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SECTION 01
Executive Summary
Executive Summary

Mr. Atanu Chakraborty
Chairman HDFC Bank and Former Secretary of Department of Economic Affairs, Gol

A 1985 batch IAS officer of Gujarat cadre, Mr Chakraborty retired as Secretary of Department of Economic Affairs in April 2020. Prior to that, he was Secretary of Department of Investment and Public Asset Management (DIPAM).

This Budget, being the last one before the general election and coming in an election year naturally attempts to be everything to everyone while also catering to specific interests of election-bound States, such as Karnataka. However, it is cleverly crafted to serve the interests of the sections that the ruling coalition feels, is likely to vote for them and hence shows lots of political thought behind the document.

This reflects in:

- Development of fifty Tourism destinations. They are urban by definition. Also, Tourism has a huge potential for job creation.
- Massive enhancement in the PM Awas Yojana

There’s repeated push on women, including those in tribal areas. Schemes such as “Sickle Cell anaemia” will go a long way to reduce malnutrition as well as help in maternal and child health.

The international economic scenario does not inspire confidence, so putting all eggs in the basket of private investment does find favor. So, a massive increase in Capex to sustain growth. They are also targeted at critical Gati Shakti projects so as to have a massive impact. One will have to see the fine print as well as the capacity of the system to see that such heavy outlay bears fruit.

On the financial system, things to watch are risk-based KYC systems. Properly implemented, it should reduce a very large number of customer complaints. Digi-locker is another customer-centric announcement, whose potential would be watched.

The budget speech talks about the reduction of regulatory overburden. One would be watching the changes to comment on it.

The provision of food subsidies is less than that of last year. The same is true for fertilizer subsidies. One hopes that there is no upward revision during the RE stage.

Though contained, the fiscal deficit at 6.4% is quite high. Revenue estimates are conservative and do not reflect appreciable buoyancy. FM has reiterated her resolve to retain the glide path. 4.5%, if achieved is high but would be greatly appreciated.

The interest costs at about 24% have shown an upward tendency. This is after the fact that borrowings do not cover the full expenditure. We will have to watch revenue collection closely. Disinvestment numbers have disappointed. Perhaps, it calls for a rehash of the disinvestment strategy.

While Taxpayers may call the new dispensation as “too little, too late”, it’s welcome if the direction is followed up in the subsequent years. This year taking up rationalization of direct taxes was bold but will bring cheers. Capping Capital gains is a good measure.
Government policy formulation is a consultative process and the successive budgets including today's is a strong reflection of this process, aimed at promoting a virtuous cycle of growth and employment. Significant and sustained push on Infrastructure spend, Railways, Green Technologies and Defence is a welcome measure. Overall direction to take India on the trajectory of a technology-driven and knowledge-based economy coupled with productive capital investments will have long-standing benefits in driving inclusive financial growth and enhancing per-capita income levels.

Mr. Baba Kalyani
Chairman & MD, Bharat Forge Ltd.
SECTION 02

Major Announcements
Union Budget 2023-24: Achieves a balance between growth, welfare, sustainability & politics

We believe the seven themes that defined the budget are as below:

1. **Investing for the AMRIT Kaal**

   - **Women empowerment**: Enabling further empowerment of women through creation of large producer enterprises
   - **Healthcare**: Enhancing primary healthcare ecosystem in the country (e.g., 157 new nursing colleges)
   - **Education**: Training of teachers and set up of a national digital library for children and adolescents coupled with recruiting of 38,800 teachers for 740 Eklavya Model Residential Schools in next 3 years
   - **Employment**: Capacity Building plans under Mission Karmayogi and Unified Skill India Digital platform
   - **Tourism**: Leveraging India’s diversity by promoting tourism across 50 remote destinations
   - **Co-operative based economic development mode**: for farmers with a plan to set up massive decentralized storage capacity
   - **States allowed to have fiscal deficit of 3.5% of GSDP**: (out of which 0.5% tied to power sector reforms)
   - **Agriculture Accelerator Fund**: to encourage agri-startups

