

UNION BUDGET 2023



Analysing the Union Budget 2023

Swaniti Initiative

Budget Analysis

February 2023

INTRODUCTION

The budget for 2023-24 is the last full-fledged budget of the current Government. Presenting its overall fifth and first Amrit Kal budget, the Hon'ble Finance Minister forecasted 7 percent growth citing India as a bright spot in today's world amidst all the global challenges thrown on us by the pandemic and the war. Her speech also highlighted India's vaccination success story, Union Government's PM Garib Kalyan Anna Yojana (PMGKAY), G20 Presidency, inclusive growth, giant leaps towards formalization of the economy reflected in doubling of EPFO membership, and UPI transactions worth INR 126 lakh Crore in the year 2022. The government also presented its vision for India@100 braced in **Economic Empowerment of Women, PM Vishwakarma Kaushal Samman (PM VIKAS), Tourism, and Green Growth**.

The seven clear priorities called 'Saptarishi' in the budget speech lays down the vision of the country in the Amrit Kal. The seven stars of the constellation are identified as; **Inclusive Development, Reaching the Last Mile, Infrastructure and Investment, Unleashing the Potential, Green Growth, Youth Power, and Financial Sector** by the Government.

The current budget called inclusive by the Government has various elements which will define the country's performance in the coming years. It has some new announcements like; the establishment of the Centres of Excellence for Artificial Intelligence, and Millets Research, relaxation in income tax limits, aim to create massive decentralized storage facilities, incentivizing behavior change in lieu of climate change, support to farmers and more resources for the States, etc. The total budgeted expenditure for the year 2023-24 is INR 45,03,097 Crore out of which total capital expenditure is INR 10,00,961 Crore whereas the total revised expenditure in the year 2022-23 has been INR 41,87,232 Crore out of which capital expenditure is estimated at 7,28,274 Crore (RE).

The below sections attempt to factually present the proposed budget of 2023-24.

KEY HIGHLIGHTS

→ Economic growth estimated at 7% and fiscal deficit estimated at 5.9% of GDP

→ Revised estimate of fiscal deficit calculated at 6.4% of GDP; Targeted Fiscal Deficit anticipated to remain under 4.5% by 2025-26

→ Revised Estimates of total receipts (other than borrowings) stand at 24.3 lakh crores and Revised Estimates of total expenditure at 41.9 lakh crores

→ The Budget Estimates of total receipts (other than borrowings) account for 27.2 lakh crores and Budget Estimates of total expenditure are estimated to be 45 lakh crores

→ In FY 23-24, Revenue Receipts were calculated at 26.3 lakh crores and Capital Receipts figured at 18.7 lakh crores

→ In FY 23-24, Revenue Expenditure stands at 35 lakh crores, while Effective Capital Expenditure rose by 3.2 lakh crores to account 13.7 lakh

→ For third consecutive year, capital outlay for infrastructure and investment increased by 33% to reach 10 lakh crores: 4 times when compared to FY16

→ New tax regime introduced: No income tax up to Rs. 7 lakhs

→ Railways with highest ever capital outlay in last three years: 2.4 lakh crores Education Ministry allocated the highest ever outlay of 1.13 lakh crores

SECTOR WISE: MAJOR ANNOUNCEMENTS



Food Security

Free Food Grains under PM Garib Kalyan Anna Yojana to be provided for Antyodaya and priority households budgeted at 2 lakh crore for next 1 year



Agriculture

Extensive research and international collaboration for making India a global hub for 'Shree Anna' / Millets

Agriculture credit target increased to INR 20 lakh Crore

Creation of 'Digital Public Infrastructure for Agriculture' for improved farm access, credit, crop estimation, and support for the growth of the agri-tech industry and start-ups

Adoption of cluster-based approach through PPPs for enhancing productivity of cotton crops

Targeted investment of 6,000 crores under the sub-scheme of PM Matsya Sampada Yojana to boost the seafood industry, improve post-harvest management

Promoting cooperative-based economic development model for farmers: setting up numerous multipurpose fishery and dairy cooperative societies in uncovered panchayats in the coming 5 years

10,000 Bio-Input Resource Centres for setting up micro-fertilizer and pesticide manufacturing network in coming 3 years



Health

Elimination of Sickle Cell Anaemia by 2047 through universal screening of 7 crore people, focusing tribal areas

157 new nursing colleges to complement same number of medical colleges established since 2014

Collaboration for promoting research and innovation in pharma and medical research

Rolling out multidisciplinary courses for medical devices to skill up for futuristic medical technologies, high-end manufacturing, and research



Education

National Digital Libraries at Panchayat and Ward levels to compensate for learning loss

District Institutes of Education and Training (DIET) to be developed as vibrant institutes of excellence

Approximately 38,800 teachers and support staff to be recruited for Eklavya Model Residential Schools



Skill Development

Unified Skill India Digital platform for formal skilling, facilitating access to supporting schemes and potential employers

Pradhan Mantri Kaushal Vikas Yojana 4.0 for covering new age courses

30 Skill India International Centres to skill youth for international opportunities



Infrastructure

Continual 50-year interest-free loan to States, with an outlay of 1.3 lakh crore

Creation of critical transport infrastructure projects: 100 projects for ports, coal, steel, fertilizer, and food grains sectors with an investment of 75,000 crore

Revival of 50 additional airports and other landing grounds for enhanced regional air connectivity



Law & Justice

7000 crores for setting up e-courts in phase 3 of the e-Courts project



Urban Development

Establishing of 'Urban Infrastructure Development Fund' for developing urban infrastructure for tier-2 and tier-3 cities

Incentivizing cities for Municipal Bonds and towards sustainability

100% mechanical desludging of septic tanks and sewers in cities and towns



Start-up

National Data Governance Policy to provide anonymized data for start-ups

Setting up of Agriculture Accelerator Fund to boost agri-startups among rural youth



MSMEs

National Data Governance Policy to provide anonymized data for start-ups

Setting up of Agriculture Accelerator Fund to boost agri-startups among rural youth

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Uniform Development

500 blocks to be covered under Aspirational Blocks Programme for improving governance

