



## Union Budget 2023-24 Analysis

### Budget Highlights

- **Expenditure:** The government proposes to spend Rs 45,03,097 crore in 2023-24, which is an increase of 7.5% over the revised estimate of 2022-23. In 2022-23, total expenditure is estimated to be 6.1% higher than the budget estimate.
- **Receipts:** The receipts (other than borrowings) in 2023-24 are expected to be to Rs 27,16,281 crore, an increase of 11.7% over revised estimate of 2022-23. In 2022-23, total receipts (other than borrowings) are estimated to be 6.5% higher than the budget estimates.
- **GDP:** The government has estimated a nominal GDP growth rate of 10.5% in 2023-24 (i.e., real growth plus inflation).
- **Deficits:** Revenue deficit in 2023-24 is targeted at 2.9% of GDP, which is lower than the revised estimate of 4.1% in 2022-23. Fiscal deficit in 2023-24 is targeted at 5.9% of GDP, lower than the revised estimate of 6.4% of GDP in 2022-23. While the revised estimate as a percentage of GDP was the same as the budget estimate, in nominal terms, fiscal deficit was higher by Rs 94,123 crore (increase of 5.7%) in 2022-23. Interest expenditure at Rs 10,79,971 crore is estimated to be 41% of revenue receipts.
- **Ministry allocations:** Among the top 13 ministries with the highest allocations, in 2023-24, the highest percentage increase in allocation is observed in the Ministry of Railways (49%), followed by the Ministry of Jal Shakti (31%), and the Ministry of Road Transport and Highways (25%).

### Main tax proposals in the Finance Bill

- **Changes in the new income tax regime:** The number of tax slabs has been reduced from six to five. Table 1 compares the current tax income structure with the proposed income tax structure. The surcharge on the income when it exceeds Rs 5 crore will be reduced from 37% to 25%. Currently, those with income up to Rs 5 lakh can avail a rebate and not pay any taxes; this limit has been raised to Rs 7 lakh. Further, the standard deduction will be available under the new tax regime.

Table 1: Current and proposed tax slabs

Tax Rate	Current Income Slab	Proposed Income Slab
Nil	Up to Rs 2.5 lakh	Up to Rs 3 lakh
5%	Rs 2.5 lakh to Rs 5 lakh	Rs 3 lakh to Rs 6 lakh
10%	Rs 5 lakh to Rs 7.5 lakh	Rs 6 lakh to Rs 9 lakh
15%	Rs 7.5 lakh to Rs 10 lakh	Rs 9 lakh to Rs 12 lakh
20%	Rs 10 lakh to Rs 12.5 lakh	Rs 12 lakh to Rs 15 lakh
25%	Rs 12.5 lakh to Rs 15 lakh	-
30%	Above Rs 15 lakh	Above Rs 15 lakh

- **Changes in tax exemptions:** The tax exemption for news agencies set up solely for the collection and distribution of news will be removed.
- Charitable trusts are required to apply 85% of their income within the year to avail income tax exemption. From April 2023, if a charitable trust donates to another charitable trust, only 85% of such a donation would be considered as application of income.
- **Presumptive taxation:** The upper limit on turnover for MSMEs to be eligible for presumptive taxation has been raised from Rs 2 crore to Rs 3 crore. The upper limit on gross receipts for professionals eligible for presumptive taxation has been raised from Rs 50 lakh to Rs 75 lakh.
- **Co-operative societies:** The income tax rate for new co-operative societies engaged in manufacturing activities has been lowered from 22% to 15% (plus 10% surcharge).
- **Capital gains:** Capital gains from sale of residential property can be deducted to the extent of purchase or construction of another residential property. The deduction will be capped at Rs 10 crore.
- **Life insurance:** Income from investments in life insurance policies will be taxable if premium of Rs 5 lakh has been paid in any year. The amount paid upon the death of the policy holder will continue to be exempt from income tax.
- **Online Games:** Winnings from online games will be subject to 30% tax deductible at source.
- **Startups:** Startups incorporated within a time-period and meeting other conditions can deduct up to 100% of their profits; the end of this period has been extended from March 31, 2023 to March 31, 2024. In addition, the period within which losses of startups may be carried forward has been extended from seven to ten years.
- **Indirect Taxes:** Customs duty on several items have been changed. On a few items such as gold, platinum, and aeroplanes the amount of cess has been increased with a corresponding decrease in customs duties.
- **CGST:** The CGST Act will be amended such that input tax credit will not be available for goods and services purchased for use in activities related to corporate social responsibility.

