on after its encounter with the pandemic, staging a full recovery in FY22 ahead of many nations and positioning itself to ascend to the pre-pandemic growth path in FY23. Yet in the current year, India has also faced the challenge of reining in inflation that the European strife accentuated. Measures taken by the government and RBI, along with the easing of global commodity prices, have finally managed to bring retail inflation below the RBI upper tolerance target in November 2022.

The infographic features logos for PIB, Ministry of Finance, and G20 India 2023 at the top left. A central green circle contains the text 'ECONOMIC SURVEY 2022-23'. The main title is 'STATE OF THE ECONOMY 2022-23: BROAD-BASED RECOVERY ACROSS SECTORS'. Below the title, it states 'GDP forecast for FY24 to be in the range of 6.0-6.8%'. Three bullet points are listed: 'India's GDP growth is expected to remain robust in FY24', 'Private consumption across H1 highest since FY15', and 'Boost to production activity leading to enhanced capacity utilisation'. A '1/2' indicator is present in the bottom right of the infographic area. At the bottom, there is a row of social media icons for WhatsApp, Telegram, Facebook, and others.



**ECONOMIC SURVEY**  
2022-23

## STATE OF THE ECONOMY 2022-23: BROAD-BASED RECOVERY ACROSS SECTORS

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- Retail inflation back within RBI's target range in Nov 2022
- Pickup in private capex
- Indian Rupee performs well compared to other EME's in Apr-Dec 2022
- Direct Tax collections for the period April-Nov 2022 remains buoyant



It, however, cautions that the challenge of the depreciating rupee, although better performing than most other currencies, persists with the likelihood of further increases in policy rates by the US Fed. The widening of the CAD may also continue as global commodity prices remain elevated and the growth momentum of the Indian economy remains strong. The loss of export stimulus is further possible as the slowing world growth and trade shrinks the global market size in the second half of the current year.

Therefore, the Global growth has been projected to decline in 2023 and is expected to remain generally subdued in the following years as well. The slowing demand will likely push down global commodity prices and improve India's CAD in FY24. However, a downside risk to the Current Account Balance stems from a swift recovery driven mainly by domestic demand, and to a lesser extent, by exports. It also adds that the CAD needs to be closely monitored as the growth momentum of the current year spills over into the next.

The Survey brings to the fore an interesting fact that in general, global economic shocks in the past were severe but spaced out in time, but this changed in the third decade of this millennium, as at least three shocks have hit the global economy since 2020.

It all started with the pandemic-induced contraction of the global output, followed by the Russian-Ukraine conflict leading to a worldwide surge in inflation. Then, the central banks across economies led by the Federal Reserve responded with synchronised policy rate hikes to curb inflation. The rate hike by the US Fed drove capital into the US markets causing the US Dollar to appreciate against most currencies. This led to the widening of the Current Account Deficits (CAD) and increased inflationary pressures in net importing economies.

The rate hike and persistent inflation also led to a lowering of the global growth forecasts for 2022 and 2023 by the IMF in its October 2022 update of the World Economic Outlook. The frailties of the Chinese economy further contributed to weakening the growth forecasts. Slowing global growth apart from monetary tightening may also lead to a financial contagion emanating from the advanced economies where the debt of the non-financial sector has risen the most since the global financial crisis. With inflation persisting in the advanced economies and the central banks hinting at further rate hikes, downside risks to the global economic outlook appear elevated.

### India's Economic Resilience and Growth Drivers

The Survey points out that factors like monetary tightening by the RBI, the widening of the CAD, and the plateauing growth of exports have essentially been the outcome of geopolitical strife in Europe. As these developments posed downside risks to the growth of the Indian economy in FY23, many agencies worldwide have been revising their growth forecast of the Indian economy downwards. These forecasts, including the advance estimates released by the NSO, now broadly lie in the range of 6.5-7.0 per cent.



ECONOMIC  
SURVEY  
2022-23

## MONETARY MANAGEMENT & FINANCIAL INTERMEDIATION: A GOOD YEAR

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- RBI raised the policy rates by a cumulative 225 basis points (bps)
- Monetary policy transmission from the repo rate hikes is underway
- Gross Non-Performing Assets (GNPA) ratio at a seven-year low of 5%
- Non-food credit growth in double-digit since April-22




ECONOMIC  
SURVEY  
2022-23

## MONETARY MANAGEMENT & FINANCIAL INTERMEDIATION: A GOOD YEAR

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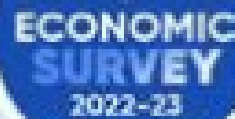
- Yield on the 10-year government bond stable in 2022
- DII acted as a countervailing force to FPI outflows in recent years
- India outperformed its peers in domestic stock markets in FY23 (Apr-Dec)

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Despite the downward revision, the growth estimate for FY23 is higher than for almost all major economies and even slightly above the average growth of the Indian economy in the decade leading up to the pandemic.

IMF estimates India to be one of the top two fast-growing significant economies in 2022. Despite strong global headwinds and tighter domestic monetary policy, if India is still expected to grow between 6.5 and 7.0 per cent, and that too without the advantage of a base effect, it is a reflection of India's underlying economic resilience; of its ability to recoup, renew and re-energise the growth drivers of the economy. India's economic resilience can be seen in the domestic stimulus to growth seamlessly replacing the external stimuli. The growth of exports may have moderated in the second half of FY23. However, their surge in FY22 and the first half of FY23 induced a shift in the gears of the production processes from mild acceleration to cruise mode.

Manufacturing and investment activities consequently gained traction. By the time the growth of exports moderated, the rebound in domestic consumption had sufficiently matured to take forward the growth of India's economy. Private Consumption as a percentage of GDP stood at 58.4 per cent in Q2 of FY23, the highest among the second quarters of all the years since 2013-14, supported by a rebound in contact-intensive services such as trade, hotel and transport, which registered sequential growth of 16 per cent in real terms in Q2 of FY23 compared to the previous quarter.

**ECONOMIC  
SURVEY**  
2022-23

## INDUSTRY: STEADY RECOVERY

*GVA of the Industrial Sector rose by 3.7 per cent for the first half of FY 22-23*

1/2

- Exports of goods and services as a share of GDP have been the highest since FY16 in H1 of FY 22-23
- PMI manufacturing has remained in the expansion zone
- Healthy IIP indicates the beginning of a virtuous investment cycle
- Credit to MSMEs has grown by around 30% since Jan 2022
- Electronics exports rise nearly threefold in FY22
- FDI flows into the Pharma Industry has risen four times in FY22

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Although domestic consumption rebounded in many economies, the rebound in India was impressive for its scale. It contributed to a rise in domestic capacity utilisation. Domestic private consumption remains buoyant in November 2022. Moreover, RBI's most recent survey of consumer confidence released in December 2022 pointed to improving sentiment with respect to current and prospective employment and income conditions.

The Survey also points to another recovery and adds that the "release of pent-up demand" was reflected in the housing market too as demand for housing loans picked up. Consequently, housing inventories have declined, prices are firming up, and construction of new dwellings is picking up pace and this has stimulated innumerable backward and forward linkages that the construction sector is known to carry. The universalisation of vaccination coverage also has a significant role in lifting the housing market as, in its absence, the migrant workforce could not have returned to construct new dwellings.

Apart from housing, construction activity, in general, has significantly risen in FY23 as the much-enlarged capital budget (Capex) of the central government and its public sector enterprises is rapidly being deployed.

Going by the Capex multiplier estimated for the country, the economic output of the country is set to increase by at least four times the amount of Capex. States, in aggregate, are also performing well with their Capex plans. Like the central government, states also have a larger capital budget supported by the centre's grant-in-aid for capital works and an interest-free loan repayable over 50 years.

Also, a capex thrust in the last two budgets of the Government of India was not an isolated initiative meant only to address the infrastructure gaps in the country. It was part of a strategic package aimed at crowding-in private investment into an economic landscape broadened by the vacation of non-strategic PSEs (disinvestment) and idling public sector assets.

Here, three developments support this firstly the significant increase in the Capex budget in FY23, as well as its high rate of spending, secondly direct tax revenue collections have been highly buoyant, and so have GST collections, which should ensure the full expending of the Capex budget within the budgeted fiscal deficit.

The growth in revenue expenditure has also been limited to pave the way for higher growth in Capex and thirdly the pick-up in private sector investment since the January-March quarter of 2022. Evidence shows an increasing trend in announced projects and capex spending by the private players.

While an increase in export demand, rebound in consumption, and public capex have contributed to a recovery in the investment/manufacturing activities of the corporates, their stronger balance sheets have also played a big part equal measure to realising their spending plans. As per the data on non-financial debt from the Bank for International Settlements, in the course of the last decade, Indian non-financial private sector debt and non-financial corporate debt as a share of GDP declined by nearly thirty percentage points.

The banking sector in India has also responded in equal measure to the demand for credit as the Year-on-Year growth in credit since the January-March quarter of 2022 has moved into double-digits and is rising across most sectors.

The finances of the public sector banks have seen a significant turnaround, with profits being booked at regular intervals

and their Non-Performing Assets (NPAs) being fast-tracked for quicker resolution/liquidation by the Insolvency and Bankruptcy Board of India (IBBI). At the same time, the government has been providing adequate budgetary support for keeping the PSBs well-capitalized, ensuring that their Capital Risk-Weighted Adjusted Ratio (CRAR) remains comfortably above the threshold levels of adequacy. Nonetheless, financial strength has helped banks make up for lower debt financing provided by corporate bonds and External Commercial Borrowings (ECBs)



so far in FY23. Rising yields on corporate bonds and higher interest/hedging costs on ECBs have made these instruments less attractive than the previous year.

RBI has projected headline inflation at 6.8 per cent in FY23, which is outside its target range. At the same time, it is not high enough to deter private consumption and also not so low as to weaken the inducement to invest.

### Macroeconomic and Growth Challenges in the Indian Economy

After the impact of the two waves of the pandemic seen in a significant GDP contraction in FY21, the quick recovery from the virus in third wave of Omicron contributed to minimising the loss of economic output in the January-March quarter of 2022. Consequently, output in FY22 went past its pre-pandemic level in FY20, with the Indian economy staging a full recovery ahead of many nations. However, the conflict in Europe necessitated a revision in expectations for economic growth and inflation in FY23. The country's retail inflation had crept above the RBI's tolerance range in January 2022 and it remained above the target range for ten months before returning to below the upper end of the target range of 6 per cent in November 2022.

It says that the Global commodity prices may have eased but are still higher compared to pre-conflict levels and they have further widened the CAD, already enlarged by India's growth momentum. For FY23, India has sufficient forex reserves to finance the CAD and intervene in the forex market to manage volatility in the Indian rupee.



### Outlook: 2023-24

Dwelling on the Outlook for 2023-24, the Survey says, India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. It says that aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially.

Budgeted capital expenditure rose 2.7 times in the last seven years, from FY16 to FY23, re-invigorating the Capex cycle. Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance, the Survey added.

Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. A slower growth in economic output coupled with increased uncertainty will dampen trade

growth. This is seen in the lower forecast for growth in global trade by the World Trade Organisation, from 3.5 per cent in 2022 to 1.0 per cent in 2023.

On the external front, risks to the current account balance stem from multiple sources. While commodity prices have retreated from record highs, they are still above pre-conflict levels. Strong domestic demand amidst high commodity prices will raise India's total import bill and contribute to unfavourable developments in the current account balance. These may be exacerbated by plateauing export growth on account of slackening global demand. Should the current account deficit widen further, the currency may come under depreciation pressure.