2. **Betting on Infrastructure for near term job growth & long-term competitiveness of Indian Economy**

   - **Capex outlay increased by 33%** to INR 10 lakh crores (3.3% of GDP)
   - **Priority investment outlay of INR 75,000 cr**: (including INR 15,000 crores from private sources) for 100 critical transport and infrastructure projects
   - **Fifty additional airports, heliports, water aerodromes and advance landing grounds**: for regional connectivity
   - **Capital outlay of INR 2.4 lakh crores for Railways**: (highest ever and 9x times that in 2013-14)
   - **Creation of Urban Infrastructure Development Fund (UIDF)** of INR 10,000 crores per annum to promote infrastructure growth

3. **Formalization of the Indian Economy**

   - **Aspirational Blocks Program**: covering 500 blocks for essential government services
   - **Higher limit of INR 3 crores for TDS on cash withdrawal provided to cooperative societies**
   - **One stop solution for reconciliation and updating of identity and address**
   - **Simplification of business compliances**: through initiatives like PAN being used as common identifier for all digital systems as well as having an unified filing process
   - **Promotion of GIFT IFSC**: through single window registrations and creation of EXIM Bank subsidiary
   - **Simplification of business compliances**: through initiatives like PAN being used as common identifier for all digital systems as well as having an unified filing process
   - **INR 15,000 crores for next 3 years as part of Pradhan Mantri PVTG Development Mission**: for scheduled tribes
   - **Rationalization of custom duties**: for increasing domestic manufacturing
**4 Clearly a Budget that sees Elections ahead**

Implementation of a scheme to supply free food grain to all Antyodaya and priority households for the next one year, under PM Garib Kalyan Anna Yojana (PMGKAY) adding up to INR 2 lakh crores (all borne by Central Government)

Revamp of the Credit Guarantee Scheme for MSMEs through infusion of INR 9000 crores thereby enabling additional collateral free guaranteed credit of INR 2 lakh crores while reducing cost of credit by 1%

A voluntary settlement scheme with standardized terms will be introduced to settle contractual disputes of government & government undertakings through graded settlement terms

**PM Awaas Yojana enhanced by 66% to over INR 79,000 crores**

Continuation of the 50-year interest free loan to state governments for one more year and an enhanced outlay to INR 1.3 lakh crores

95% of forfeited amount relating to bid or performance security of MSMEs during Covid period

**5 Serious on leveraging opportunities arising out of Climate Change**

**Green initiatives** in fuel, energy, farming, mobility, buildings and equipment

INR 20,700 crores investment (with central support INR 8,300 crores) towards inter-state transmission system for evacuation and grid integration of 13GW RE

Recently launched National Green Hydrogen Mission with INR 19,700 crores outlay

**INR 35,000 crores for priority capital investments towards energy transition and net zero objectives**

Green Credit Program under Environment (Protection) Act to incentivize sustainable and responsive actions by entities

VGF support to battery energy storage systems with 4000 MWH capacity

**6 The future will be data and Integrated Data**

Open source, Open standard and Inter-operable digital public infrastructure for agriculture

Three CoEs for AI towards Make AI in India and Make AI work for India

Entity digi locker for use by MSMEs, large businesses and charitable trusts

**National Data Governance Policy** to unleash innovation and research by start ups and academia

**National financial Information Registry** to serve as central repository of financial and ancillary information

100 labs for developing 5G enabled solutions

**7 Direct Tax changes to aid short term consumption**

Increase of rebate under personal income tax to INR 7 lakh for new tax regime along with a change in slab rates

Enhancement of standard deduction under the new tax regime

Reduction in highest surcharge rate from 37% to 25% in new tax regime

**Enhanced limits for professionals and MSMEs for presumptive taxation where cash receipts are no more than 5%**

Increase of rebate limit to INR 7 lakhs in the new tax regime

Cap deduction from capital gains on investment in residential house under section 54 and 54F to INR 10cr.
## Allocation to Major Ministries