## Policy Highlights

- **Legislative proposals:** Amendments will be made to the Banking Regulation Act, 1949, Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970, and the Reserve Bank of India Act, 1934 to improve bank governance and enhance investors' confidence. Several measures will be taken to improve business activities in the Gujarat International Finance Tech-City International Financial Services Centre (GIFT IFSC). For instance, the IFSC Authority Act, 2019 will be amended to provide for arbitration and ancillary services in GIFT IFSC, and avoiding dual regulation under the Special Economic Zones Act, 2005.
- **Infrastructure:** The scheme providing 50-year interest free loans to state governments will be made available in 2023-24 also with an outlay of Rs 1.3 lakh crore. 100 critical transport infrastructure projects for last and first mile connectivity for various sectors such as ports, coal, steel will be taken up. This will have an investment of Rs 75,000 crore including Rs 15,000 crore from private sources.
- **Urban Development:** An Urban Infrastructure Development Fund will be established for development of urban infrastructure by public agencies in tier-2 and tier-3 cities. The Fund will be managed by the National Housing Bank and is expected to have an annual allocation of Rs 10,000 crore. States and cities will be encouraged to undertake urban planning reforms such as efficient land use and transit-oriented development. Cities will be incentivised to improve their credit worthiness for municipal bonds through property tax reforms and setting aside user charges.
- **Agriculture:** An Agriculture Accelerator Fund will be set up to encourage agri-startups in rural areas. A sub-scheme of PM Matsya Sampada Yojana will be launched with an investment of Rs 6,000 crore to support fishermen, fish vendors, and MSMEs. Decentralised storage capacity will be set up for farmers to store their produce. PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth (PM-PRANAM) will be launched to incentivise states/UTs to promote balanced use of chemical fertilisers and alternative fertilisers.
- **Energy and Environment:** A Green Credit Programme will be notified under the Environment (Protection) Act, 1986 to incentivise environmentally sustainable actions by companies, individuals, and local bodies, and help gather additional resources for such actions. Battery Energy Storage Systems with 4,000 MWh capacity will be supported with viability gap funding.
- **Research and Development (R&D):** Three centres of excellence for R&D in Artificial Intelligence will be established in select educational institutions. 100 labs will be set up in engineering institutions for developing applications using 5G services. A National Data Governance Policy will be released to enable access to anonymised data. A programme to promote research and innovation in pharmaceuticals will be taken up through centres of excellence.
- **Health:** Nursing colleges will be started along with all existing 157 medical colleges. In order to eliminate sickle cell anaemia by 2047, a Mission will be launched covering seven crore people in the age group 0-40 in affected tribal areas.
- **Finance:** A National Finance Information registry will be set up for accessing all financial and ancillary information. A small savings scheme, Mahila Samman Savings Certificate will be launched for two years. Further, the deposit limit for senior citizens savings scheme will be increased from Rs 15 lakh to Rs 30 lakh.
- **Governance:** The KYC process will be simplified and financial sector regulators will be encouraged to have a KYC system. A Unified Filing Process will be set up for submitting information to different government agencies. A Voluntary Settlement Scheme will be launched to settle contractual disputes of government and its undertakings. The financing system of certain schemes will be changed from input-based to result-based on a pilot basis.

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## Budget estimates of 2023-24 as compared to revised estimates of 2022-23

- **Total Expenditure:** The government is estimated to spend Rs 45,03,097 crore in 2023-24. This is an increase of 7.5% over the revised estimate of 2022-23. Out of the total expenditure, revenue expenditure is estimated to be Rs 35,02,136 crore (1.2% increase) and capital expenditure is estimated to be Rs 10,00,961 crore (37.4% increase). The increase in capital expenditure is due to an increase in capital outlay on transport (including railways, roads and bridges, and inland water transport) by Rs 1,28,863 crore (36.1% increase). Expenditure on total capital outlay is estimated to be Rs 8,37,127 crore in 2023-24, an increase of 35% over the revised estimates for 2022-23.
- **Total Receipts:** Government receipts (excluding borrowings) are estimated to be Rs 27,16,281 crore, an increase of 11.7% over the revised estimates of 2022-23. The gap between these receipts and the expenditure will be plugged by borrowings, budgeted to be Rs 17,86,816 crore, an increase of 1.8% over the revised estimate of 2022-23.
- **Transfer to states:** The central government will transfer Rs 18,62,874 crore to states and union territories in 2023-24, an increase of 8.9% over the revised estimates of 2022-23. Transfer to states includes devolution of Rs 10,21,448 crore out of the divisible pool of central taxes, grants worth Rs 6,86,773 crore, and special loans worth Rs 1.3 lakh crore for capital expenditure.
- **Deficits:** Revenue deficit is targeted at 2.9% of GDP, and fiscal deficit is targeted at 5.9% of GDP in 2023-24. The target for primary deficit (which is fiscal deficit excluding interest payments) in 2023-24 is 2.3% of GDP. The revised estimate for the revenue deficit target has increased from the budgeted estimate in 2022-23. The revised fiscal deficit target for 2022-23 has remained the same, despite higher receipts. In 2022-23, the central government's revenue deficit is expected to be 4.1% of GDP against a budget estimate of 3.8% of GDP.
- **GDP growth estimate:** The nominal GDP is estimated to grow at a rate of 10.5% in 2023-24.