Entrenched inflation may prolong the tightening cycle, and therefore, borrowing costs may stay 'higher for longer'. In such a scenario, global economy may be characterised by low growth in FY24. However, the scenario of subdued global growth presents two silver linings – oil prices will stay low, and India's CAD will be better than currently projected. The overall external situation will remain manageable.

**EXTERNAL SECTOR : WATCHFUL AND HOPEFUL**

- Merchandise exports were **US\$ 332.8 bn for April-Dec 2022** exhibiting a growth of **16% from April-Dec 2021**
- India is **7<sup>th</sup> Largest Service Exporter** in the world
- **Largest recipient of remittances** in the world in 2022 (Estimated by World bank)
- India better placed in terms of comfortable forex reserve and low external debt ratio.

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## India's Inclusive Growth

The Survey emphasises that growth is inclusive when it creates jobs. Both official and unofficial sources confirm that employment levels have risen in the current financial year, as the Periodic Labour Force Survey (PLFS) shows that the urban unemployment rate for people aged 15 years and above declined from 9.8 per cent in the quarter ending September 2021 to 7.2 per cent one year later (quarter ending September 2022). This is accompanied by an improvement in the labour force participation rate (LFPR) as well, confirming the emergence of the economy out of the pandemic-induced slowdown early in FY23.

In FY21, the Government announced the Emergency Credit Line Guarantee Scheme, which succeeded in shielding micro, small and medium enterprises from financial distress. A recent CIBIL report (ECLGS Insights, August 2022) showed that the scheme has supported MSMEs in facing the COVID shock, with 83 per cent of



the borrowers that availed of the ECLGS being micro-enterprises. Among these micro units, more than half had an overall exposure of less than Rs10 lakh.

Furthermore, the CIBIL data also shows that ECLGS borrowers had lower non-performing asset rates than enterprises that were eligible for ECLGS but did not avail of it. Further, the GST paid by MSMEs after declining in FY21 has been rising since and now has crossed the pre-pandemic level of FY20, reflecting the financial resilience of small businesses and the effectiveness of the pre-emptive government intervention targeted towards MSMEs.

Moreover, the scheme implemented by the government under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been rapidly creating more assets in respect of “Works on individual’s land” than in any other category. In addition, schemes like PM-KISAN, which benefits households covering half the rural population, and PM Garib Kalyan Anna Yojana have significantly contributed to lessening impoverishment in the country.

The UNDP Report of July 2022 stated that the recent inflationary episode in India would have a low poverty impact due to well-targeted support. In addition, the National Family Health Survey (NFHS) in India shows improved rural welfare indicators from FY16 to FY20, covering aspects like gender, fertility rate, household amenities, and women empowerment.

So far, India has reinforced the country’s belief in its economic resilience as it has withstood the challenge of mitigating external imbalances caused by the Russian-Ukraine conflict without losing growth momentum in the process. India’s stock markets had a positive return in CY22, unfazed by withdrawals by foreign portfolio investors. India’s inflation rate did not creep too far above its tolerance range compared to several advanced nations and regions.

India is the third-largest economy in the world in PPP terms and the fifth-largest in market exchange rates. As expected of a nation of this size, the Indian economy in FY23 has nearly “recouped” what was lost, “renewed” what had paused, and “re-energised” what had slowed during the pandemic and since the conflict in Europe.

### **The global economy battles through a unique set of challenges**

The Survey narrates about six challenges faced by the Global Economy. The three challenges like COVID-19 related disruptions in economies, Russian-Ukraine conflict and its adverse impact along with disruption in supply chain, mainly of food, fuel and fertilizer and the Central Banks across economies led by Federal Reserve responding with synchronised policy rate hikes to curb inflation, leading to appreciation of US Dollar and the widening of the Current Account Deficits (CAD) in net importing economies. The fourth challenge emerged as faced with the prospects of global stagflation, nations, feeling compelled to protect their respective economic space, thus slowing cross-border trade affecting overall growth. It adds that all along, the fifth challenge was festering as China experienced a considerable slowdown induced by its policies. The sixth medium-term challenge to growth was seen in the scarring from the pandemic brought in by the loss of education and income-earning opportunities.

The Survey notes that like the rest of the world, India, too, faced this extraordinary set of challenges but withstood them better than most economies.

In the last eleven months, the world economy has faced almost as many disruptions as caused by the pandemic in two years. The conflict caused the prices of critical commodities such as crude oil, natural gas, fertilisers, and wheat to soar. This strengthened the inflationary pressures that the global economic recovery had triggered, backed by massive fiscal stimuli and ultra-accommodative monetary policies undertaken to limit the output contraction in 2020. Inflation in Advanced Economies (AEs), which accounted for most of the global fiscal expansion and monetary easing, breached historical highs. Rising commodity prices also led to higher inflation in the Emerging Market Economies (EMEs), which otherwise were in the lower inflation zone by virtue of their governments undertaking a calibrated fiscal stimulus to address output contraction in 2020.

The Survey underlines that Inflation and monetary tightening led to a hardening of bond yields across economies and resulted in an outflow of equity capital from most of the economies around the world into the traditionally safe-haven market of the US. The capital flight subsequently led to the strengthening of the US Dollar against other currencies – the US Dollar index strengthened by 16.1 per cent between January and September 2022. The consequent depreciation of other currencies has been widening the CAD and increasing inflationary pressures in the net importing economies.

Chapter-  
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**BUDGET 2022-23**

**Output Outcome Monitoring Framework Output-**

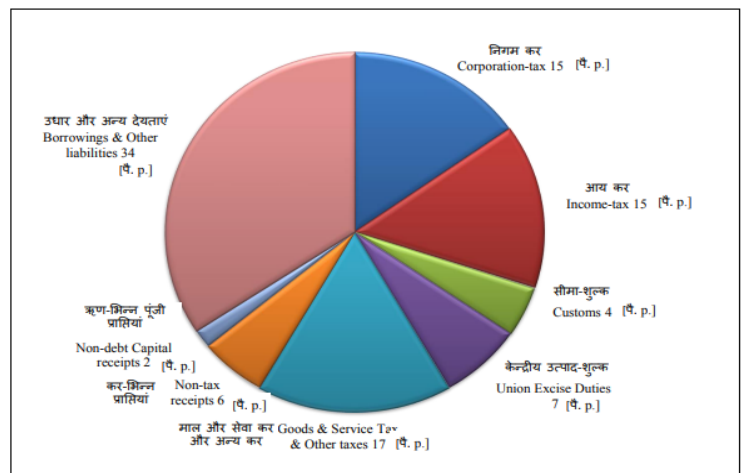
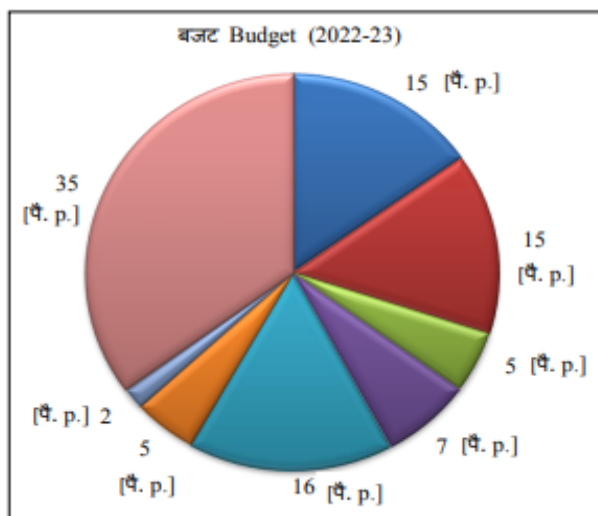
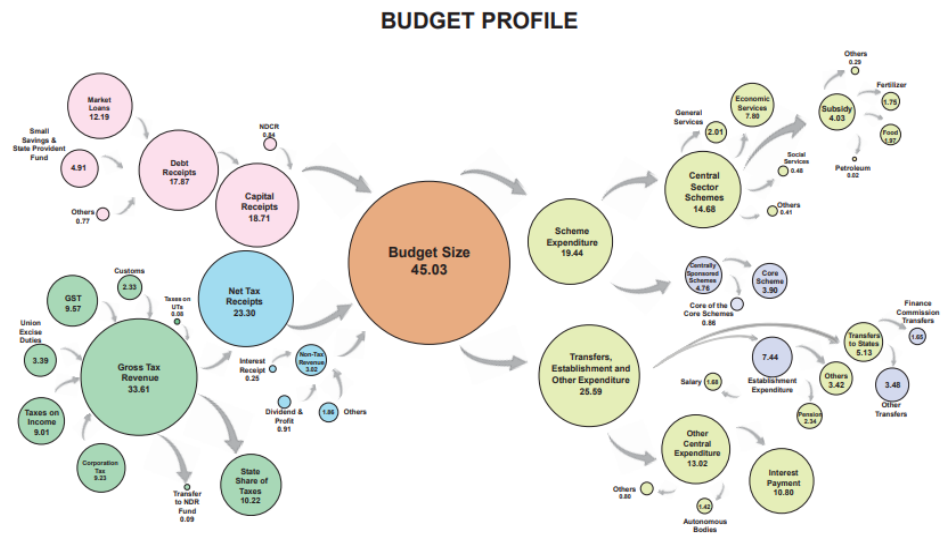
Outcome Monitoring Framework (OOMF) for Central Sector Schemes (CSs) and Centrally Sponsored Schemes (CSSs) with financial outlay of `500 crore and more each, will be laid in the House along with Budget 2023-24. With regard to CS and CSS schemes with outlay less than `500 crore each, the output-outcome monitoring framework with itemized expenditure of the schemes will be prepared by the respective Ministry/Department and the same will be presented in the Parliament along with the Detailed Demand for Grants (DDG).

In RE 2022-23, the total expenditure has been estimated at `41,87,232 crore and is more than Actuals of FY 2021-22 by `3,93,431 crore. The total capital expenditure in RE 2022-23 is estimated at `7,28,274 crore.

The total expenditure in BE 2023-24 is estimated at `45,03,097 crore of which total capital expenditure is `10,00,961 crore. Budget 2023-24 reflects continuing strong commitment of the Union Government to boost economic growth by investing in

infrastructure development leading to an increase in capital expenditure by 37.4 per cent over RE 2022-23. Effective Capital Expenditure, at `13,70,949 crore in BE 2023-24, shows an increase of 30.1 per cent over RE 2022-23.

Total resources being transferred to the States including the devolution of State's share, Grants/Loans and releases under Centrally Sponsored Schemes, etc. in BE 2023-24 is `17,97,537 crore, which shows an increase of `1,43,056 crore over Actuals of FY 2021-22.



टिप्पणियाँ:- 1. कुल प्राप्तियों में करों और शुल्कों में राज्यों का हिस्सा शामिल है, जिन्हें पृष्ठ 1 पर सारणी में घटा दिया गया है।  
2. आंकड़ों को पूर्णांकित किया गया है।  
Notes :- 1. Total receipts are inclusive of States' share of taxes and duties which have been netted in the table on page 1.  
2. Figures have been rounded off.

**Seven Key Priorities**

The Budget adopts the following seven priorities. They complement each other and act as the 'Saptarishi' guiding us through the Amrit Kaal.