Development of Action Plan for Particularly Vulnerable Tribal Groups (PVTGs) with an allocation of 15,000 crores

66% increase in fund allocation to PM Awas Yojana to 79,000 crores



Energy

Rs 35,000 crore capital investment towards energy transition, energy security, and net zero objectives

Targeted production of 5 MMT by 2030 under National Green Hydrogen Mission

20,700 crore investment for Inter-state transmission system for 13 GW renewable energy from Ladakh

500 new 'waste to wealth' plants under GOBARdhan scheme, including 200 compressed biogas plants at an outlay of 10,000 crores

Funds for scrapping of old vehicles; Assistance to States for the same

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



Tourism

Setting up 'Unity Mall' in every State capital/ tourist centre to promote their own ODOPs (one district, one product), GI products, and other handicraft products

App-based development of tourism in select 50 destinations

Skilling and entrepreneurship development for tourism



Legislation

IFSC Authority Act, 2019 to be amended for preventing dual regulation of SEZ Act, 2005

Subsidiary of EXIM bank to be established for trade re-financing

Acquisition financing by foreign IFSC banking units to be permitted

Single window IT system to be set up for registration in GIFT IFSC

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Establishing foreign Data Embassies in GIFT IFSC



Financial

Mahila Saman saving certificate for women or girls with a cap of Rs. 2 lakhs at 7.5% interest with provision of partial withdrawal

Deposit limit for Senior Citizen Savings Scheme to double from Rs 15 lakhs to Rs 30 lakhs

Deposit limit for Monthly Income Account Scheme enhanced from 4.5 lakh to 9 lakh for single account and from 9 lakh to 15 lakh for joint account



Fiscal Management

Continuation of the 50-year interest free loan to States to extend for 1 more year

Allocation to States for vehicle scrappage policy, urban planning, creation of municipal bonds, unity malls, children and adolescents' libraries and digital infrastructure

Tax Profile



Electric kitchen chimneys- 7.5% to 15%
Precious metals: Gold, Platinum, Silver
Imported E-automobiles
Compounded rubber- 10% to 25%
Cigarettes- 16% increase
Imported toys and bicycles
Copper Scrap



Compressed biogas
Lithium-ion cell
Camera lens
Mobile phones
Television sets
Open cells of TV panels- to 2.5%
Heat coils- 20% to 15%
Denatured ethyl alcohol- to support Ethanol Blending Programme and energy transition
Crude Glycerin- 7.5% to 2.5%
Shrimp feed
Carbon seeds- for boosting lab-grown diamonds



New Schemes

Mahila Samman Bachat Patra	Sub-scheme of PM Matsya Sampada Yojana	Pradhan Mantri PVTG Development Mission	Agriculture Accelerator Fund
Facility of upto 2 lakhs for women with 7.5% interest	-To boost the seafood industry, improve post harvest management and marketing -Fund 6,000 crores	-For the development and upliftment of PVT groups -Budget outlay of Rs. 15,000 crore	-To encourage Agri-startups by young entrepreneurs -Agricultural credit target will be increased by 20 lakh crores
Atmanirbhar Horticulture Clean Plant Programme	Pradhan Mantri Kaushal Vikas Yojana 4.0	Green Credit Program	PM-PRANAM
-To boost the availability of disease-free horticultural crops -Outlay of Rs 2,200 crore	-For covering new age courses coding, mechatronics, robotics, etc.	For encouraging environmentally sustainable and responsive actions by companies, individuals, and local bodies	To promote alternative fertilizers and balanced use of chemical fertilizers

Highest Allocation: Ministry Wise

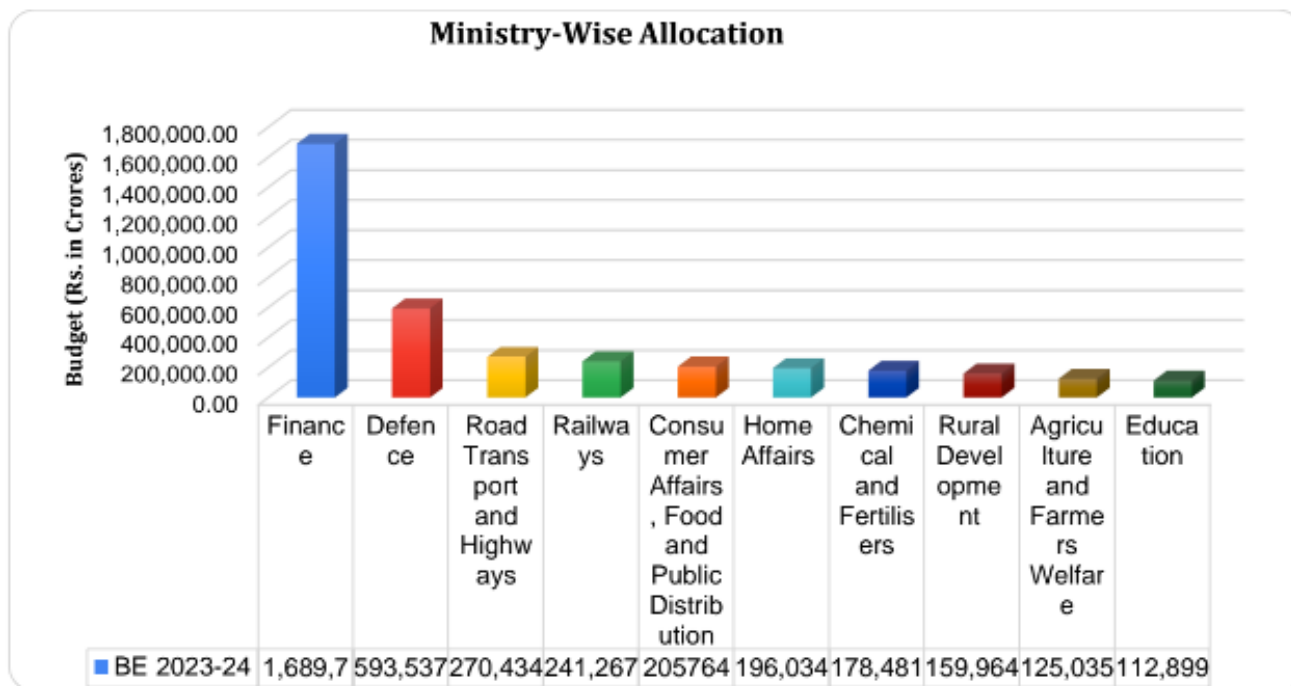


Fig 1: Ministry-wise Budget Allocation in FY 23-24

Source: Expenditure Budget, Ministry of Finance, GoI

The above graph depicts Budget allocation to some of the major Ministries. It is evident that the Ministry of Finance has received the highest allocation followed by Defence and Road transport in the current budget. The Ministry of Education has been provisioned for its highest-ever grant of INR 1,12,899.47 Crore. The BE of the Ministry of Railways is also proposed at INR 2,41,267.51 Crore, which is also the highest till the date.