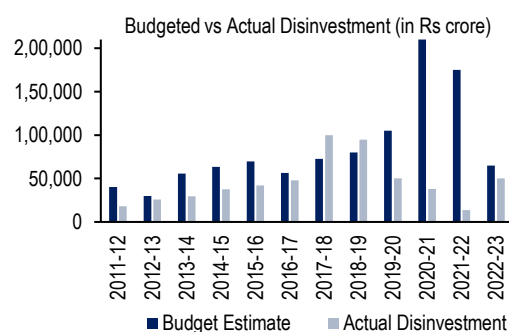
**Table 2: Budget at a Glance 2023-24 (Rs crore)**

	Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)
Revenue Expenditure	32,00,926	31,94,663	34,58,959	35,02,136	1.2%
Capital Expenditure	5,92,874	7,50,246	7,28,274	10,00,961	37.4%
of which:					
Capital Outlay	5,34,499	6,10,189	6,20,204	8,37,127	35.0%
Loans and Advances	58,376	1,40,057	1,08,070	1,63,834	51.6%
<b>Total Expenditure</b>	<b>37,93,801</b>	<b>39,44,909</b>	<b>41,87,232</b>	<b>45,03,097</b>	<b>7.5%</b>
Revenue Receipts	21,69,905	22,04,422	23,48,413	26,32,281	12.1%
Capital Receipts	39,375	79,291	83,500	84,000	0.6%
of which:					
Recoveries of Loans	24,737	14,291	23,500	23,000	-2.1%
Other receipts (including disinvestments)	14,638	65,000	60,000	61,000	
<b>Total Receipts (excluding borrowings)</b>	<b>22,09,280</b>	<b>22,83,713</b>	<b>24,31,913</b>	<b>27,16,281</b>	<b>11.7%</b>
Revenue Deficit	10,31,021	9,90,241	11,10,546	8,69,855	-21.7%
<b>% of GDP</b>	<b>4.4%</b>	<b>3.8%</b>	<b>4.1%</b>	<b>2.9%</b>	<b>-29.3%</b>
Fiscal Deficit	15,84,521	16,61,196	17,55,319	17,86,816	1.8%
<b>% of GDP</b>	<b>6.7%</b>	<b>6.4%</b>	<b>6.4%</b>	<b>5.9%</b>	<b>-7.8%</b>
Primary Deficit	7,79,022	7,20,545	8,14,668	7,06,845	-13.2%
<b>% of GDP</b>	<b>3.3%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2.3%</b>	<b>-23.3%</b>

Sources: Budget at a Glance, Union Budget Documents 2023-24; PRS.

Expenses which bring a change to the government's assets or liabilities (such as construction of roads or recovery of loans) are capital expenses, and all other expenses are revenue expenses (such as payment of salaries or interest payments). In 2023-24, **capital expenditure** is expected to increase by 37.4% over the revised estimates of 2022-23, to Rs 10,00,961 crore. **Revenue expenditure** is expected to increase by 1.2% over the revised estimates of 2022-23 to Rs 35,02,136 crore.

**Disinvestment** is the government selling its stakes in Public Sector Undertakings (PSUs). In 2022-23, the government is estimated to meet 77% of its disinvestment target (Rs 50,000 crore against a target of Rs 65,000 crore). The disinvestment target for 2023-24 is Rs 51,000 crore.



Note: Actual data for 2022-23 is revised estimate.

Sources: Union Budget Documents (various years); PRS.