### Last Year Vs. This Year

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Total Budget (FY23-24)</th>
<th>Year-on-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Defence</td>
<td>₹ 5,93,537.64 crore</td>
<td>1.5% increase</td>
</tr>
<tr>
<td>Ministry of Road Transport &amp; Highways</td>
<td>₹ 2,70,434.71 crore</td>
<td>24.6% increase</td>
</tr>
<tr>
<td>Ministry of Railways</td>
<td>₹ 2,41,267.51 crore</td>
<td>48.6% increase</td>
</tr>
<tr>
<td>Ministry of Consumer Affairs, Food &amp; Public Distribution</td>
<td>₹ 2,05,764.60 crore</td>
<td>30.6% decrease</td>
</tr>
<tr>
<td>Ministry of Chemicals &amp; Fertilisers</td>
<td>₹ 1,78,481.99 crore</td>
<td>21.6% decrease</td>
</tr>
<tr>
<td>Ministry of Rural Development</td>
<td>₹ 1,59,964.23 crore</td>
<td>12.3% decrease</td>
</tr>
<tr>
<td>Ministry of Agriculture &amp; Farmer’s Welfare</td>
<td>₹ 1,25,035.79 crore</td>
<td>5.1% increase</td>
</tr>
<tr>
<td>Ministry of Communications</td>
<td>₹ 1,23,393.05 crore</td>
<td>17% increase</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td>₹ 1,12,899.47 crore</td>
<td>13% increase</td>
</tr>
<tr>
<td>Ministry of Jal Shakti</td>
<td>₹ 97,277.67 crore</td>
<td>31.4% increase</td>
</tr>
<tr>
<td>Ministry of Health &amp; Family Welfare</td>
<td>₹ 89,155 crore</td>
<td>12.6% increase</td>
</tr>
<tr>
<td>Ministry of Housing and Urban Affairs</td>
<td>₹ 76,431.60 crore</td>
<td>1.5% increase</td>
</tr>
<tr>
<td>Ministry of Women &amp; Child Development</td>
<td>₹ 25,448.75 crore</td>
<td>6.4% increase</td>
</tr>
<tr>
<td>Ministry of MSME</td>
<td>₹ 22,137.95 crore</td>
<td>41.6% increase</td>
</tr>
<tr>
<td>Ministry of Power</td>
<td>₹ 20,671.32 crore</td>
<td>57.7% increase</td>
</tr>
<tr>
<td>Ministry of Electronics &amp; IT</td>
<td>₹ 16,549.04 crore</td>
<td>41.2% increase</td>
</tr>
<tr>
<td>Ministry of Science &amp; Technology</td>
<td>₹ 16,361.42 crore</td>
<td>25.5% increase</td>
</tr>
<tr>
<td>Ministry of New and Renewable Energy</td>
<td>₹ 10,222 crore</td>
<td>45.3% increase</td>
</tr>
<tr>
<td>Ministry of Information &amp; Broadcasting</td>
<td>₹ 4,692 crore</td>
<td>12.2% increase</td>
</tr>
<tr>
<td>Ministry of Textiles</td>
<td>₹ 4,389.34 crore</td>
<td>22.6% increase</td>
</tr>
<tr>
<td>Ministry of Skill Development &amp; Entrepreneurship</td>
<td>₹ 3,517.31 crore</td>
<td>85% increase</td>
</tr>
<tr>
<td>Ministry of Civil Aviation</td>
<td>₹ 3,113.36 crore</td>
<td>66.8% decrease</td>
</tr>
<tr>
<td>Ministry of Environment, Forests and Climate Change</td>
<td>₹ 3,079.40 crore</td>
<td>24.3% increase</td>
</tr>
<tr>
<td>Ministry of Tourism</td>
<td>₹ 2,400 crore</td>
<td>78.7% increase</td>
</tr>
</tbody>
</table>