1. Inclusive Development
2. Reaching the Last Mile
3. Infrastructure and Investment
4. Unleashing the Potential
5. Green Growth
6. Youth Power
7. Financial Sector



**Saptarishi-7 priorities**



1. Inclusive Development
2. Reaching the Last Mile
3. Infrastructure and Investment
4. Unleashing the Potential
5. Green Growth
6. Youth Power
7. Financial Sector

## Priority 1 : Inclusive Development

The Government's philosophy of Sabka Saath Sabka Vikas has facilitated inclusive development covering in specific, farmers, women, youth, OBCs, Scheduled Castes, Scheduled Tribes, divyangian and economically weaker sections, and overall priority for the underprivileged (vanchiton ko varyyata). There has also been a sustained focus on Jammu & Kashmir, Ladakh and the North-East. This Budget builds on those efforts.

### AGRICULTURE AND COOPERATION

The following are the important initiatives in this regard

#### Agriculture and Cooperatives

##### Building Digital Public Infrastructure

Building an accessible, inclusive and informative solution for Farmers



##### Setting up Agriculture Accelerator Fund

For encouraging innovative start-ups in rural areas

##### ANB\* Horticulture Clean Plant Program to be launched

To boost production of high value horticultural crops



##### Targeted Funding

₹20 lakh crore agricultural credit targeted at Animal Husbandry, Dairy and Fisheries sector

##### Making India Global Hub For Millets: 'Sree Anna'

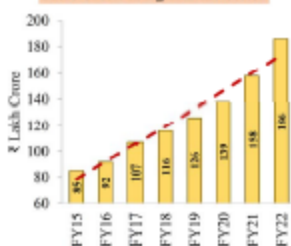
Support to be given to IIMR\*, Hyderabad for promoting research



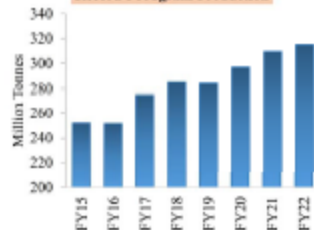
##### Setting-up of widely available storage capacity

Will enhance Farmers' remuneration by enabling sale at appropriate times

More Credit to Agriculture Sector



Record Foodgrain Production



\*ANB - Atmanirbhar Bharat

\*IIMR - Indian Institute of Millet Research

2

### DIGITAL PUBLIC INFRASTRUCTURE FOR AGRICULTURE

Digital public infrastructure for agriculture will be built as an open source, open standard and inter operable public good. This will enable inclusive, farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for growth of agri-tech industry and start-ups.

### AGRICULTURE ACCELERATOR FUND

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

### ENHANCING PRODUCTIVITY OF COTTON CROP

To enhance the productivity of extra-long staple cotton, we will adopt a cluster-based and value chain approach through Public Private Partnerships (PPP). This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages.

### ATMANIRBHAR HORTICULTURE CLEAN PLANT PROGRAM

We will launch an Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of ` 2,200 crore.

## GLOBAL HUB FOR MILLETS: 'SHREE ANNA'

"India is at the forefront of popularizing Millets, whose consumption furthers nutrition, food security and welfare of farmers," said Hon'ble Prime Minister.

We are the largest producer and second largest exporter of 'Shree Anna' in the world. We grow several types of 'Shree Anna' such as jowar, ragi, bajra, kuttu, ramdana, kangni, kutki, kodo, cheena, and sama. These have a number of health benefits, and have been an integral part of our food for centuries.

To make India a global hub for 'Shree Anna', the Indian Institute of Millet Research, Hyderabad will be supported as the Centre of Excellence for sharing best practices, research and technologies at the international level.

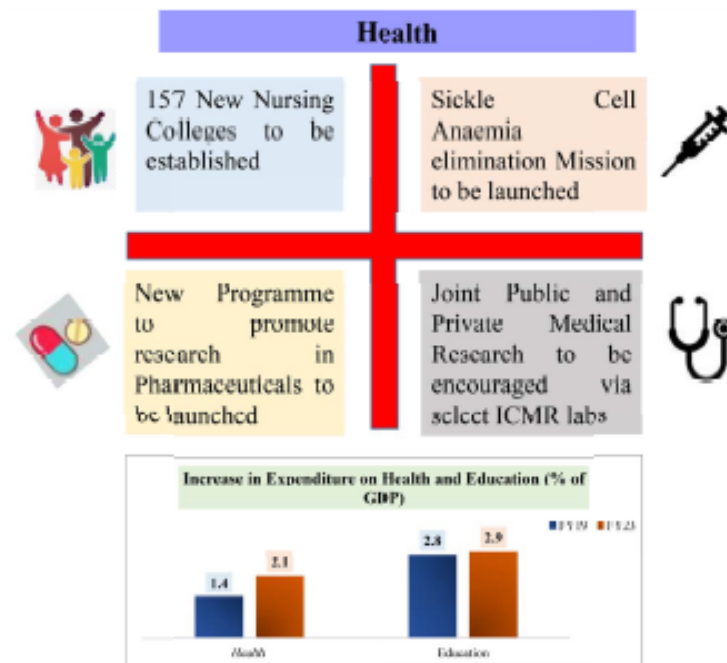
## AGRICULTURE CREDIT

The agriculture credit target will be increased to 20 lakh crore with focus on animal husbandry, dairy and fisheries. Fisheries

A new sub-scheme of PM Matsya Sampada Yojana with targeted investment of 6,000 crore will be launched to further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.

## HEALTH, EDUCATION AND SKILLING

The following are its various constituents



## NURSING COLLEGES

One hundred and fifty-seven new nursing colleges will be established in co-location with the existing 157 medical colleges established since 2014.

## SICKLE CELL ANAEMIA ELIMINATION MISSION

A Mission to eliminate Sickle Cell Anaemia by 2047 will be launched. It will entail awareness creation, universal screening of 7 crore people in the age group of 0-40 years in affected tribal areas, and counselling through collaborative efforts of central ministries and state governments.

## MEDICAL RESEARCH

Facilities in select ICMR Labs will be made available for research by public and private medical college faculty and private sector R&D teams for encouraging collaborative research and innovation.

## PHARMA INNOVATION


A new programme to promote research and innovation in pharmaceuticals will be taken up through centers of excellence. We shall also encourage industry to invest in research and development in specific priority areas. Multidisciplinary courses for medical devices

## TEACHERS' TRAINING

Teachers' training will be re-envisioned through innovative pedagogy, curriculum transaction, continuous professional development, dipstick surveys, and ICT implementation. The District Institutes of Education and Training will be developed as vibrant institutes of excellence for this purpose.

Education and Skilling




- ✓ Revamped Teachers' training via District Institutes of Education and Training
- ✓ National Digital Library to be set up for children and adolescents
- ✓ States will be encouraged to set up physical libraries at Panchayat and ward levels



## NATIONAL DIGITAL LIBRARY FOR CHILDREN AND ADOLESCENTS

A National Digital Library for children and adolescents will be set-up for facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility. States will be encouraged to set up physical libraries for them at panchayat and ward levels and provide infrastructure for accessing the National Digital Library resources.

The Big Tent that accommodates all

9 crore drinking water connections to rural houses

Cash transfer of ₹3.2 lakh crore to over 11.4 crore Farmers under PM-KISAN

Insurance cover for 44.6 crore persons under PMSBY\* and PMJJY\*\*

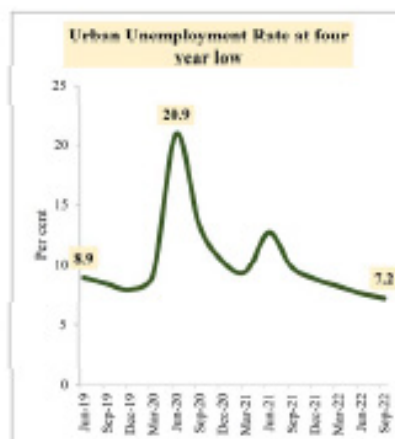
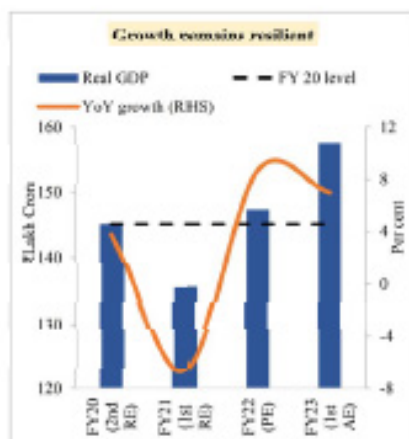
Inclusive Development Achievements

11.7 crore household toilets constructed under SBM

47.8 crore PM Jan Dhan bank accounts

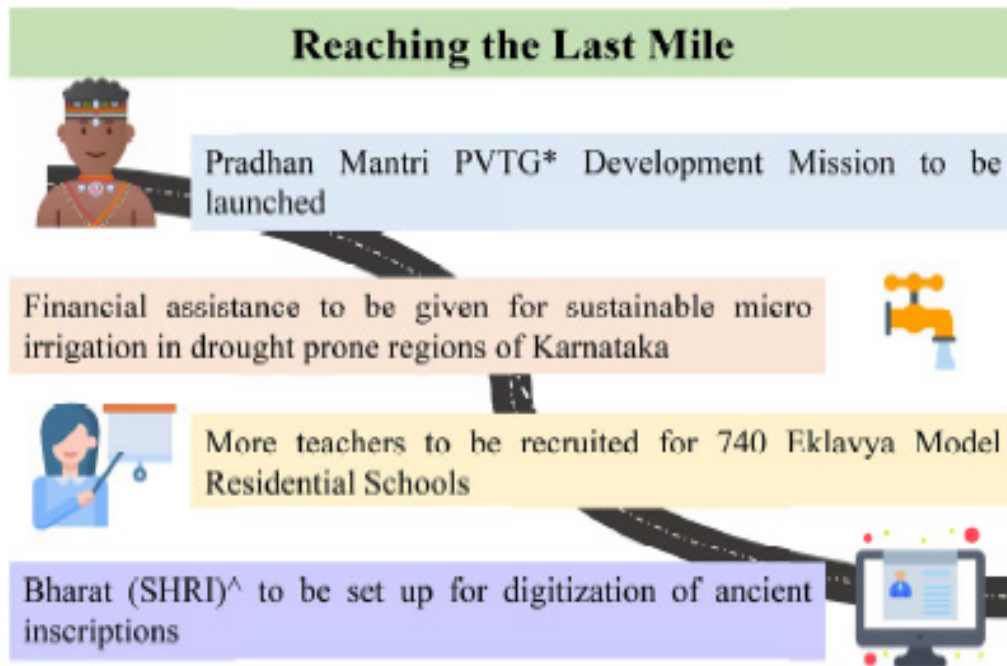
9.6 crore LPG connections under Ujjawala

220 crore Covid vaccinations of 102 crore persons



## Priority 2: Reaching the Last Mile

To provide a sharper focus to the objective of 'reaching the last mile', the government has formed the ministries of AYUSH, Fisheries, Animal Husbandry and Dairying, Skill Development, Jal Shakti and Cooperation.



### ASPIRATIONAL DISTRICTS AND BLOCKS PROGRAMME

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

### PRADHAN MANTRI PVTG DEVELOPMENT MISSION

To improve socio-economic conditions of the particularly vulnerable tribal groups (PVTGs), Pradhan Mantri PVTG Development Mission will be launched. This will saturate PVTG families and habitations with basic facilities such as safe housing, clean drinking water and sanitation, improved access to education, health and nutrition, road and telecom connectivity, and sustainable livelihood opportunities.

An amount of 15,000 crore will be made available to implement the Mission in the next three years under the Development Action Plan for the Scheduled Tribes.