## Receipts Highlights for 2023-24

- **Receipts** (excluding borrowings) in 2023-24 are estimated to be Rs 27,16,281 crore, an increase of 11.7% over the revised estimates of 2022-23.
- **Gross tax revenue** is budgeted to increase by 10.4% over the revised estimates of 2022-23, which is about the same as the estimated nominal GDP growth of 10.5% in 2023-24. Corporation tax and income tax are estimated to increase at the same rate as the nominal GDP (10.5%). Excise duties (mainly imposed on petroleum products) are expected to rise by 5.9% in 2023-24. GST revenue is budgeted to increase at a higher rate (12%). The net tax revenue of the central government (excluding states' share in taxes) is estimated to be Rs 23,30,631 crore in 2023-24, which is 11.7% over the revised estimates for 2022-23.
- **Devolution to states** from centre's tax revenue is estimated to be Rs 10,21,448 crore in 2023-24, an increase of 7.7% over the revised estimates of 2022-23. In 2022-23, the devolution to states increased by Rs 1,31,756 crore, from an estimate of Rs 8,16,649 crore at the budgeted stage to Rs 9,48,405 crore at the revised stage (16%).
- **Non-tax revenue** is estimated at Rs 3,01,650 crore in 2023-24, an increase of 15.2% over the revised estimate of 2022-23.
- **Capital receipts** (excluding borrowings) are targeted at Rs 84,000 crore, a marginal increase of 0.6% over the revised estimates of 2022-23. Recoveries of loans and advances were 64% higher in the revised estimates of 2022-23 at Rs 23,500 crore compared to budget estimates of Rs 14,291 crore.

**Table 3: Break up of central government receipts in 2023-24 (Rs crore)**

	Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change 2022-23 RE to 2023-24 BE
<b>Gross Tax Revenue</b>	<b>27,09,135</b>	<b>27,57,820</b>	<b>30,43,067</b>	<b>33,60,858</b>	<b>10.4%</b>
<i>of which:</i>					
Corporation Tax	7,12,037	7,20,000	8,35,000	9,22,675	10.5%
Taxes on Income	6,96,243	7,00,000	8,15,000	9,00,575	10.5%
Goods and Services Tax	6,98,114	7,80,000	8,54,000	9,56,600	12.0%
Customs	1,99,728	2,13,000	2,10,000	2,33,100	11.0%
Union Excise Duties	3,94,644	3,35,000	3,20,000	3,39,000	5.9%
Service Tax	1,012	2,000	1,000	500	-50.0%
<b>A. Centre's Net Tax Revenue</b>	<b>18,04,794</b>	<b>19,34,771</b>	<b>20,86,662</b>	<b>23,30,631</b>	<b>11.7%</b>
<b>Devolution to States</b>	<b>8,98,392</b>	<b>8,16,649</b>	<b>9,48,405</b>	<b>10,21,448</b>	<b>7.7%</b>
<b>B. Non Tax Revenue</b>	<b>3,65,112</b>	<b>2,69,651</b>	<b>2,61,751</b>	<b>3,01,650</b>	<b>15.2%</b>
<i>of which:</i>					
Interest Receipts	21,874	18,000	24,640	24,820	0.7%
Dividend	1,60,647	1,13,948	83,953	91,000	8.4%
Other Non-Tax Revenue	1,79,540	1,34,276	1,48,342	1,81,382	22.3%
<b>C. Capital Receipts (without borrowings)</b>	<b>39,375</b>	<b>79,291</b>	<b>83,500</b>	<b>84,000</b>	<b>0.6%</b>
<i>of which:</i>					
Disinvestment	13,627	65,000	50,000	51,000	2.0%
<b>Receipts (without borrowings) (A+B+C)</b>	<b>22,09,281</b>	<b>22,83,713</b>	<b>24,31,913</b>	<b>27,16,281</b>	<b>11.7%</b>
<b>Borrowings</b>	<b>15,84,521</b>	<b>16,61,196</b>	<b>17,55,319</b>	<b>17,86,816</b>	<b>1.8%</b>
<b>Total Receipts (including borrowings)</b>	<b>37,93,802</b>	<b>39,44,909</b>	<b>41,87,232</b>	<b>45,03,097</b>	<b>7.5%</b>

Sources: Receipts Budget, Union Budget Documents 2023-24; PRS.

- **Indirect taxes:** The total indirect tax collections are estimated to be Rs 15,29,200 crore in 2023-24. Of this, the government has estimated to raise Rs 9,56,600 crore from GST. Out of the total tax collections under GST, 85% is expected to come from central GST (Rs 8,11,600 crore), and 15% from the GST compensation cess (Rs 1,45,000 crore).
- **Corporation tax:** The collections from taxes on companies are expected to increase by 10.5% in 2023-24. In 2022-23, corporate tax collection is expected to be 16% higher than the budget estimate (Rs 7,20,000 crore).
- **Income tax:** The collections from income tax are also expected to increase by 10.5% in 2023-24 to Rs 9,00,575 crore. Income tax collection is expected to be 16.4% higher than the budget estimate in 2022-23.
- **Non-tax receipts:** Non-tax revenue consists mainly of interest receipts on loans given by the centre, dividends, license fees, tolls, and charges for government services. Dividend receipts were lower in 2022-23 than originally budgeted mainly on account of lower dividend from Reserve Bank of India. In 2023-24, non-tax revenue is expected to increase by 15% over the revised estimates of 2022-23.
- **Disinvestment target:** The disinvestment target for 2023-24 is Rs 51,000 crore. This is a marginal increase of 2% over the revised estimate of 2022-23 (Rs 50,000 crore). In 2022-23, the receipts from disinvestment are expected to be 23% lower than the budget estimate.