**Note:** Year-on-year change compares Revised Expenditure of FY 2022-23 with Budgeted Expenditure of FY 2023-24.
### Allocation to Major Schemes (accounting for 87% of total allocations)

**Last Year Vs. This Year**

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Ministry</th>
<th>Total Budget (FY23-24)</th>
<th>Year-on-Year Change</th>
<th>Year-on-Year Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in NHAI</td>
<td>Ministry of Road Transport and Highways</td>
<td>₹1,62,207 crore</td>
<td>14.5%</td>
<td>Increase</td>
</tr>
<tr>
<td>Jal Jeevan Mission</td>
<td>Ministry of Jal Shakti</td>
<td>₹70,000 crore</td>
<td>27.3%</td>
<td>Increase</td>
</tr>
<tr>
<td>MGNREGA</td>
<td>Ministry of Rural Development</td>
<td>₹60,000 crore</td>
<td>32.9%</td>
<td>Decrease</td>
</tr>
<tr>
<td>Nutrient Based Subsidy</td>
<td>Ministry of Chemicals &amp; Fertilisers</td>
<td>₹44,000 crore</td>
<td>38.1%</td>
<td>Decrease</td>
</tr>
<tr>
<td>PMAY - Pradhan Mantri Awas Yojana (Urban)</td>
<td>Ministry of Housing and Urban Affairs</td>
<td>₹25,103.03 crore</td>
<td>12.6%</td>
<td>Decrease</td>
</tr>
<tr>
<td>Modified Interest Subvention Scheme (MISS)</td>
<td>Ministry of Agriculture &amp; Farmers’ Welfare</td>
<td>₹23,000 crore</td>
<td>4.5%</td>
<td>Increase</td>
</tr>
<tr>
<td>Pradhan Mantri Gram Sadak Yojana</td>
<td>Ministry of Rural Development</td>
<td>₹19,000 crore</td>
<td>0%</td>
<td>Change</td>
</tr>
<tr>
<td>Guarantee Emergency Credit Line Facility</td>
<td>Ministry of MSME</td>
<td>₹14,100 crore</td>
<td>34.2%</td>
<td>Increase</td>
</tr>
<tr>
<td>Urea Subsidy</td>
<td>Ministry of Chemicals &amp; Fertilisers</td>
<td>₹1,31,100 crore</td>
<td>14.9%</td>
<td>Decrease</td>
</tr>
<tr>
<td>Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)</td>
<td>Ministry of Agriculture &amp; Farmers’ Welfare</td>
<td>₹60,000 crore</td>
<td>0%</td>
<td>Change</td>
</tr>
<tr>
<td>PMAY - Pradhan Mantri Awas Yojana (Rural)</td>
<td>Ministry of Rural Development</td>
<td>₹54,487 crore</td>
<td>12.5%</td>
<td>Increase</td>
</tr>
<tr>
<td>Samagra Shiksha</td>
<td>Ministry of Education/SE</td>
<td>₹37,453.47 crore</td>
<td>16.5%</td>
<td>Increase</td>
</tr>
<tr>
<td>MRTS and Metro</td>
<td>Ministry of Housing and Urban Affairs</td>
<td>₹23,175.01 crore</td>
<td>13.6%</td>
<td>Increase</td>
</tr>
<tr>
<td>Saksham Anganwadi and Poshan 2.0</td>
<td>Ministry of Women and Child Development</td>
<td>₹20,554.31 crore</td>
<td>1.4%</td>
<td>Increase</td>
</tr>
<tr>
<td>National Rural Livelihood Mission</td>
<td>Ministry of Rural Development</td>
<td>₹14,129 crore</td>
<td>5.9%</td>
<td>Increase</td>
</tr>
</tbody>
</table>

**Note:**
The Year-on-Year change in budget has arrived at basis comparison of the current year’s (FY 2022-23) Revised Expenditure with the following year’s (FY 2023-24) Budgeted Expenditure.
SECTION
03
Amrit Kaal: India@2047
Mr. Nilaya Varma
Co-Founder and CEO at Primus Partners

Mr Nilaya Varma is the Co-Founder and CEO at Primus Partners. Nilaya has close to 25 years of experience advising State and National Governments in the domain of Governance, Ease of Doing Business, Business Process Re-engineering, Policy formulation and Public service delivery.