Sector Wise Budget Outlay to Major Schemes

1. Women and Child Development

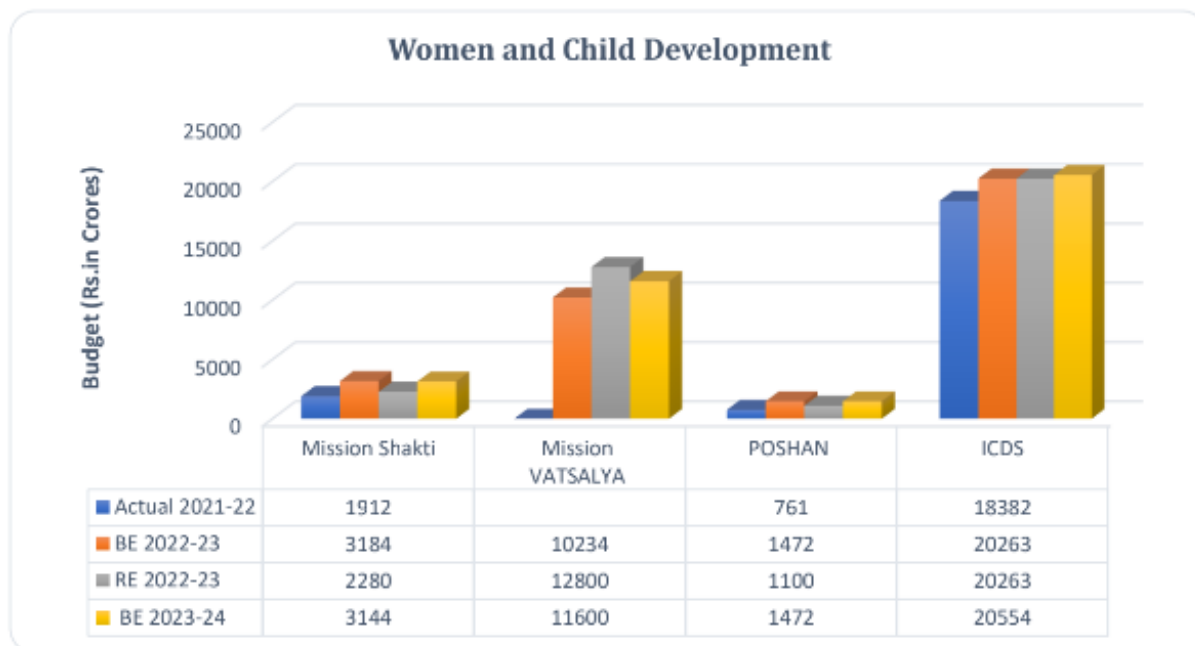


Fig 2: Allocation to major schemes for Women and Child Development

Source: Expenditure Budget, Ministry of Finance, GoI

The graph above encapsulates the key schemes designed to benefit women and children. For Mission Shakti, the BE has almost remained constant over the last two budgets despite low RE in the FY 2022-23. The allocation for Integrated Child Development Scheme (ICDS) has been remotely increased in the current budget and remained in sync with the RE and BE of the FY 2022-23. The allocation for POSHAAN has reduced to INR 11,600 Crore in comparison to the RE of INR 12,800 Crore of the FY 2022-23. The allocation for Mission Vatsalya (Child Protection and Child Welfare Services) has been reduced by INR 1,200 Crores in the current BE in comparison to FY 2022-23 RE of INR 12,800 Crores.