### EKLAVYA MODEL RESIDENTIAL SCHOOLS

In the next three years, centre will recruit 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lakh tribal students.

### WATER FOR DROUGHT PRONE REGION

In the drought prone central region of Karnataka, central assistance of 5,300 crore will be given to Upper Bhadra Project to provide sustainable micro irrigation and filling up of surface tanks for drinking water.

### PM AWAS YOJANA

The outlay for PM Awas Yojana is being enhanced by 66 per cent to over ` 79,000 crore.

### Bharat Shared Repository of Inscriptions (Bharat SHRI)

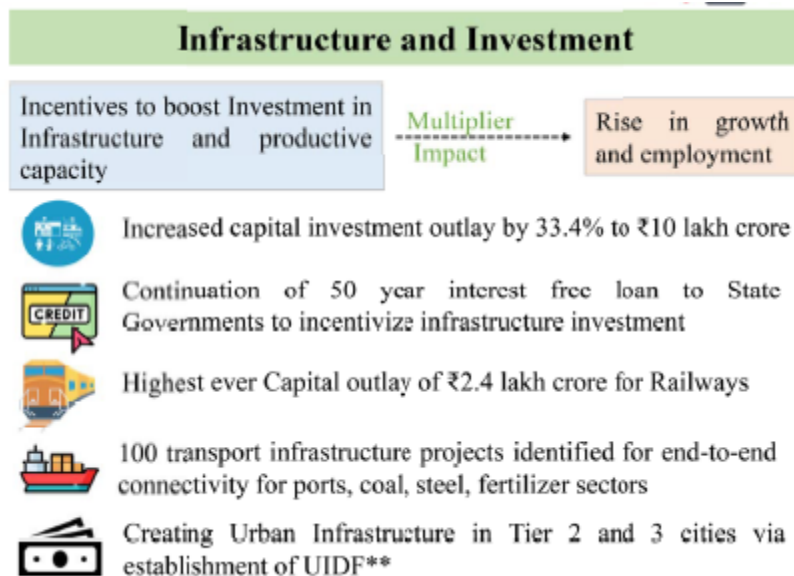
'Bharat Shared Repository of Inscriptions' will be set up in a digital epigraphy museum, with digitization of one lakh ancient inscriptions in the first stage.

### SUPPORT FOR POOR PRISONERS

For poor persons who are in prisons and unable to afford the penalty or the bail amount, required financial support will be provided.

## Priority 3: Infrastructure & Investment

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. The Budget takes the lead once again to ramp up the virtuous cycle of investment and job creation.



### CAPITAL INVESTMENT AS DRIVER OF GROWTH AND JOBS

Capital investment outlay is being increased steeply for the third year in a row by 33 per cent to ₹ 10 lakh crore, which would be 3.3 per cent of GDP. This will be almost three times the outlay in 2019-20.

This substantial increase in recent years is central to the government's efforts to enhance growth potential and job creation, crowdin private investments, and provide a cushion against global headwinds.

### EFFECTIVE CAPITAL EXPENDITURE

The direct capital investment by the Centre is complemented by the provision made for creation of capital assets through Grants-in-Aid to States. The 'Effective Capital Expenditure' of the Centre is budgeted at 13.7 lakh crore, which will be 4.5 per cent of GDP.

### SUPPORT TO STATE GOVERNMENTS FOR CAPITAL INVESTMENT

It has been decided to continue the 50-year interest free loan to state governments for one more year to spur investment in infrastructure and to incentivize them for complementary policy actions, with a significantly enhanced outlay of ₹ 1.3 lakh crore.

### ENHANCING OPPORTUNITIES FOR PRIVATE INVESTMENT IN INFRASTRUCTURE

The newly established Infrastructure Finance Secretariat will assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure and power, which are predominantly dependent on public resources.

### HARMONIZED MASTER LIST OF INFRASTRUCTURE

The Harmonized Master List of Infrastructure will be reviewed by an expert committee for recommending the classification and financing framework suitable for Amrit Kaal.

### RAILWAYS

A capital outlay of ₹ 2.40 lakh crore has been provided for the Railways. This highest ever outlay is about 9 times the outlay made in 2013-

### LOGISTICS

One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified. They will be taken up on priority with investment of 75,000 crore, including ₹ 15,000 crore from private sources.

### REGIONAL CONNECTIVITY

Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.



## SUSTAINABLE CITIES OF TOMORROW

States and cities will be encouraged to undertake urban planning reforms and actions to transform our cities into ‘sustainable cities of tomorrow’. This means efficient use of land resources, adequate resources for urban infrastructure, transit-oriented development, enhanced availability and affordability of urban land, and opportunities for all.

## MAKING CITIES READY FOR MUNICIPAL BONDS

Through property tax governance reforms and ring-fencing user charges on urban infrastructure, cities will be incentivized to improve their credit worthiness for municipal bonds.

## URBAN INFRASTRUCTURE DEVELOPMENT FUND

Like the RIDF, an Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall. This will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities. States will be encouraged to leverage resources from the grants of the 15th Finance Commission, as well as existing schemes, to adopt appropriate user charges while accessing the UIDF. We expect to make available ` 10,000 crore per annum for this purpose.

## URBAN SANITATION

All cities and towns will be enabled for 100 per cent mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode. Enhanced focus will be provided for scientific management of dry and wet waste.

## Priority 4: Unleashing the Potential

“Good Governance is the key to a nation’s progress. Our government is committed to providing a transparent and accountable administration which works for the betterment and welfare of the common citizen,” said Hon’ble Prime Minister.

## MISSION KARMAYOGI

Under Mission Karmayogi, Centre, States and Union Territories are making and implementing capacity-building plans for civil servants. The government has also launched an integrated online training platform, iGOT Karmayogi, to provide continuous learning opportunities for lakhs of government employees to upgrade their skills and facilitate people-centric approach.

## CENTRES OF EXCELLENCE FOR ARTIFICIAL INTELLIGENCE

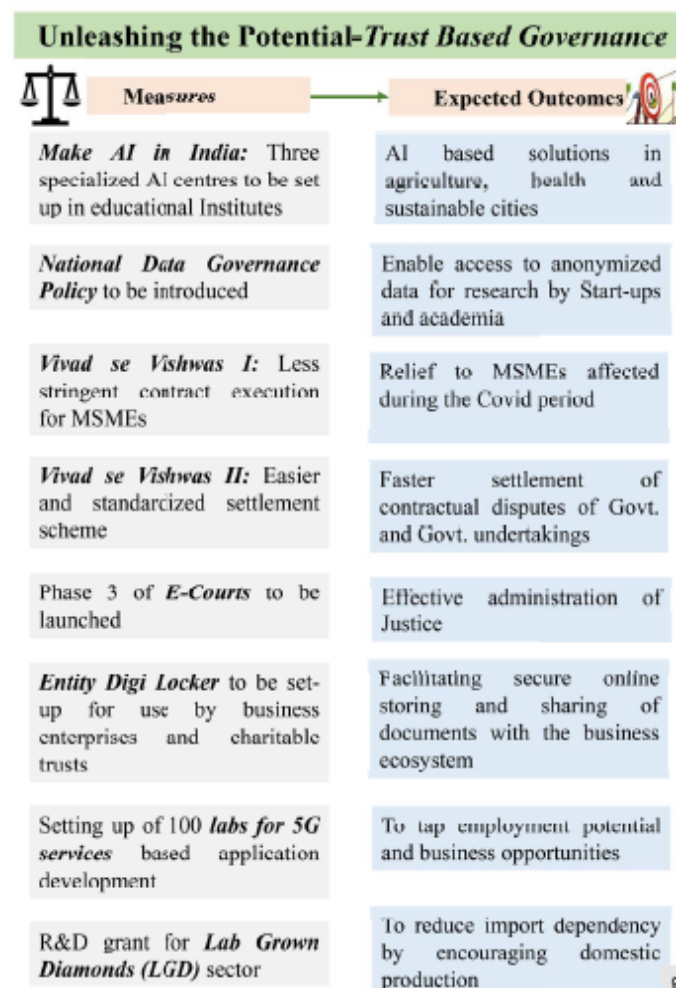
For realizing the vision of “Make AI in India and Make AI work for India”, three centres of excellence for Artificial Intelligence will be set-up in top educational institutions. Leading industry players will partner in conducting interdisciplinary research, develop cutting-edge applications and scalable problem solutions in the areas of agriculture, health, and sustainable cities. This will galvanize an effective AI ecosystem and nurture quality human resources in the field.

## NATIONAL DATA GOVERNANCE POLICY

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

## SIMPLIFICATION OF KNOW YOUR CUSTOMER (KYC) PROCESS

The KYC process will be simplified adopting a ‘risk-based’ instead of ‘one size fits all’ approach. The financial sector regulators will also be encouraged to have a KYC system fully amenable to meet the needs of Digital India.



## ONE STOP SOLUTION FOR IDENTITY AND ADDRESS UPDATING

A one stop solution for reconciliation and updating of identity and address of individuals maintained by various government agencies, regulators and regulated entities will be established using DigiLocker service and Aadhaar as foundational identity.

## COMMON BUSINESS IDENTIFIER

For the business establishments required to have a Permanent Account Number (PAN), the PAN will be used as the common identifier for all digital systems of specified government agencies. This will bring ease of doing business; and it will be facilitated through a legal mandate.

## UNIFIED FILING PROCESS

For obviating the need for separate submission of same information to different government agencies, a system of 'Unified Filing Process' will be set-up. Such filing of information or return in simplified forms on a common portal, will be shared with other agencies as per filer's choice.

## VIVAD SE VISHWAS I – RELIEF FOR MSMEs

In cases of failure by MSMEs to execute contracts during the Covid period, 95 per cent of the forfeited amount relating to bid or performance security, will be returned to them by government and government undertakings. This will provide relief to MSMEs.

## VIVAD SE VISHWAS II – SETTling CONTRACTUAL DISPUTES

To settle contractual disputes of government and government undertakings, wherein arbitral award is under challenge in a court, a voluntary settlement scheme with standardized terms will be introduced. This will be done by offering graded settlement terms depending on pendency level of the dispute.

## STATE SUPPORT MISSION

The State Support Mission of NITI Aayog will be continued for three years for our collective efforts towards national priorities.

## RESULT BASED FINANCING

To better allocate scarce resources for competing development needs, the financing of select schemes will be changed, on a pilot basis, from 'input-based' to 'result-based'.

## E-COURTS

For efficient administration of justice, Phase-3 of the E-Courts project will be launched with an outlay of 7,000 crore.

## FINTECH SERVICES

Fintech services in India have been facilitated by our digital public infrastructure including Aadhaar, PM Jan Dhan Yojana, Video KYC, India Stack and UPI. To enable more Fintech innovative services, the scope of documents available in DigiLocker for individuals will be expanded.

## ENTITY DIGILOCKER

An Entity DigiLocker will be set up for use by MSMEs, large business and charitable trusts. This will be towards storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.

## 5G SERVICES

One hundred labs for developing applications using 5G services will be set up in engineering institutions to realise a new range of opportunities, business models, and employment potential. The labs will cover, among others, applications such as smart classrooms, precision farming, intelligent transport systems, and health care applications.

## LAB GROWN DIAMONDS

Lab Grown Diamonds (LGD) is a technology-and innovation-driven emerging sector with high employment potential. These environmentfriendly diamonds which have optically and chemically the same properties as natural diamonds. To encourage indigenous production of LGD seeds and machines and to reduce import dependency, a research and development grant will be provided to one of the IITs for five years.