Budget 2023, the last full budget before the election dance in the world’s largest democracy has attempted to play the music for everyone, especially those who will be critical in re-electing the current government - women, tribals and the urban middle class. It has also given the markets something to cheer. Large borrowing plan of the government, no change in capital gains tax, no inheritance tax and enough reference to ease of doing business and de-criminalization of statutes. Our analysis of Budget 2023 really sees 7 themes.

1. Investing and Roadmap for the AMRIT Kaal –
   The Prime Minister is keen to see his personally legacy enshrined in how India develops in another 25 years. Many of the initiatives including in agriculture modernization (crop pattern changes), teachers training, availability of skilled people including nurses etc will take time but will define what India becomes in 2047. Budget 2023 makes that clear

2. Direct Tax changes to aid short term consumption – The gloomy global market that will impact exports and resilience needed to be offset by boosting domestic consumption. The tax proposal will surely help more in an election year!

3. Betting on Infrastructure for near term job growth and long-term competitiveness of the Indian Economy –
   There is universal consensus that investing in Infrastructure is about Investing in Future. The higher allocation (substantial) is clearly aimed at this. In our view this is also the only way to address the challenges of creating jobs (albeit low paid and hard job) in the near future. Creating jobs for skilled and educated workforce will continue to be a challenge. IFSC GIFT city (in Gujarat) is also going to be at the centre of raising global funds for the infrastructure sector.

4. Formalization of the Indian Economy continuous and getting expedited –
   Common and centralized address management, common business identifier and expansion of Digi locker will also help in accelerating formalization of Indian economy that will help target subsidies better and make tax evasion more difficult. Benefits of this are evident in the growing GST collections.

5. Clearly a budget that sees elections ahead –
   The mention of NE, tribals, vulnerable, allocation of a large scheme for Karnataka, significant expansion of the credit guarantee program for MSME and settlement scheme for contracts in disputes, focus on Women SHGs, makes it clear that elections are here. This is also expected in a democracy!

6. India is serious on leveraging opportunities arising out of Climate Change –
   In the context of G20 and the PM’s own stated goal of putting India at the forefront of climate change, the allocation towards hydrogen mission, supporting greening of the economy and its transition is continuation of the initiative started last year

“A smart budget that does not abandon the path of prudent fiscal management.”

7. The future will be data and Integrated Data –
   The government has been clear about leveraging data to plan and execute its vision. The proposed national data governance policy and using common identifier to integrate government program and pilot program to be initiated by NITI to move away from input based to result based allocation is a clear sign.

Disclaimer: Devil always lies in the details of allocation and more importantly utilization to convert intent to reality and hence we will have to wait to see what gets done this year.
India’s pitch as global south
India’s Pitch as Global South and Alignment of its priorities to find more visible global relevance

India ranks number 4 among G20 countries in terms of Net FDI, indicating country’s growing effectiveness as an investment destination.

The government has reduced more than 39,000 compliances and decriminalized more than 3,400 legal provisions to improve the ease of doing business which in turn will lead to more FDI inflows in the country.

To further improve, the Union Budget 2023-24 steeply increased the capital investment outlay by 33 per cent to Rs 10 lakh crore. The Indian Railways will also receive a capital outlay of Rs 2.40 lakh crore, which will enhance domestic competitiveness and bode well for India’s exports. Capital expenditure by government will have a positive multiplier effect on job creation which will grow momentum in exports, increasing FDI.

India ranks 10th in terms of exports of goods and services among G20 countries. India has seen a steady rise in exports over the past several years.