Livelihood

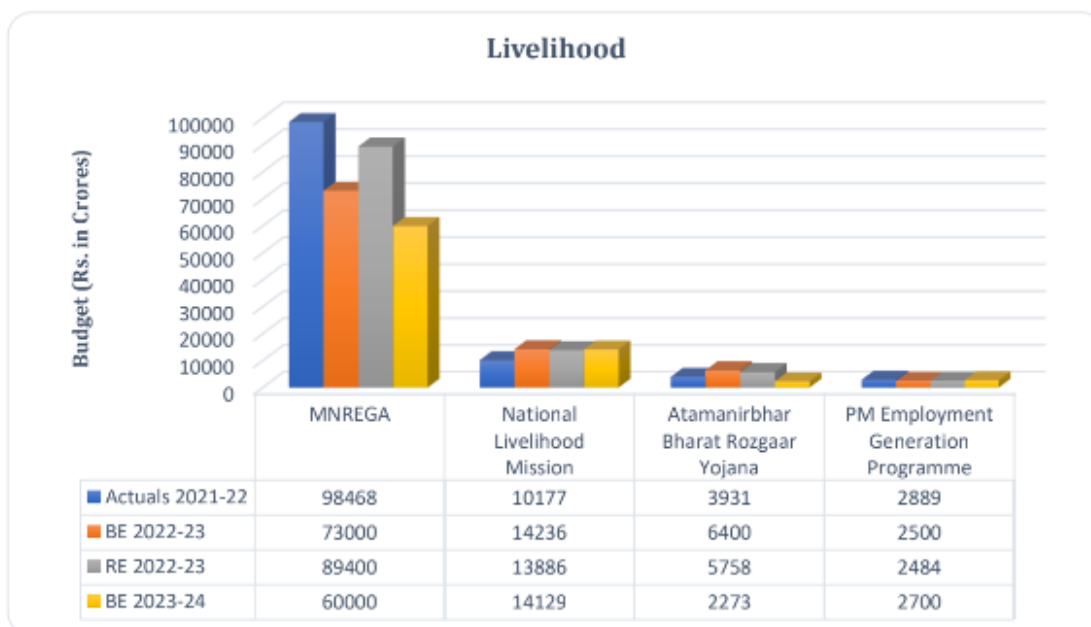


Fig 3: Allocation to major schemes for Livelihood

Source: Expenditure Budget, Ministry of Finance, GoI

The BE for MGNREGS has constantly decreased from INR 73,000 Crore in FY 2022-23 to INR 60,000 Cr. in FY 2023-24. Whereas the BE to National Livelihood Mission has registered a minor decline to INR 14,129 Crore when compared to BE of the FY 2022-23, which stood at INR 14,236 Crore and RE in the same year stands at INR 13,886 Crore. The allocation to Atmanirbhar Bharat Rojgar Yojana (ABRY) has decreased to INR 2,273 Crore in the current FY's BE in comparison to INR 6,400 Crore as BE and RE at INR 5,758 Crore in the FY 2022-23, respectively. The BE to PM Employment Generation Programme (PMEGP) has increased consistently to INR 2700 Crore in the current year from 2,500 Crore in the FY 2022-2023, RE of past FY stood at INR 2,484 Crore.

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Social Welfare

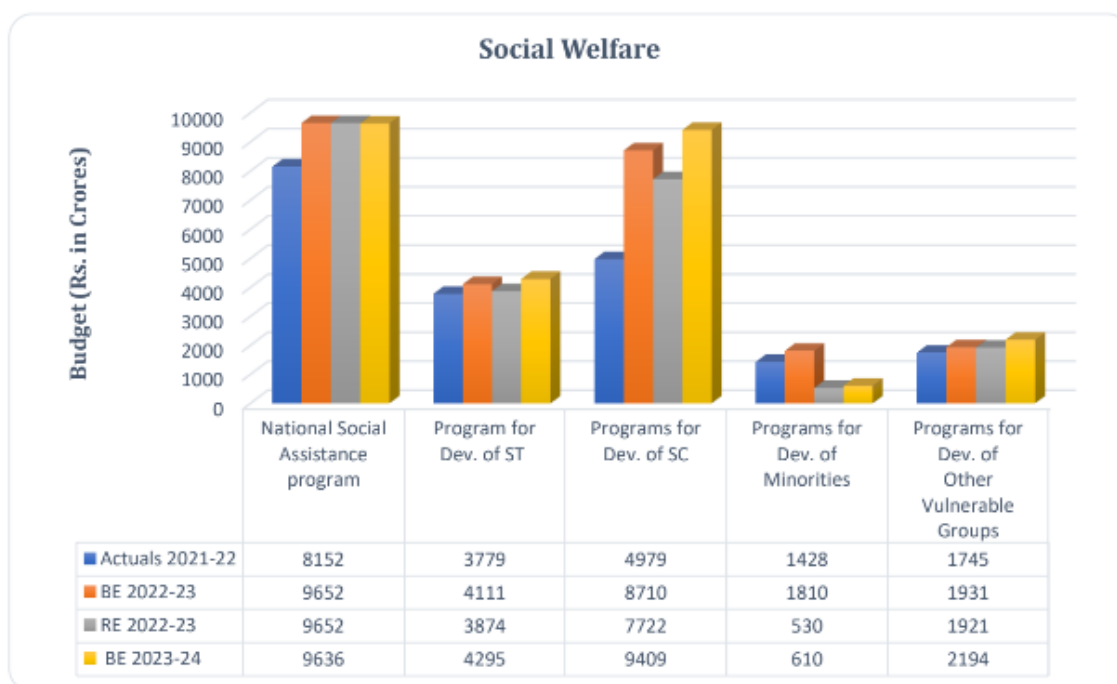


Fig 4: Allocation to major schemes for Social Welfare

Source: Expenditure Budget, Ministry of Finance, GoI

This year, the budget allocation for the National Social Assistance Program (NSAP) witnessed a marginal decrease. The NSAP received a proposed budget of INR 9636 Crore for FY 2023–24, which is INR 16 Cr lesser than the RE of FY 2022–23 but INR 1,484 higher than the actuals of FY 2021–22. Additionally, over the period of the year, the budgetary allocation for the special program for the development of ST, SC, Minorities, and other vulnerable groups has gradually increased. On comparing RE of FY 2022–23 with BE of FY 2023–24, it can be observed that the funding has increased by INR 421 Crore for ST, INR 1,687 Crore for SC, INR 80 Crore for Development of Minorities, and INR 273 Crore for Vulnerable groups, respectively for these programs.