## Expenditure Highlights for 2023-24

- **Total expenditure** in 2023-24 is expected to be Rs 45,03,097 crore, which is an increase of 7.5% over than the revised estimate of 2022-23. Out of this: (i) Rs 14,67,880 crore is proposed to be spent on central sector schemes (4% increase over the revised estimate of 2022-23), and (ii) Rs 4,76,105 crore is proposed to be spent on centrally sponsored schemes (a 5.4% increase over the revised estimate of 2022-23).
- The government has estimated to spend Rs 2,34,359 crore on pension in 2023-24, which is 4.3% lower than the revised estimate of 2022-23. In addition, expenditure on interest payment in 2023-24 is estimated to be Rs 10,79,971 crore, which is 24% of the government's expenditure. In 2023-24, interest payments are expected to increase by 14.8% as compared to revised estimates of 2022-23.

**Table 4: Break up of central government expenditure in 2023-24 (Rs crore)**

	Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)
<b>Central Expenditure</b>	<b>29,13,970</b>	<b>30,06,111</b>	<b>32,82,936</b>	<b>35,13,761</b>	<b>7.0%</b>
Establishment Expenditure of Centre	6,93,272	6,92,214	7,34,619	7,44,339	1.3%
Central Sector Schemes	12,09,950	11,81,084	14,11,729	14,67,880	4.0%
Other expenditure	10,10,748	11,32,813	11,36,588	13,01,542	14.5%
<b>Grants for CSS and other transfers</b>	<b>8,79,832</b>	<b>9,38,797</b>	<b>9,04,296</b>	<b>9,89,337</b>	<b>9.4%</b>
Centrally Sponsored Schemes (CSS)	4,54,366	4,42,781	4,51,901	4,76,105	5.4%
Finance Commission Grants	2,07,435	1,92,108	1,73,257	1,65,480	-4.5%
<i>of which:</i>					
Rural Local Bodies	40,312	46,513	41,000	47,018	14.7%
Urban Local Bodies	16,147	22,908	15,026	24,222	61.2%
Grants-in-aid	20,272	23,294	22,135	24,466	10.5%
Post Devolution Revenue Deficit Grants	1,18,452	86,201	86,201	51,673	-40.1%
Other grants	2,18,031	3,03,908	2,79,138	3,47,752	24.6%
<b>Total Expenditure</b>	<b>37,93,801</b>	<b>39,44,909</b>	<b>41,87,232</b>	<b>45,03,097</b>	<b>7.5%</b>

Sources: Budget at a Glance, Union Budget Documents 2023-24; PRS.

### Expenditure by Ministries

In 2023-24, the ministries with the highest allocations account for 55% of the estimated total expenditure. Of these, the Ministry of Defence has the highest allocation in 2023-24, at Rs 5,93,538 crore. It accounts for 13.2% of the total budgeted expenditure of the central government. Other ministries with high allocation include: (i) Road Transport and Highways (6% of total expenditure), (ii) Railways (5.4%), and (iii) Consumer Affairs, Food, and Public Distribution (4.6%). Table 5 shows the expenditure on Ministries with the 13 highest allocations for 2023-24 and the changes in allocation as compared to the revised estimate of 2022-23.

**Table 5: Ministry-wise expenditure in 2023-24 (Rs crore)**

	Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)
Defence	5,00,681	5,25,166	5,84,791	5,93,538	1.5%
Road Transport and Highways	1,23,551	1,99,108	2,17,027	2,70,435	24.6%
Railways	1,35,242	1,40,367	1,62,312	2,41,268	48.6%
Food and Public Distribution	3,06,571	2,17,684	2,96,523	2,05,765	-30.6%
Home Affairs	1,68,791	1,85,777	1,93,912	1,96,035	1.1%
Chemicals and Fertilisers	1,54,789	1,07,715	2,27,681	1,78,482	-21.6%
Rural Development	1,61,643	1,38,204	1,82,382	1,59,964	-12.3%
Agriculture and Farmers' Welfare	1,22,836	1,32,514	1,18,913	1,25,036	5.1%
Communications	51,545	1,05,407	1,05,478	1,23,393	17.0%
Education	80,352	1,04,278	99,881	1,12,899	13.0%
Jal Shakti	83,467	86,189	74,029	97,278	31.4%
Health and Family Welfare	84,470	86,201	79,145	89,155	12.6%
Housing and Urban Affairs	1,06,840	76,549	74,546	76,432	2.5%
Other Ministries	17,13,022	18,39,751	17,70,613	20,33,419	14.8%
<b>Total Expenditure</b>	<b>37,93,801</b>	<b>39,44,909</b>	<b>41,87,232</b>	<b>45,03,097</b>	<b>7.5%</b>

Sources: Expenditure Budget, Union Budget 2023-24; PRS.