To reduce the cost of production, a proposal to review the customduty rate on LGD seeds will be indicated in Part B of the speech.

## Priority 5: Green Growth

Hon'ble Prime Minister has given a vision for "LiFE", or Lifestyle for Environment, to spur a movement of environmentally conscious lifestyle. India is moving forward firmly for the 'panchamrit' and net-zero carbon emission by 2070 to usher in green industrial and economic transition. This Budget builds on our focus on green growth.



### GREEN HYDROGEN MISSION

The recently launched National Green Hydrogen Mission, with an outlay of ` 19,700 crores, will facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector.

The target is to reach an annual production of 5 MMT by 2030.

### ENERGY TRANSITION

This Budget provides ` 35,000 crore for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.

### ENERGY STORAGE PROJECTS

To steer the economy on the sustainable development path, Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap Funding. A detailed framework for Pumped Storage Projects will also be formulated.

### RENEWABLE ENERGY EVACUATION

The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed with investment of ` 20,700 crore including central support of ` 8,300 crore.

### GREEN CREDIT PROGRAMME

For encouraging behavioural change, a Green Credit Programme will be notified under the Environment (Protection) Act. This will incentivize environmentally sustainable and responsive actions by companies, individuals and local bodies, and help mobilize additional resources for such activities.

### PM-PRANAM

"PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth" will be launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.

## GOBARDHAN SCHEME

500 new 'waste to wealth' plants under GOBARDhan (Galvanizing Organic Bio-Agro Resources Dhan) scheme will be established for promoting circular economy. These will include 200 compressed biogas (CBG) plants, including 75 plants in urban areas, and 300 community or cluster-based plants at total investment of ` 10,000 crore..

## BHARTIYA PRAKRITIK KHETI BIO-INPUT RESOURCE CENTRES

Over the next 3 years, we will facilitate 1 crore farmers to adopt natural farming. For this, 10,000 Bio-Input Resource Centres will be set-up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.

## MISHTI

Building on India's success in afforestation, 'Mangrove Initiative for Shoreline Habitats & Tangible Incomes', MISHTI, will be taken up for mangrove plantation along the coastline and on salt pan lands, wherever feasible, through convergence between MGNREGS, CAMPA Fund and other sources.

## AMRIT DHAROHAR

Wetlands are vital ecosystems which sustain biological diversity. In his latest Mann Ki Baat, the Prime Minister said, "Now the total number of Ramsar sites in our country has increased to 75. Whereas, before 2014, there were only 26..." Local communities have always been at the forefront of conservation efforts.

The government will promote their unique conservation values through Amrit Dharohar, a scheme that will be implemented over the next three years to encourage optimal use of wetlands, and enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.

## Coastal Shipping

Coastal shipping will be promoted as the energy efficient and lower cost mode of transport, both for passengers and freight, through PPP mode with viability gap funding.

## VEHICLE REPLACEMENT

Replacing old polluting vehicles is an important part of greening our economy. In furtherance of the vehicle scrapping policy mentioned in Budget 2021-22, I have allocated adequate funds to scrap old vehicles of the Central Government. States will also be supported in replacing old vehicles and ambulances.

## Priority 6: Youth Power

To empower our youth and help the 'Amrit Peedhi' realize their dreams, we have formulated the National Education Policy, focused on skilling, adopted economic policies that facilitate job creation at scale, and have supported business opportunities.

### Amrit Peedhi - Youth Power



**PMKVY 4.0 will be launched**  
Covering new courses like coding, AI, Robotics, 3D printing etc.



**Measures to boost Tourism sector**  
At least 50 destinations to be selected, through challenge mode, to be developed as a complete package for domestic and foreign tourists



**States will be encouraged to set-up Unity Malls**  
For promotion and sale of ODOP (One District-One Product), GI and handicraft products

## PRADHAN MANTRI KAUSHAL VIKAS YOJANA 4.0

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 needs of industry will be emphasized.

The scheme will also cover new age courses for Industry4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills. To skill youth for international opportunities, 30 Skill India International Centres will be set up across different States. Skill India Digital Platform

## NATIONAL APPRENTICESHIP PROMOTION SCHEME

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

## TOURISM

With an integrated and innovative approach, at least 50 destinations will be selected through challenge mode. In addition to aspects such as physical connectivity, virtual connectivity, tourist guides, high standards for food streets and tourists' security, all the relevant aspects would be made available on an App to enhance tourist experience. Every destination would be developed as a complete package.

## UNITY MALL

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

## Priority 7: Financial Sector

Our reforms in the financial sector and innovative use of technology have led to financial inclusion at scale, better and faster service delivery, ease of access to credit and participation in financial markets. This Budget proposes to further these measures. Credit Guarantee for MSMEs

# Financial Sector

### Setting up of National Financial Information registry

To enable efficient lending, promote financial inclusion and enhance financial stability

### Setting up of a Central Data processing Centre

For faster handling of administrative work under the Companies Act

### Credit Guarantee scheme for MSMEs

Expanded corpus under a revamped scheme to enable additional collateral free guaranteed credit of ₹2 lakh crore

### Mahila Samman Bachat Patra

One-time new small savings scheme for a 2-year period with a deposit facility of up to ₹2 lakh for women

### Benefits for Senior Citizens

Enhanced maximum deposit limit for senior citizens savings scheme from ₹15 lakh to ₹30 lakh

### Other Initiatives

- Initiatives to promote business activities in GIFT IFSC
- Create more trained professionals in Securities Markets via award of educational certificates



## Fiscal Management



### 50 year Interest Free Loans to States

- To be spent on Capital Expenditure within 2023-24
- Part of the loan is conditional on States increasing actual Capital expenditure and parts of outlay will be linked to States undertaking several reforms

**Fiscal Deficit** of 3.5% of GSDP allowed for States (0.5% tied to Power sector reforms)



### Fiscal Consolidation

Targeted Fiscal Deficit to be below 4.5% by 2025-26

## FINANCIAL SECTOR REGULATIONS

To meet the needs of Amrit Kaal and to facilitate optimum regulation in the financial sector, public consultation, as necessary and feasible, will be brought to the process of regulation-making and issuing subsidiary directions. To simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations. For this, they will consider suggestions from public and regulated entities. Time limits to decide the applications under various regulations will also be laid down.

## DATA EMBASSY

For countries looking for digital continuity solutions, we will facilitate setting up of their Data Embassies in GIFT IFSC. Improving Governance and Investor Protection in Banking Sector

To improve bank governance and enhance investors' protection, certain amendments to the Banking Regulation Act, the Banking Companies Act and the Reserve Bank of India Act are proposed.

## CAPACITY BUILDING IN SECURITIES MARKET

To build capacity of functionaries and professionals in the securities market, SEBI will be empowered to develop, regulate, maintain and enforce norms and standards for education in the National Institute of Securities Markets and to recognize award of degrees, diplomas and certificates.

## CENTRAL DATA PROCESSING CENTRE

A Central Processing Centre will be setup for faster response to companies through centralized handling of various forms filed with field offices under the Companies Act.

## RECLAIMING OF SHARES AND DIVIDENDS

For investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority with ease, an integrated IT portal will be established.

## DIGITAL PAYMENTS

Digital payments continue to find wide acceptance. In 2022, they show increase of 76 per cent in transactions and 91 per cent in value. Fiscal support for this digital public infrastructure will continue in 2023-24.

## AZADI KA AMRIT MAHOTSAV MAHILA SAMMAN BACHAT PATRA

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

## SENIOR CITIZENS

The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from ` 15 lakh to ` 30 lakh. The maximum deposit limit for Monthly Income Account Scheme will be enhanced from ` 4.5 lakh to ` 9 lakh for single account and from ` 9 lakh to ` 15 lakh for joint account.

## FISCAL DEFICIT OF STATES

States will be allowed a fiscal deficit of 3.5 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms. Revised Estimates 2022-23

The Revised Estimate of the total receipts other than borrowings is 24.3 lakh crore, of which the net tax receipts are 20.9 lakh crore. The Revised Estimate of the total expenditure is 41.9 lakh crore, of which the capital expenditure is about ` 7.3 lakh crore.

The Revised Estimate of the fiscal deficit is 6.4 per cent of GDP, adhering to the Budget Estimate.

### Revised Estimates 2022-23:

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

### Budget Estimates 2023-24:

- The total receipts other than borrowings is estimated at Rs 27.2 lakh crore and the total expenditure is estimated at Rs 45 lakh crore.
- The net tax receipts are estimated at Rs 23.3 lakh crore.
- The fiscal deficit is estimated to be 5.9 per cent of GDP.
- To finance the fiscal deficit in 2023-24, the net market borrowings from dated securities are estimated at Rs 11.8 lakh crore.
- The gross market borrowings are estimated at Rs 15.4 lakh crore.

## Budget at a Glance

### बजट का सार Budget at a Glance

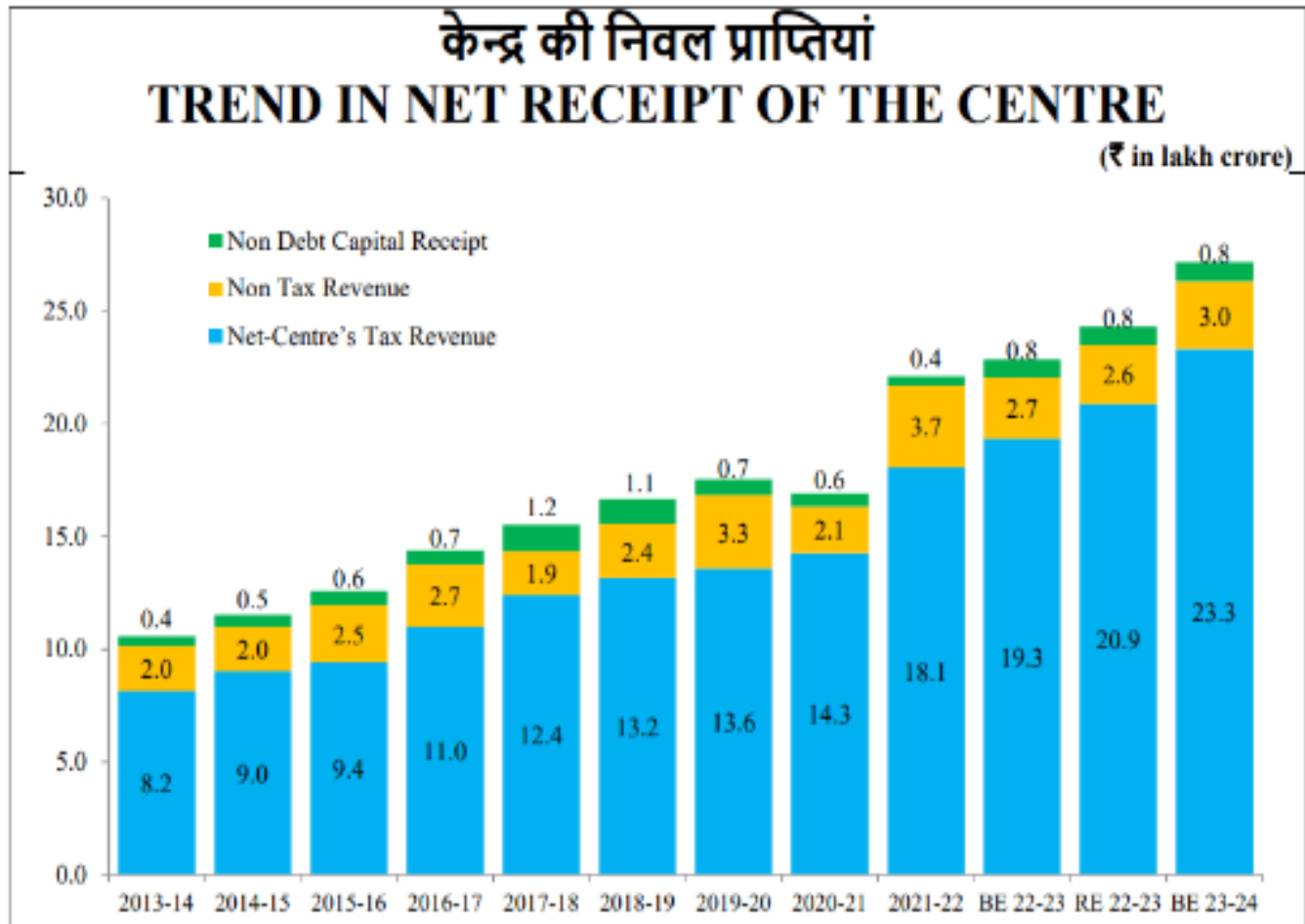
(₹ करोड़) (In ₹ crores)