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Education

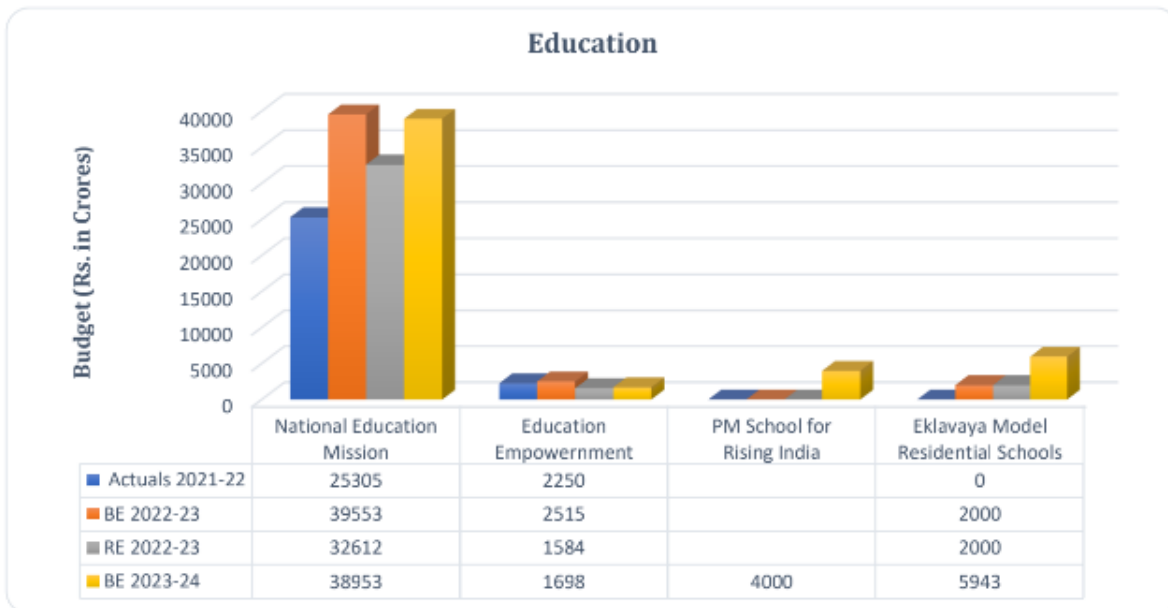


Fig 5: Allocation to major schemes for Education
Source: Expenditure Budget, Ministry of Finance, GoI

The above graph presents the budget outlay to the major schemes for promoting Education. The National Education Mission has been proposed a budget of INR 38,953 Crore this year, which is INR 6341 Crore more than the RE for 2022–2023. Furthermore, the budget towards various schemes for education empowerment is INR 114 Crore higher than the RE for 2022–2023. Also, the proposed budget for FY 2023–24 includes INR 4,000 Crore to implement the PM Schools for Rising India (PM SHRI). Additionally, compared to the INR 2,000 Crore of 2022–2023 RE, Eklavya Model Residential Schools (EMRS) have registered an increase of INR 3,943 Crore for the FY 2023–24.

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Health & Family Welfare

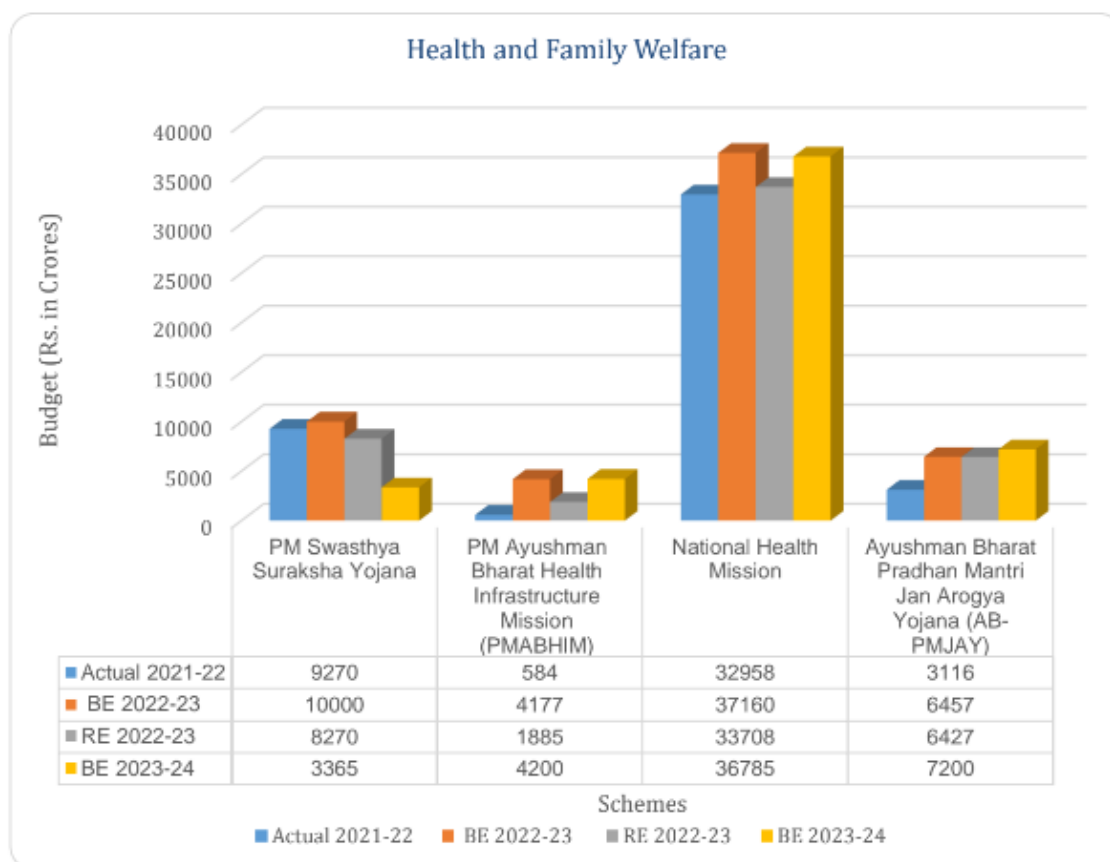


Fig 6: Allocation to major schemes for Health and Family Welfare

Source: Expenditure Budget, Ministry of Finance, GoI

The graph above captures the major schemes introduced in the health sector to provide better health opportunities to the citizens. However, the allocation for PM Swasthya Suraksha Yojana (PMSSY) has decreased to INR 3365 Cr. in the BE of FY 2023-24. Whereas, PM Ayushman Bharat Health Infrastructure Mission (PMABHIM) saw an increase in the BE of FY 2023-24 to INR 4200 Cr. from INR 1885 Cr. of the RE in FY 2023-24. The allocation for National Health Mission (NHM) and Ayushman Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) has also exponentially increased to INR 36785 Cr. and INR. 7200 Cr. in the BE of FY 2023-24.