To leapfrog in ranks, the budget proposes to reduce the number of customs duty rates, such as reducing the duty on open cells of LED TV panels and camera lenses to 2.5% and continuing the concessional duty on lithium-ion cells which will create more opportunities for the Indian businesses to sell their services or products outside the country, leading to more exports.

India Ranks number 5 among G20 countries in Gross Savings (% of GDP) maintaining stability at 30% of GDP.

To improve Savings Rate from current level, the new tax structure is reducing the number of tax slabs to 5 and increasing the tax exemption limit to ₹3 lakh, which will provide more opportunities for people to save. Furthermore, the announcement of a one-time small saving scheme for women offering a fixed rate of interest of 7.5% for a period of two years along with a 15% concessional tax will also increase consumer savings.
SECTION 05

Industry-wise key takeaways
India will continue to be a favored investment destination

Mr. Ramesh Abhishek
Former Secretary DPIIT, Government of India

Mr. Ramesh Abhishek is a former IAS officer who held charge as Secretary to Government of India, Department for Promotion of Industry and Internal Trade, headed Ease of Doing Business, Make In India and Start - Up Initiatives of Government of India and was Chairman of Invest India and Delhi Mumbai Industrial Corridor Development Corporation.

The Budget 2023-24 continues to focus on the government’s objective to make Indian companies more competitive in the global market, attract investments from outside India, promote start-ups, the ‘Make in India’ campaign, and provide support to ramp up innovation and develop essential infrastructure.

There is a clear focus on enabling ease of doing business by easing up tax compliances, simplification and digitization of processes. The revised tax structure with fewer tax rates helps in reducing compliance burden and improving tax administration.

Rationalisation of customs duty for a number of items will further promote domestic value addition and will also help MSMEs become more competitive thereby supporting more job creation.

A significant point was the increase in capital expenditure by 33 per cent to INR 10 lakh crore, which would be 3.3 per cent of GDP. Almost three times the outlay in 2019-20, this will go a long way in enhancing growth potential and job creation, encouraging private investments, and provide a cushion against global headwinds.

Focus on improving the infrastructure and connectivity will provide a much needed boost to the manufacturing sector with the provision for INR 75,000 crore for the same. This will have a direct beneficial impact on railways, roads, urban infrastructure and power, which are critical for industrial growth and attracting new industrial activity.

Impetus has been provided for digitization and focus on cutting edge sectors, such as AI, 3-D printing etc. which are required to develop futuristic applications and scalable solutions, especially in upcoming and new age industries.

Along with the various announcements that focus on sweeping infrastructure reforms, reducing the compliance burdens, boosting innovation and capacity building, the budget also emphasized the need for a green India and sustainable growth.

Overall, the budget is promising in the outlook for industrial growth and job creation.
We welcome this pro-growth Budget 2023 that is aimed at providing strong impetus to growth, job creation and will bring a major cheer to the middle class. True to its name, it is the ‘1st Budget for Amritkaal’. The budget aims to boost the domestic EV manufacturing sector with its decision to increase Customs duty from 60% to 70% on importing EVs. Also, the removal of custom duty on capital goods/machinery for manufacture of lithium-ion cell in EV batteries and extending the subsidized BCD @5% on import of Cells for another year is a clear reflection of the government’s larger move towards Green Growth. With pointed focus towards ‘Infrastructure’, ‘Consumption’, and ‘Sustainability’, the govt’s decision of 33% hike in capex outlay at Rs. 10 Lakh crores will set the ground for ‘New India’.

Mr. Nishant Arya Vice Chairman at JBM Group & Chairman - Linde Wiemann GmbH

This budget provides continuity with the recent past to provide a predictable regulatory order in India for both foreign and domestic firms to invest in India, ‘Make in India’, export from India and to profit in India. Thus, the budget will provide a fillip to India’s continuing growth story.