		2021-2022 वास्तविक Actuals	2022-2023 बजट Budget Estimates	2022-2023 संशोधित अनुमान Revised Estimates	2023-2024 बजट अनुमान Budget Estimates
1. राजस्व प्राप्तियां	1. Revenue Receipts:	2169905	2204422	2348413	2632281
2. कर राजस्व (केंद्र को निवृत्त)²	2. Tax Revenue (Net to Centre)¹	1804793	1934771	2086662	2330631
3. कर भिन्न राजस्व	3. Non Tax Revenue	365112	269651	261751	301650
4. पूंजी प्राप्तियां	4. Capital Receipts:	1623896	1740487	1838819	1870816
5. ऋणों की वसूली	5. Recovery of Loans	24737	14291	23600	23000
6. अन्य प्राप्तियां	6. Other Receipts:	14638	65000	60000	61000
7. उधार और अन्य देयताएं³	7. Borrowings and Other Liabilities¹	1584521	1661196	1755319	1786816
8. कुल प्राप्तियां (1+4)	8. Total Receipts: (1+4)	3793801	3944909	4187232	4503097
9. कुल व्यय (10+13)	9. Total Expenditure (10+13)	3793801	3944909	4187232	4503097
10. राजस्व खाते पर जिसमें से	10. On Revenue Account of which	3200926	3194663	3458959	3502136
11. ब्याज भुगतान	11. Interest Payments:	805499	940651	940651	1079971
12. पूंजी परिसंपत्तियों के सृजन हेतु सहायता अनुदान	12. Grants in Aid for creation of capital assets	242646	317643	325588	369988
13. पूंजी खाते पर	13. On Capital Account	592874	750246	728274	1000961
14. प्रभावी पूंजी व्यय (12+13)	14. Effective Capital Expenditure (12+13)	835520	1067889	1053862	1370949
15. राजस्व घाटा (10-1)	15. Revenue Deficit (10-1)	1031021	990241	1110546	869855
		(4.4)	(3.8)	(4.1)	(2.9)
16. प्रभावी राजस्व घाटा (15-12)	16. Effective Revenue Deficit (15-12)	788375	672598	784958	499867
		(3.3)	(2.6)	(2.9)	(1.7)
17. राजकोषीय घाटा [9-(1+5+6)]	17. Fiscal Deficit [9-(1+5+6)]	1584521	1661196	1755319	1786816
		(6.7)	(6.4)	(6.4)	(5.9)
18. प्राथमिक घाटा (17-11)	18. Primary Deficit (17-11)	779022	720545	814668	706845
		(3.3)	(2.8)	(3.0)	(2.3)

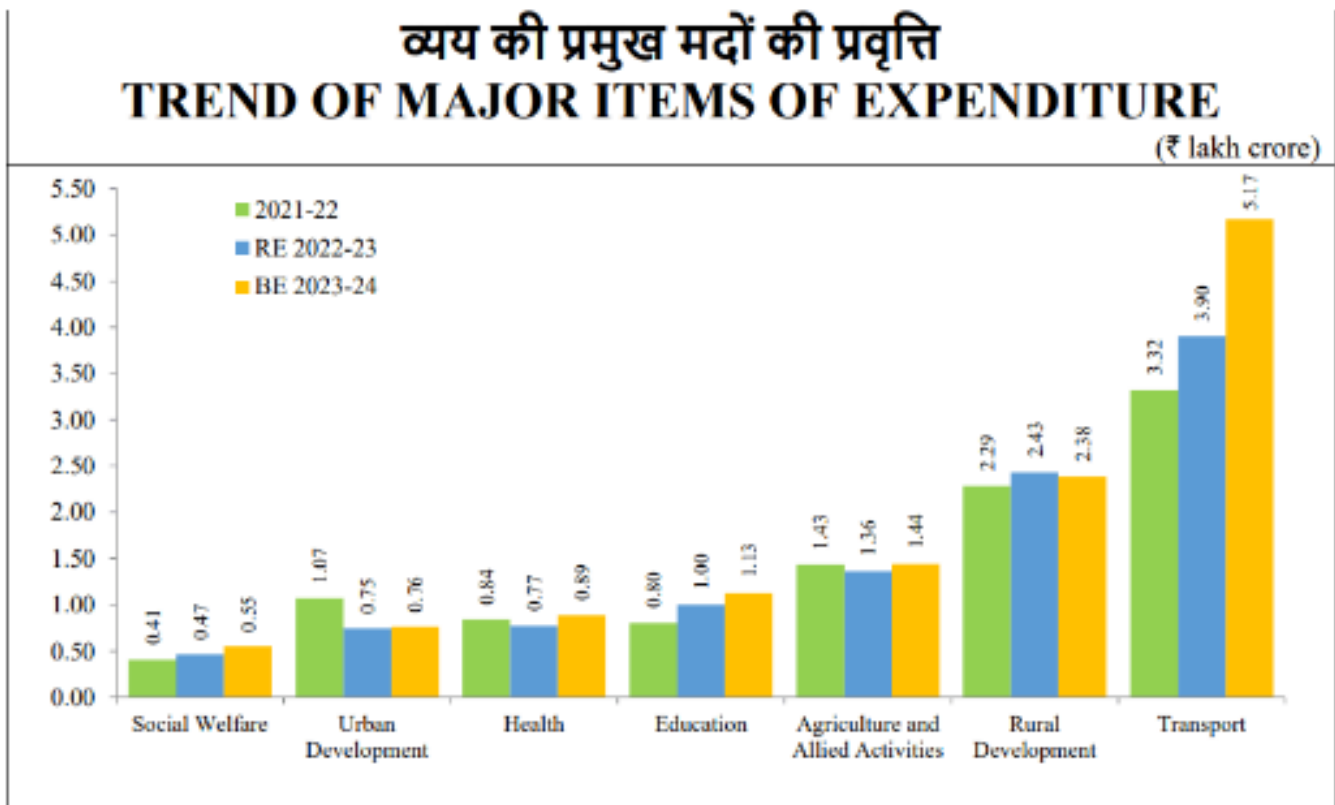
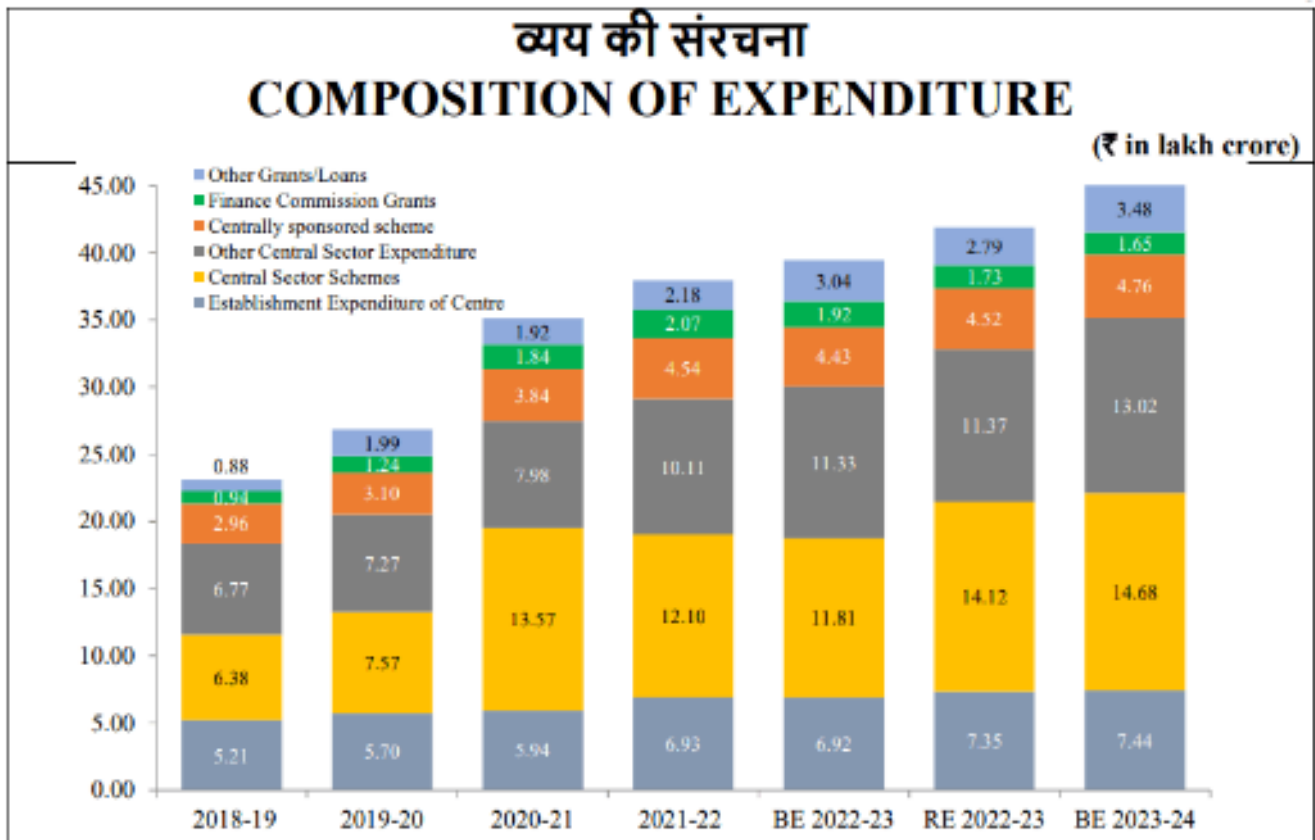
## भारत सरकार का व्यय Expenditure of Government of India

(₹ करोड़) (In ₹ crore)

		2021-2022 वास्तविक Actuals	2022-2023 बजट अनुमान Budget Estimates	2022-2023 संशोधित अनुमान Revised Estimates	2023-2024 बजट अनुमान Budget Estimates
<b>क. केंद्र का व्यय</b>	<b>A. Centre's Expenditure</b>				
I स्थापना व्यय	I Establishment Expenditure	693272	692214	734619	744339
II केंद्रीय क्षेत्र की योजनाएँ/परियोजनाएँ	II Central Sector Schemes/Projects	1209950	1181084	1411729	1467880
III केंद्रीय क्षेत्र का अन्य व्यय	III Other Central Sector Expenditure	1010748	1132813	1136588	1301542
जिसमें से ब्याज भुगतान	of which Interest Payments	805499	940651	940651	1079971
<b>ख. अंतरण</b>	<b>B. Transfers</b>				
IV केंद्रीय प्रायोजित योजनाएँ	IV Centrally Sponsored Schemes	454366	442781	451901	476105
V वित्त आयोग के अनुदान	V Finance Commission Grants	207435	192108	173257	165480
VI अन्य अनुदान/ऋण/अंतरण	VI Other Grants/Loans/Transfers	218031	303908	279138	347752
<b>कुल जोड़</b>	<b>Grand Total</b>	<b>3793801</b>	<b>3944909</b>	<b>4187232</b>	<b>4503097</b>







#### Direct Taxes

- Direct Tax proposals aim to maintain continuity and stability of taxation, further simplify and rationalise various provisions to reduce the compliance burden, promote the entrepreneurial spirit and provide tax relief to citizens.
- Constant endeavour of the Income Tax Department to improve Tax Payers Services by making compliance easy and smooth.
- To further improve tax payer services, proposal to roll out a next-generation Common IT Return Form for tax payer convenience, along with plans to strengthen the grievance redressal mechanism.