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Investment and Infrastructure

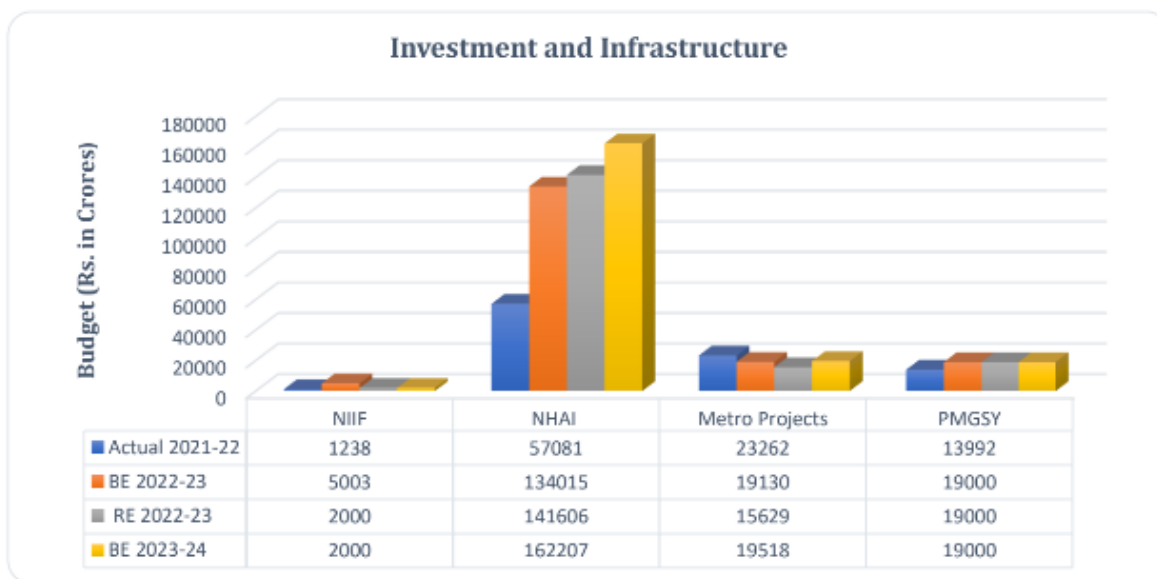


Fig 7: Allocation to major schemes for Investment and Infrastructure

Source: Expenditure Budget, Ministry of Finance, GoI

The graph above shows the key schemes to improve infrastructure in the country. It represents a decrease in the National Investment and Infrastructure Funds (NIIF), from INR 5,003 Crore in the BE of FY 2022-23 to INR 2,000 Crore in the BE of FY 2023-24. However, the allocation to National Highways Authority of India (NHAI) has seen an increase in the BE of FY 2023-24 to INR 1,62,207 Crore from INR 1,34,015 Crore of the BE in FY 2022-23 respectively. The allocation to the Metro projects has also seen an increase to INR 19,518 Crore in the BE of FY 2023-24. Whereas the allocation to Pradhan Mantri Gram Sadak Yojana (PMGSY) remained constant in the BE of FY 2023-24 and FY 2022-23 at INR 19,000 Crore.

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Agriculture

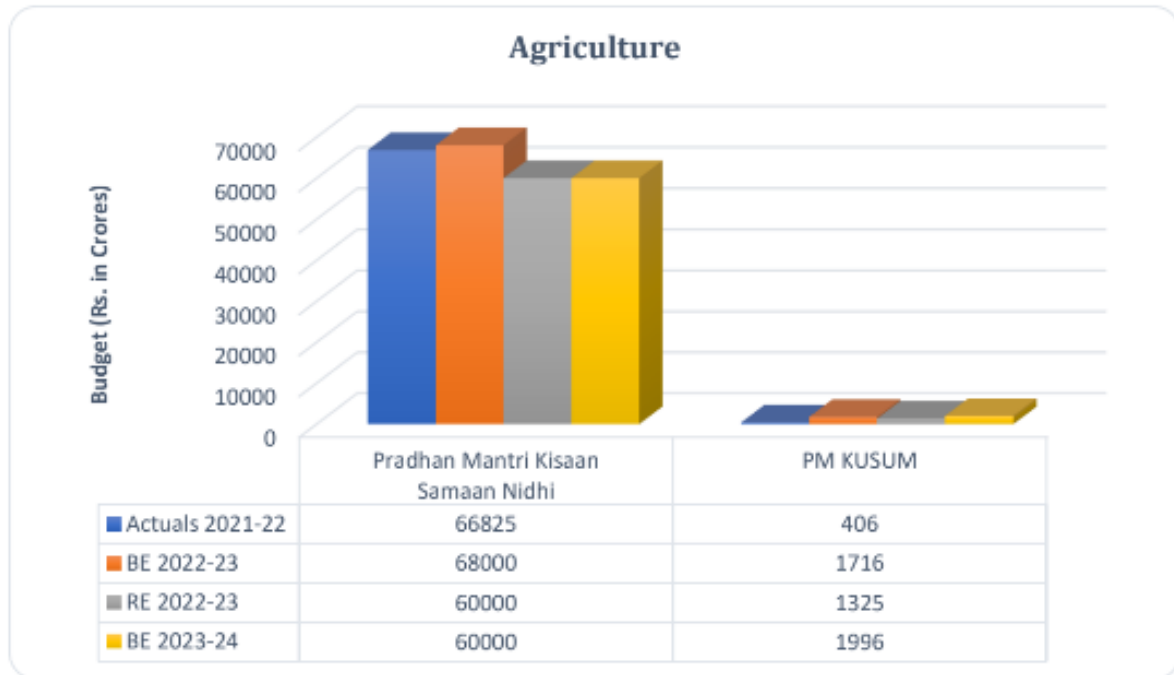


Fig 8: Allocation to major schemes for Agriculture
Source: Expenditure Budget, Ministry of Finance, GoI

The graph above contains the comparison of the last three years between two key schemes of the agriculture sector which are Pradhan Mantri Kisaan Samaan Nidhi and Pradhan Mantri Kisan Urja Suraksha Evam Utthaan Mahabhiyan (PM KUSUM). The allocation towards PM Kisaan Samaan Nidhi has remained largely constant over the last two budgets despite the low RE in FY 2022-23. On the other hand, the allocation towards PM KUSUM has constantly risen despite reduction in RE by INR 391 Crore in FY 2022-23.