Mr. Gautam Bambawale
Former Indian Ambassador to Bhutan, Pakistan and China
Clear emphasis has been laid on Lab grown Diamonds in the Gems & Jewellery industry, with a vision to encourage indigenous production which will eventually reduce the dependency on imports. Further, an increasing spending on the research & development will act as a catalyst in leading towards a more technology and innovation driven industry.

With a substantial increase in the capital expenditure, the government is making substantial efforts to enhance growth potential and job creation. Post pandemic, there has been a substantial increase in private investments. Furthermore, impetus is given in the budget wherein there are enhanced opportunities for investments in infrastructure for the private sector, clearly paving the way for its future growth.

Mr. Hemant Bharat Ram
President, DCM Textiles

Suvankar Sen
Chairman, Senco Gold and Diamond

“With a substantial increase in the capital expenditure, the government is making substantial efforts to enhance growth potential and job creation. Post pandemic, there has been a substantial increase in private investments. Furthermore, impetus is given in the budget wherein there are enhanced opportunities for investments in infrastructure for the private sector, clearly paving the way for its future growth.”
Industry (MSME)

The 2023-24 budget provides thrust to the MSME sector through extending capital infusion, enabling ease of doing business and extensive focus on skilling.

### Budget at a Glance

- **Contribution to GDP:** 26.83% (FY 2020-21)
- **Total MSME:** 633.88 Lakhs (FY 2021-22)
- **% share of MSME exports:** 42.67% (FY 2022-23; up to Aug 2022)

### Overall Impact and Who it Impacts

- Relief to MSMEs from rising cost of doing business
- Continued focus on ease of doing business should aid in rationalizing the cost of compliances.
- Making MSMEs future ready by focusing on skilling, especially emerging themes such as AI, Robotics, Drones.
- Relief for MSMEs especially which could not have access to institutional financing and freed up capital

### Why It Is Important

- MSME sector employs about 1109.89 lakh people, stressing its economic and social significance.
- The MSME sector should be made resilient and future ready to address the huge downstream demand arising due to augmented manufacturing capabilities at the national level (triggered by PLI schemes).

### What We Expected

- Expanding PLI Scheme for MSME sector
- Extension of Emergency Credit Line Guarantee Scheme (ECLGS)
- Offering additional credit of INR 2 lakh crores for MSME under the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE)
- Extended use of CGS to get banks to support specific sectors and MSMEs
- Thrust on Skilling
- Free social security coverage and benefits to all unorganized workers

### Expectations Achieved

Budget 2023-24 matches the expectations in providing capital infusion and facilitating ease of doing business

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**Budget Announcement**

- The revamped credit guarantee scheme for MSMEs is to take effect from 1st April 2023 through an infusion of Rs. 9,000 crores in the corpus, enabling an additional collateral-free guaranteed credit of INR 2 lakh crores
- The cost of the credit is to be reduced by about 1%.
- Refund scheme for failed MSMEs: 95% of the forfeited amount relating to the bid or performance security, is to be returned to them by the Govt and undertaking
- Entity DigiLocker to be set up for use by MSMEs, large businesses and charitable trusts
- PM Vishwa Karma Kaushal Samman-package of assistance for traditional artisans and craftspeople has been conceptualized to enable them to improve quality, scale and reach of their products, integrating with MSME value chain.
- Digital ecosystem for skilling will be further expanded with the launch of a unified Skill India Digital platform
- Micro Enterprises with a turnover of over Rs 2 crores can avail the benefit of presumptive taxation with enhanced limits of Rs. 3 crores whose tax receipts are not more than 5%
- To support MSMEs in timely receipt of payments, allowing the deduction for expenditure incurred on payments only when the actual payment is made.
- Setting up Unified Filing Process to simplify information or return filling on a common portal

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**Expert Opinion**

**Dr. Shrivallabh Goyal, Director and Business Head Reliance Model Economic Township**

MSMEs lie at the core of India’s growth story. The 2023-24 Budget supports the MSME sector by easing the doing business ecosystem through digitization, reducing the cost of MSME credit guarantee, launching a refund scheme for failed MSMEs, and infusing Rs. 9,000 crores in the corpus through Revamped Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE), allowing additional collateral-free credit of Rs 2 Lakh crores.