- Rebate limit of Personal Income Tax to be increased to Rs. 7 lakh from the current Rs. 5 lakh in the new tax regime. Thus, persons in the new tax regime, with income up to Rs. 7 lakh to not pay any tax.
- Tax structure in new personal income tax regime, introduced in 2020 with six income slabs, to change by reducing the number of slabs to five and increasing the tax exemption limit to Rs. 3 lakh. Change to provide major relief to all tax payers in the new regime.

## Direct Tax Proposals

**To reduce the compliance burden, promote entrepreneurial spirit and provide tax relief to citizens**



45% of the returns on tax payers' portal were processed within 24 hours



Average processing period reduced from 93 to 16 days in 8 years



Processed more than 6.5 crore returns this year

### Change in Tax Rates

- Proposal to extend the benefit of standard deduction of Rs. 50,000 to salaried individual, and deduction from family pension up to Rs. 15,000, in the new tax regime.
- Highest surcharge rate to reduce from 37 per cent to 25 per cent in the new tax regime. This to further result in reduction of the maximum personal income tax rate to 39 per cent.
- The limit for tax exemption on leave encashment on retirement of non-government salaried employees to increase to Rs. 25 lakh.
- The new income tax regime to be made the default tax regime. However, citizens will continue to have the option to avail the benefit of the old tax regime.
- Enhanced limits for micro enterprises and certain professionals for availing the benefit of presumptive taxation proposed. Increased limit to apply only in case the amount or aggregate of the amounts received during the year, in cash, does not exceed five per cent of the total gross receipts/turnover.
- Deduction for expenditure incurred on payments made to MSMEs to be allowed only when payment is actually made in order to support MSMEs in timely receipt of payments.
- New co-operatives that commence manufacturing activities till 31.3.2024 to get the benefit of a lower tax rate of 15 per cent, as presently available to new manufacturing companies.
- Opportunity provided to sugar co-operatives to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure. This expected to provide them a relief of almost Rs. 10,000 crore.
- Provision of a higher limit of Rs. 2 lakh per member for cash deposits to and loans in cash by Primary Agricultural Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs).
- A higher limit of Rs. 3 crore for TDS on cash withdrawal to be provided to co-operative societies.
- Date of incorporation for income tax benefits to start-ups to be extended from 31.03.23 to 31.3.24.
- Proposal to provide the benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.
- Deduction from capital gains on investment in residential house under sections 54 and 54F to be capped at Rs. 10 crore for better targeting of tax concessions and exemptions.

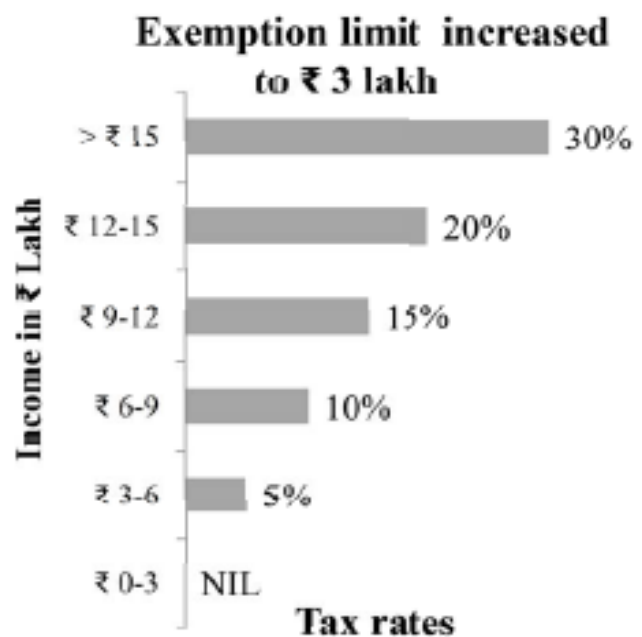
- Proposal to limit income tax exemption from proceeds of insurance policies with very high value. Where aggregate of premium for life insurance policies (other than ULIP) issued on or after 1st April, 2023 is above Rs. 5 lakh, income from only those policies with aggregate premium up to Rs. 5 lakh shall be exempt.
- Income of authorities, boards and commissions set up by statutes of the Union or State for the purpose of housing, development of cities, towns and villages, and regulating, or regulating and developing an activity or matter, proposed to be exempted from income tax.
- Minimum threshold of Rs. 10,000/- for TDS to be removed and taxability relating to online gaming to be clarified. Proposal to provide for TDS and taxability on net winnings at the time of withdrawal or at the end of the financial year.
- Conversion of gold into electronic gold receipt and vice versa not to be treated as capital gain.
- TDS rate to be reduced from 30 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases.
- Income from Market Linked Debentures to be taxed.
- Deployment of about 100 Joint Commissioners for disposal of small appeals in order to reduce the pendency of appeals at Commissioner level.
- Increased selectivity in taking up appeal cases for scrutiny of returns already received this year.
- Period of tax benefits to funds relocating to IFSC, GIFT City extended till 31.03.2025.
- Certain acts of omission of liquidators under section 276A of the Income Tax Act to be decriminalized with effect from 1st April, 2023.
- Carry forward of losses on strategic disinvestment including that of IDBI Bank to be allowed.
- Agniveer Fund to be provided EEE status. The payment received from the Agniveer Corpus Fund by the Agniveers enrolled in Agnipath Scheme, 2022 proposed to be exempt from taxes. Deduction in the computation of total income is proposed to be allowed to the Agniveer on the contribution made by him or the Central Government to his Seva Nidhi account.

## Further Simplifying Personal Income Tax



Income limit for rebate of income tax increased from ₹5 lakh to ₹7 lakh in the new regime

New Income tax regime

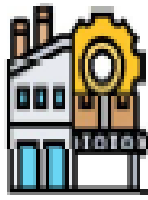


- Highest surcharge rate on income above ₹5 crore to be reduced from 37% to 25% under new regime
- Extending benefits of standard deduction to new tax regime for salaried class and pensioners
- Increasing tax exemption limit to ₹25 lakh on leave encashment on retirement for non-government salaried employees

Total Income (Rs)	Rate (per cent)
Up to 3,00,000	Nil
From 3,00,001 to 6,00,000	5
From 6,00,001 to 9,00,000	10
From 9,00,001 to 12,00,000	15
From 12,00,001 to 15,00,000	20
Above 15,00,000	30

## Simplifying Tax Benefits for Industry

MSME



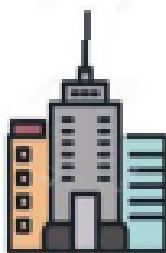
- Enhanced limits for micro enterprises and professionals to avail benefits of presumptive taxation ; 95% of receipts to be non cash
- Deduction on payments made to MSMEs to be allowed only when payment is actually made

- Extending 15% corporate tax benefits to new co-operatives, commencing manufacturing till 31<sup>st</sup> March, 2024
- Higher limit of ₹2 lakh per member for deposits & loans in cash by PACS and PCARDBs
- Higher limit of ₹3 crore for TDS on cash withdrawal for co-operative societies



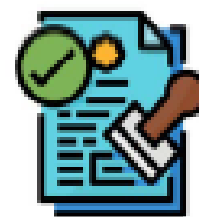
COOPERATIVES

STARTUPS



- Extension of the date of incorporation by one year for income tax benefits to start-ups
- Benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.

- Income of authorities, boards and commissions set up by statutes of the Union or State to be exempted from income tax in certain sectors
- Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31<sup>st</sup> March, 2025

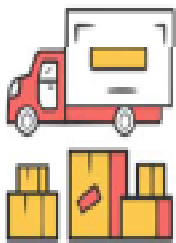


RATIONALISATION

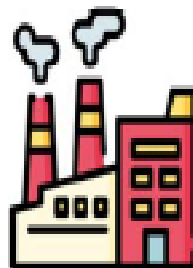
## Indirect Taxes

- Number of basic customs duty rates on goods, other than textiles and agriculture, reduced to 13 from 21.
- Minor changes in the basic custom duties, cesses and surcharges on some items including toys, bicycles, automobiles and naphtha.
- Excise duty exempted on GST-paid compressed bio gas contained in blended compressed natural gas.
- Customs Duty on specified capital goods/machinery for manufacture of lithium-ion cell for use in battery of electrically operated vehicle (EVs) extended to 31.03.2024
- Customs duty exempted on vehicles, specified automobile parts/components, sub-systems and tyres when imported by notified testing agencies, for the purpose of testing and/ or certification, subject to conditions.
- Customs duty on camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone reduced to zero and concessional duty on lithium-ion cells for batteries extended for another year.
- Basic customs duty reduced on parts of open cells of TV panels to 2.5 per cent.
- Basic customs duty on electric kitchen chimney increased to 15 per cent from 7.5 per cent.
- Basic customs duty on heat coil for manufacture of electric kitchen chimneys reduced to 15 per cent from 20 per cent.
- Denatured ethyl alcohol used in chemical industry exempted from basic customs duty.
- Basic customs duty reduced on acid grade fluorspar (containing by weight more than 97 per cent of calcium fluoride) to 2.5 per cent from 5 per cent.
- Basic customs duty on crude glycerin for use in manufacture of epichlorhydrin reduced to 2.5 per cent from 7.5 per cent.
- Duty reduced on key inputs for domestic manufacture of shrimp feed.
- Basic customs duty reduced on seeds used in the manufacture of lab grown diamonds.
- Duties on articles made from dore and bars of gold and platinum increased.
- Import duty on silver dore, bars and articles increased.
- Basic Customs Duty exemption on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode continued.
- Concessional BCD of 2.5 per cent on copper scrap is continued.
- Basic customs duty rate on compounded rubber increased to 25 per cent from 10 per cent or 30 per kg whichever is lower.
- National Calamity Contingent Duty (NCCD) on specified cigarettes revised upwards by about 16 per cent.