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Housing and Urban Infrastructure

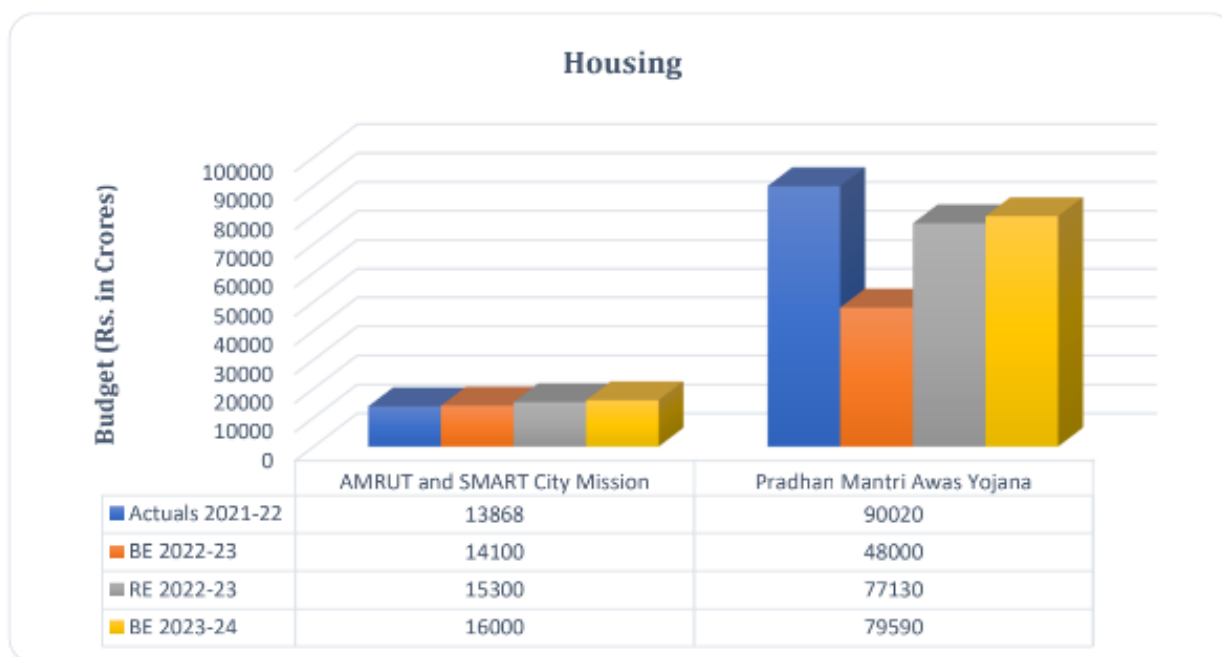


Fig 9: Allocation to major schemes for Housing

Source: Expenditure Budget, Ministry of Finance, GoI

The graph above showcases the major schemes to provide better housing and urban infrastructure to the citizens of the country. The allocation of the Urban Rejuvenation Mission, AMRUT, and Smart Cities Mission (SCM) has seen an increase in the BE of FY 2023-24 with the allocation of INR 16,000 Crore as compared to the allocation of INR 14,100 Crore in the BE of FY in 2022-23. The current allocation to Pradhan Mantri Awas Yojana (PMAY) has increased by 2,460 Crore in comparisons to BE of 2023-24 and RE of 2022-23