- **Railways:** Allocation is estimated to increase by Rs 78,956 crore (48.6%) in 2023-24, over the revised estimate of 2022-23. This is mainly on account of increased capital outlay on commercial lines.

- **Jal Shakti:** Allocation to the Ministry of Jal Shakti is estimated to increase by Rs 23,249 crore (31.4%) in 2023-24, driven by an increase in the allocation for Jal Jeevan Mission.
- **Road Transport and Highways:** Allocation in 2023-24 is estimated to increase by Rs 53,408 crore (24.6%), on account of an increase on capital outlay on roads and bridges (24.5%).
- Allocation towards the Ministries of Consumer Affairs, Food and Public Distribution, and Chemicals and Fertilisers have decreased mainly on account of a reduction in food subsidy and fertiliser subsidy. We discuss the expenditure on subsidies below.

### Expenditure on Subsidies

In 2023-24, the total expenditure on subsidies is estimated to be Rs 4,03,084 crore, a decrease of 28.3% from the revised estimate of 2022-23 (Table 6).

- **Food subsidy:** Allocation to food subsidy is estimated at Rs 1,97,350 crore in 2023-24, a 31.3% decrease over the revised estimate of 2022-23. A higher level of food subsidy was budgeted in 2021-22 and 2022-23 mainly on account of Pradhan Mantri Garib Kalyan Ann Yojana, which provides for free additional foodgrains to eligible beneficiaries to mitigate the impact of COVID-19. The provision of additional foodgrains was discontinued in December 2022.
- **Fertiliser subsidy:** Expenditure on fertiliser subsidy is estimated at Rs 1,75,100 crore in 2023-24. This is a decrease of Rs 50,120 crore (22.3%) from the revised estimate of 2022-23. Fertiliser subsidy for 2022-23 was increased substantially in response to a sharp increase in international prices of raw materials used in the manufacturing of fertilisers.
- **Other subsidies:** Expenditure on other subsidies includes interest subsidies for various government schemes, subsidies for the price support scheme for agricultural produce, and assistance to ship building research and development, among others. In 2023-24, the expenditure on these other subsidies is estimated to decrease by 30% over the revised estimate of 2022-23.

**Table 6: Subsidies in 2023-24 (Rs crore)**

	Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)
Food subsidy	2,88,969	2,06,831	2,87,194	1,97,350	-31.3%
Fertiliser subsidy	1,53,758	1,05,222	2,25,220	1,75,100	-22.3%
Petroleum subsidy	3,423	5,813	9,171	2,257	-75.4%
Other subsidies	57,758	37,773	40,495	28,377	-29.9%
<b>Total</b>	<b>5,03,907</b>	<b>3,55,639</b>	<b>5,62,080</b>	<b>4,03,084</b>	<b>-28.3%</b>

Sources: Expenditure Profile, Union Budget 2023-24; PRS.

### Expenditure on Major Schemes

**Table 7: Scheme wise allocation in 2023-24 (Rs crore)**

	Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)
Pradhan Mantri Awas Yojana	90,020	48,000	77,130	79,590	3.2%
Jal Jeevan Mission/National Rural Drinking Water Mission	63,126	60,000	55,000	70,000	27.3%
PM-KISAN	66,825	68,000	60,000	60,000	0.0%
MGNREGS	98,468	73,000	89,400	60,000	-32.9%
National Education Mission	25,305	39,553	32,612	38,953	19.4%
National Health Mission	32,958	37,160	33,708	36,785	9.1%
Modified Interest Subvention Scheme*	-	19,500	22,000	23,000	4.5%
Saksham Anganwadi and POSHAN 2.0	18,382	20,263	20,263	20,554	1.4%
Pradhan Mantri Gram Sadak Yojana	13,992	19,000	19,000	19,000	0.0%
AMRUT and Smart Cities Mission	13,868	14,100	15,300	16,000	4.6%
National Livelihood Mission-Ajeevika	10,177	14,236	13,886	14,129	1.7%
Guarantee Emergency Credit Line to MSME borrowers	7,445	15,000	10,500	14,100	34.3%
Pradhan Mantri Fasal Bima Yojana	13,549	15,500	12,376	13,625	10.1%
Swachh Bharat Mission	5,050	9,492	7,000	12,192	74.2%
Reform Linked Distribution Scheme	814	7,566	6,000	12,072	101.2%

Note: The Modified Interest Subvention Scheme replaced the scheme for interest subsidy for short term credit to farmers (the actual expenditure towards this scheme is Rs 21,477 crore in 2021-22).