## Simplification in Indirect Taxes to deliver



**Higher  
Exports**



**Higher  
domestic  
manufacturing**



**More value  
addition  
in the economy**



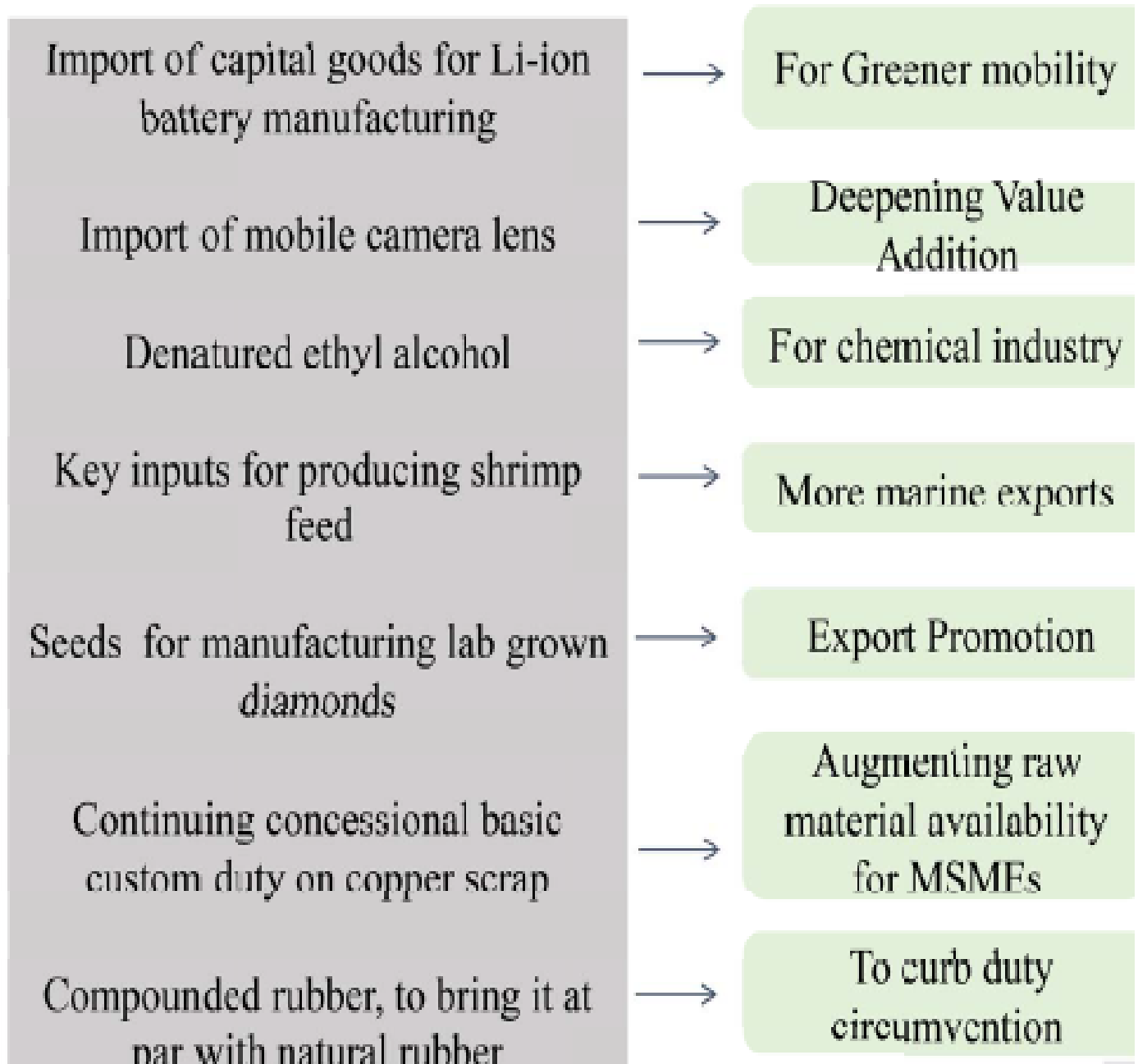
**Green energy  
and mobility**

## Changes in Custom Laws

- Customs Act, 1962 to be amended to specify a time limit of nine months from date of filing application for passing final order by Settlement Commission.
- Customs Tariff Act to be amended to clarify the intent and scope of provisions relating to Anti-Dumping Duty (ADD), Countervailing Duty (CVD), and Safeguard Measures.
- CGST Act to be amended to raise the minimum threshold of tax amount for launching prosecution under GST from one crore to two crore;
- to reduce the compounding amount from the present range of 50 to 150 per cent of tax amount to the range of 25 to 100 per cent;
- decriminalise certain offences;
- to restrict filing of returns/statements to a maximum period of three years from the due date of filing of the relevant return/statement; and
- to enable unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators (ECOs)

### Changes to custom duty on

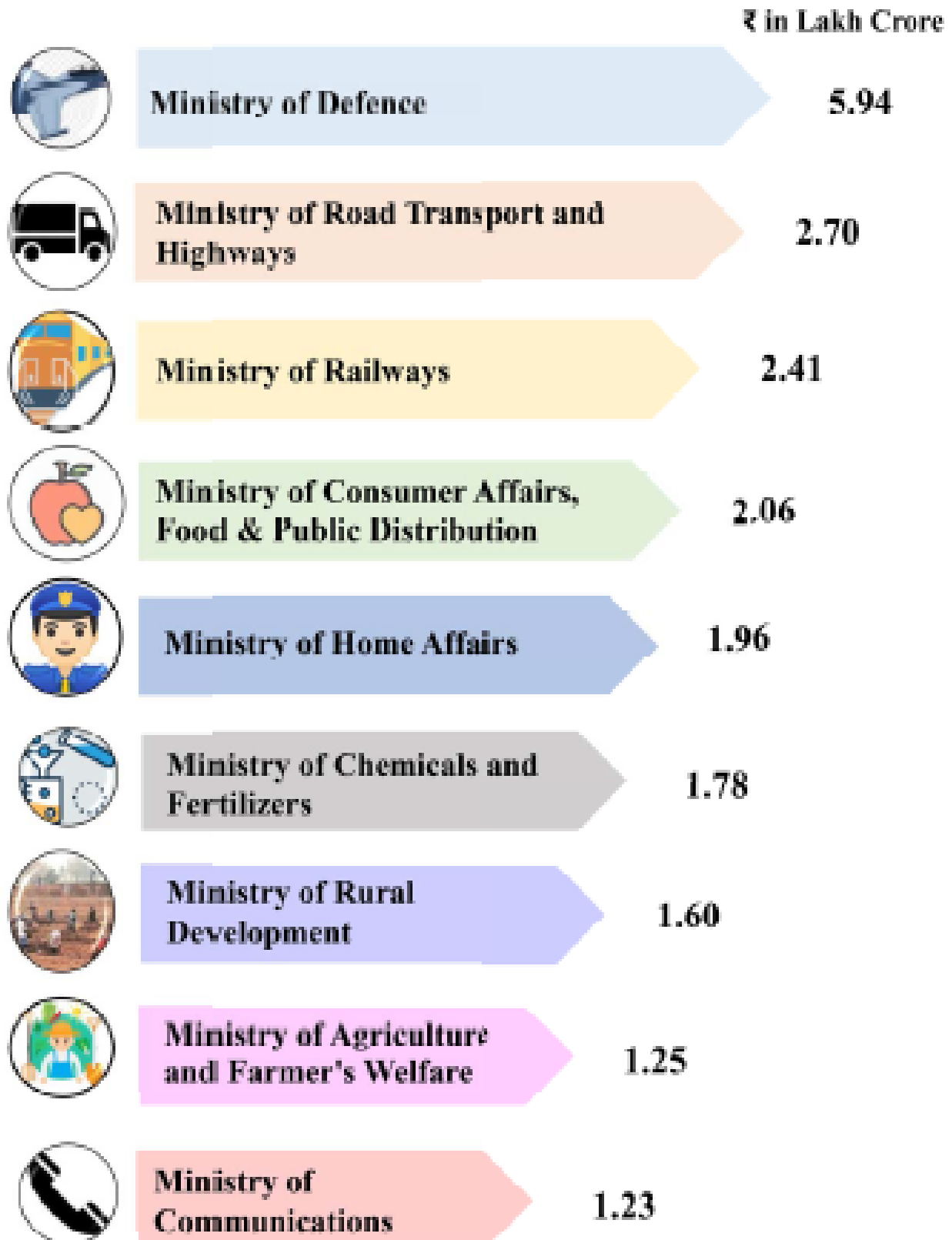
### Benefits



## Conclusion

In conclusion, the Union Budget of India plays a crucial role in shaping the country's economic and fiscal policies. The budget proposals, tax reforms and allocations for various sectors serve as indicators of the government's priorities and its plans for the coming financial year.

## Allocation for Specific Ministries

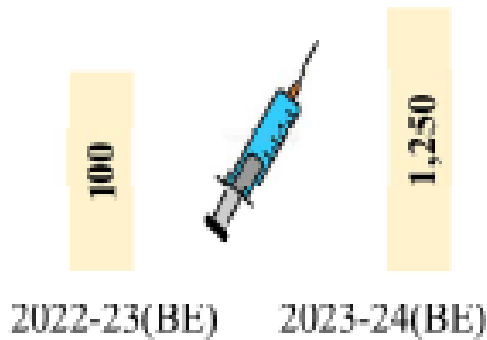


The recent Union Budget of India for 2023 has emphasized the government's focus on infrastructure development, healthcare, education, and rural empowerment. The budget also seeks to promote self-reliant and inclusive growth, with an emphasis on digital transformation and job creation.

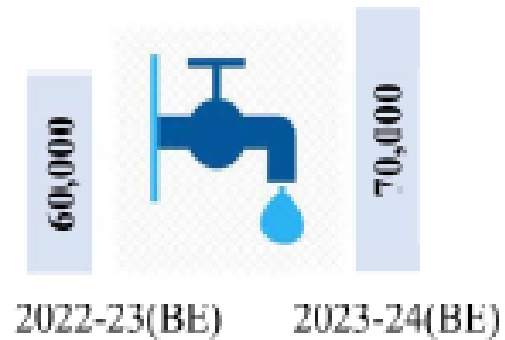
While the budget has received mixed reactions from various stakeholders, its implementation will determine its actual impact on the Indian economy and the common man.

## Allocation to Major Schemes (in ₹ crore)

### Development of Pharmaceutical Industry



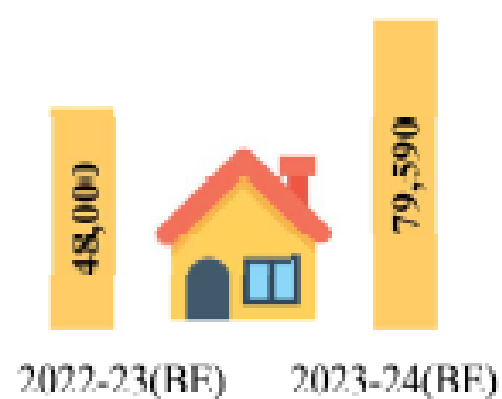
### Jal Jeevan Mission



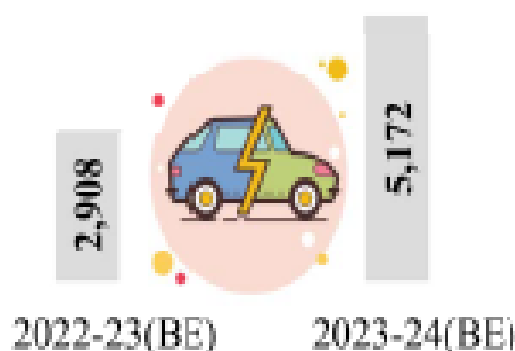
### Eklavya Model Residential Schools



### Pradhan Mantri Awas Yojana



### Scheme for Faster Adoption and Manufacturing of EV's (FAME)



### North East Special Infrastructure Development Scheme