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Water and Sanitation

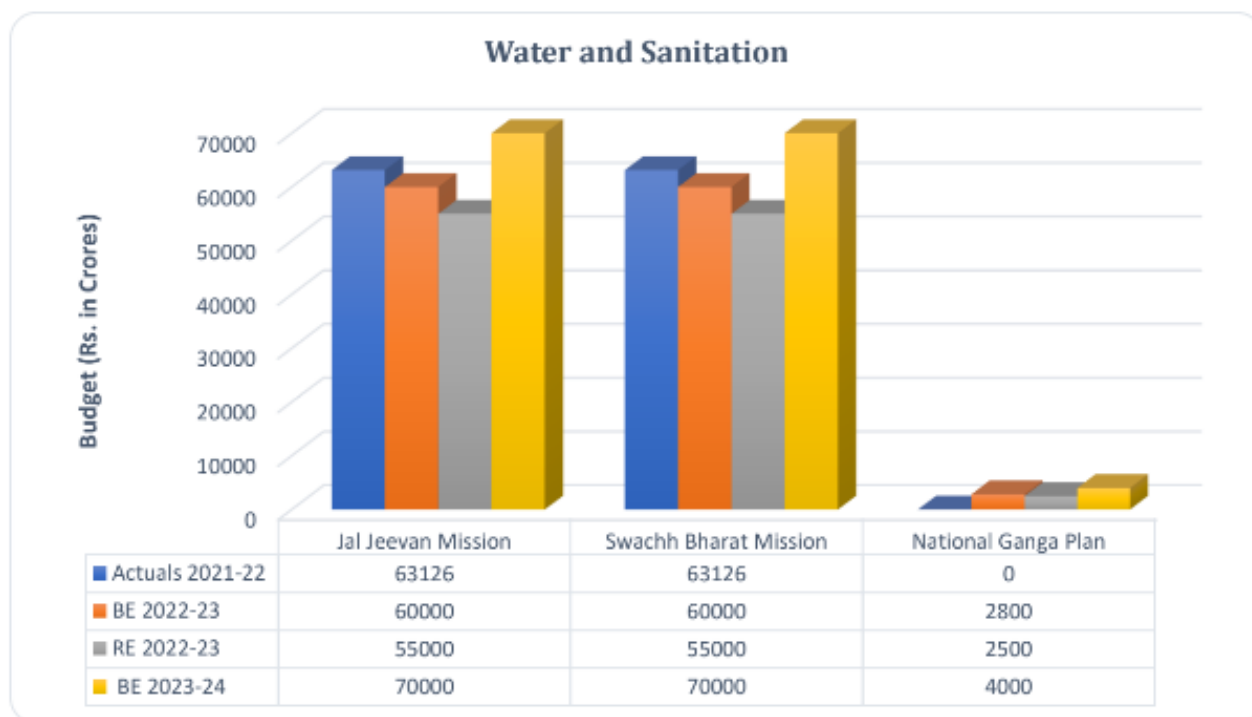


Fig 10: Allocation to major scheme for Water and Sanitation

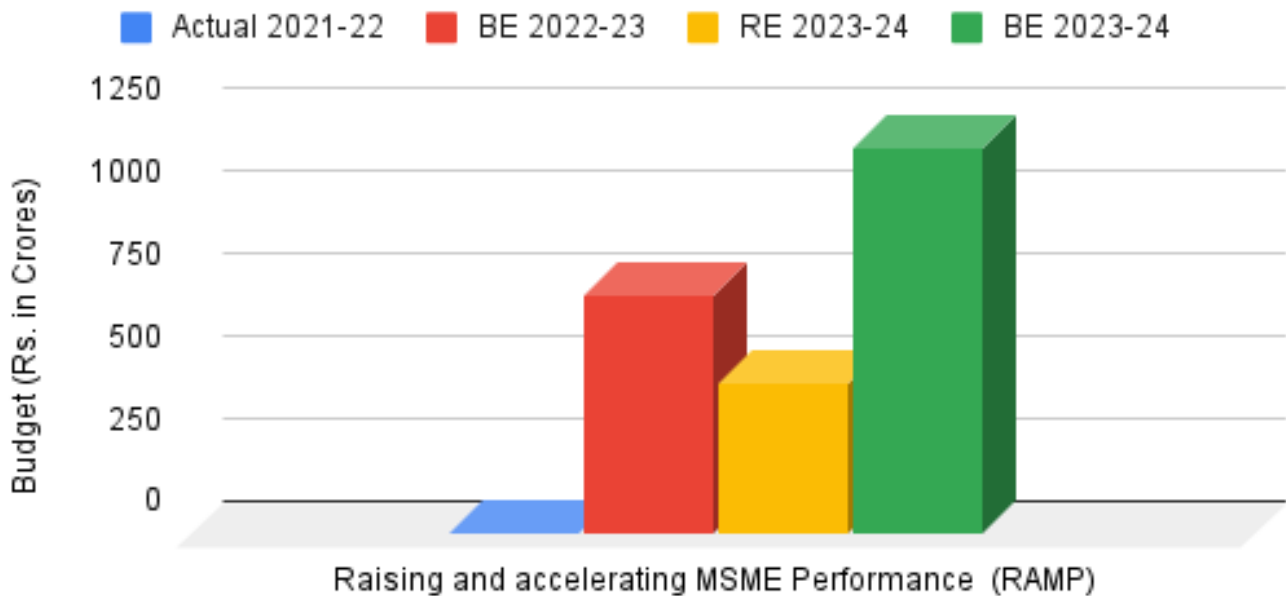
Source: Expenditure Budget, Ministry of Finance, GoI

The above graph captures major schemes of the Water and Sanitation Sector. In that, the Government has proposed INR 70,000 Crore for FY23-24 for both Jal Jeevan Mission (JJM) and Swachh Bharat Mission (SBM). The proposed allocation for both programmes this year is INR 15,000 Crore higher than it was for RE 2022-23. Additionally, INR 4,000 Crore has been proposed for the National Ganga Plan in the current budget; allocation is higher by INR 1,500 Crore compared to the RE of FY 2022-23.

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MSMEs

MSMEs



Micro, Small, and Medium Enterprises (MSME) are regarded as the backbone of the Indian economy. Further to ramp up the implementation capacity of MSMEs the Government increased the budget allocation from INR 455 Crore to INR 1,170 Crore in the current financial year for the Raising and Accelerating MSME Performance (RAMP).

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Sports

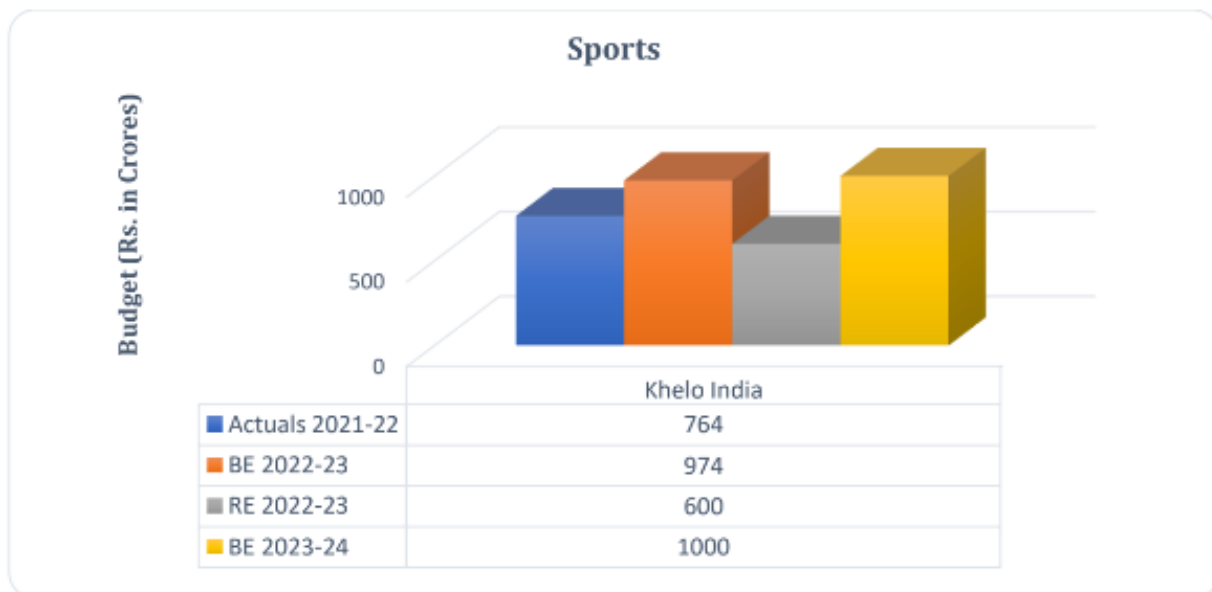


Fig 12: Allocation to major scheme for Sports: Khelo India

Source: Expenditure Budget, Ministry of Finance, GoI

Sports is one of the key areas where the RE of FY 2022-23 has been increased in Khelo India from INR 600 Crore to INR 1,000 Crore for the BE of FY 2023-24.

Glossary

RE: Revised Estimates

AE: Actual Estimates

BE: Budget Estimates

FY: Financial Year

INR: Indian Rupee

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