Sources: Expenditure Profile, Union Budget 2023-24; PRS.

- Pradhan Mantri Awas Yojana (rural and urban components taken together) has the highest allocation in 2023-24 at Rs 79,590 crore. This is an increase of 3.2% over the revised estimate of 2022-23. As compared to the revised estimates of 2022-23, the allocation for the rural component of the scheme has increased by 13% and the urban component has declined by 13% in 2023-24. For 2022-23, the allocation towards the scheme has been increased by 60.7% as compared to the budget estimates.

- The Jal Jeevan Mission has the second highest allocation in 2023-24 at Rs 70,000 crore, an increase of 27.3% over the revised estimate of Rs 55,000 crore in 2022-23.
- Allocation for PM-KISAN has been kept constant at Rs 60,000 crore, and for MGNREGS has been reduced by 33% to Rs 60,000 crore.
- Some other schemes with a comparatively higher increase in allocation in 2023-24 include: (i) Reform Linked Distribution Scheme (101.2%), (ii) Swachh Bharat Mission (74.2%), and (iii) Guarantee Emergency Credit Line to MSME borrowers (34.3%).

#### Loans to states for capital expenditure

- The Centre has budgeted Rs 1.3 lakh crore for special interest-free loans to states for capital expenditure. The revised estimates for 2022-23 at Rs 76,000 crore were lower than the budgeted Rs 1 lakh crore.

#### Expenditure on Scheduled Caste and Scheduled Tribe sub-plans and schemes for welfare of women, children and North Eastern Region

- Programmes for the welfare of women and children have been allocated Rs 3,27,010 crore in 2023-24, an increase of 6.3% over the revised estimate of 2022-23. These allocations include programmes being implemented across all ministries.

**Table 8: Allocations for women, children, SCs, STs and NER (Rs crore)**

	Actuals 2021-22	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)
Welfare of Women	2,09,528	2,18,487	2,23,220	2.2%
Welfare of Children	73,199	89,008	1,03,791	16.6%
Scheduled Castes	1,21,614	1,52,604	1,59,126	4.3%
Scheduled Tribes	83,921	94,293	1,19,510	26.7%
North Eastern Region (NER)	-	72,540	94,680	30.5%

Sources: Expenditure Profile, Union Budget 2023-24; PRS.

- The allocation towards scheduled castes and scheduled tribes in 2023-24 is estimated to increase by 4.3% and 26.7%, respectively. The budget for road works under allocation for welfare of scheduled tribes has increased by 265% in 2023-24 as compared to revised estimate of 2022-23. The allocation towards North Eastern Region is estimated to increase by 30.5% in 2023-24 over the revised estimates of 2022-23.

### Fiscal Responsibility and Budget Management targets

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the central government to progressively reduce its outstanding debt, revenue deficit and fiscal deficit, and give three year rolling targets. Note that the Medium-Term Fiscal Policy Statement has not provided rolling targets for budget deficits since 2021-22. In the Budget speech, the finance minister reiterated the government's aim to reduce fiscal deficit to below 4.5% of GDP by 2025-26.

**Fiscal deficit** is an indicator of borrowings by the government for financing its expenditure. The estimated fiscal deficit for 2023-24 is 5.9% of GDP.

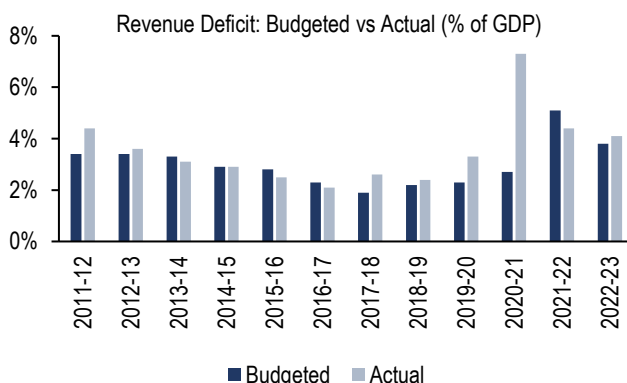
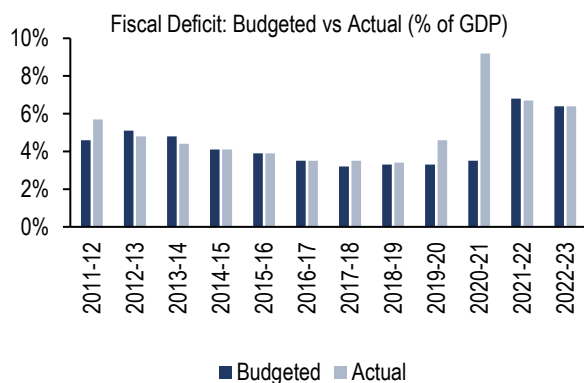
**Table 9: FRBM targets for deficits (as % of GDP)**

	Actuals 2021-22	Revised 2022-23	Budgeted 2023-24
Fiscal Deficit	6.7%	6.4%	5.9%
Revenue Deficit	4.4%	4.1%	2.9%
Primary Deficit	3.3%	3.0%	2.3%

Sources: Medium Term Fiscal Policy Statement, Union Budget 2023-24; PRS.

**Revenue deficit** is the excess of revenue expenditure over revenue receipts. Such a deficit implies that the government needs to borrow funds to meet recurring expenses which may not provide future returns. The estimated revenue deficit for 2023-24 is 2.9% of GDP.

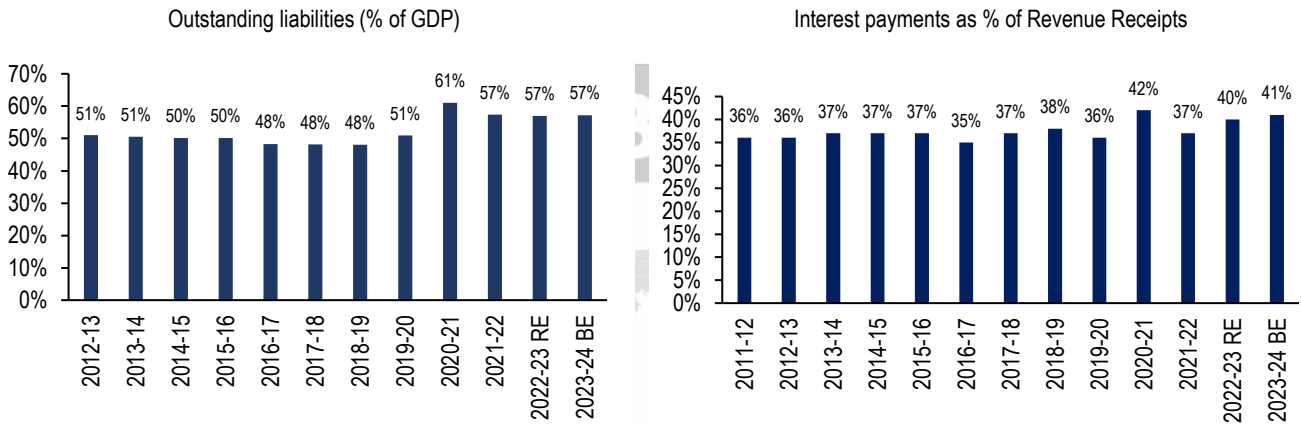
**Primary deficit** is the difference between fiscal deficit and interest payments. It is estimated to be 2.3% of GDP in 2023-24.



Note: Data for 2022-23 is revised estimate.

Sources: Budget at a Glance, Union Budget (multiple years); PRS.

- In the 2022-23 budget, the government estimated the fiscal deficit to be at 6.4% of GDP, and the revenue deficit to be at 3.8% of GDP. As per the revised estimates for 2022-23, the ratio of fiscal deficit to GDP is estimated to be the same as budget estimate despite fiscal deficit being higher in nominal terms by Rs 94,123 crore (5.7% overshooting). This was due to GDP growth being higher than estimated.
- **Outstanding Liabilities:** The central government's outstanding liabilities declined from 51% in 2012-13 to 48% in 2018-19. From 2019-20 onwards, outstanding liabilities have been increasing, and reached a high of 61% in 2020-21. They declined to 57% in 2021-22, and are expected to remain at that level in 2023-24.
- Outstanding liabilities is the accumulation of borrowings over the years. A higher debt implies that the government has a higher loan repayment obligation over the years.
- The interest payments as a percentage of revenue receipts increased from 36% in 2011-12 to 42% in 2020-21. As per the budget estimates, this figure is expected to marginally reduce to 41% in 2023-24.



Note: RE is revised estimate and BE is budget estimate.  
Sources: Economic Survey 2022-23, Union Budget Documents 2023-24; PRS.

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