We welcome the 2024 Budget and are hopeful of it creating a positive impact on the MSME sector.
This year’s Union Budget and the Economic Survey, both are a reflection on the growth realized in the broad-based online segment, and its growing importance for the Indian economy.

The inclusion of a standalone section on e-commerce in the Economic Survey 2022-23 – highlighting measures deployed by the Government to enhance integration of MSMEs, Artisans with e-commerce supply-chains, as well as subsequent tax and export regulatory overhauls to simplify e-commerce supplies – is a glaring reflection of the growing importance of the e-commerce sector in the Indian economy.

Mr. Rajneesh Kumar
Chief Corporate Affairs Officer, Flipkart Group

MSMEs are considered as the growth engine of the economy and this sector stands to gain from this year’s fiscal budget. The infusion of INR 9000 crore towards the revamped Credit Guarantee Scheme will help reduce the stress in this sector, with this the additional 2 lakh crore of unsecured credit will get enabled along with reduction in cost of credit by about 1%. The presumptive taxation limit has been enhanced for MSMEs to INR 3 crore (up by 1 crore) and INR 75 lakhs (up by 25 lakhs). A digilocker setup will be done for MSMEs which will enable them ready access to documents that they frequently need for their repetitive credit requirements. This clubbed with the PM Kaushal Vikas Yojana 4.0 towards skilling of lakhs of youth are further enablers for the MSME sector. This is the last full budget of this government before the next parliamentary elections and it has touched upon all sectors across.

Mr. Vaibhav Joshi
Cofounder and CEO, Easy Pay
**Budget Announcement**

- National Financial Information Registry to be set up as a central repository of financial information
- Simplification of KYC process, and expanding scope of DigiLocker, as a one stop solution for reconciliation and identity verifications
- Continuation of fiscal support to promote digital payments in FY 23-24
- Amendments to regulations pertaining to the banking sector to improve governance in banks
- Disinvestment Target of INR 51,000 Cr for FY 24. Allowing carry forward of losses on strategic disinvestment including that of IDBI Bank
- Income from market-linked debentures to be taxed as short-term capital gains at applicable rates
- Limit of exemption for life insurance premium to maximum INR 5 lakh excluding ULIPs
- Adoption of a series of regulatory and structural changes to facilitate and enhance business in GIFT City
- SEBI will develop and regulate norms and standards for education in the National Institute of Securities Markets and to recognize award of degrees, diplomas and certificates

**Expert Opinion**

*Mr. Gurpreet Sidana,*
*Director & COO,*
*Religare Broking Limited*

“The most awaited number from the Budget 2023 was the fiscal deficit and the Finance Minister stuck to the much-anticipated target of 5.9% for FY24. Announcements pertaining to state governments’ deficit have also been received positively. Amendments in Banking and RBI Act to empower SEBI to protect and educate investors are important steps for the capital markets. On taxation, the balancing act in indirect taxes and relief to salaried individuals by making the new tax regime more attractive was positive. Overall, the Finance Ministry has done well to tick most of the possible boxes without tinkering with the fiscal deficit.”

**Sector at a Glance**

- **Financial Inclusion (FI) Index**: 56.4% in Mar 22 from 53.9% in Mar 21 signaling positive impact of government interventions.
- **Banks**: Gross NPA: 7-yr low of 5% in Sep 22; Credit Growth: 10-yr high of 18% in Nov 22
- **Insurance**: Premium from New business up by 31% YoY as on Dec 22 (269K Cr), while no. of policies grew only by 4%, indicating a surge in premium per policy
- **Demat Accounts**: Number of Accounts: 2.9 cr. accounts added YoY, Growth Rate at 37% as on Nov 22

**Overall Impact and Who it Impacts**

- One stop solutions for identity verification across all financial pillars of credit, insurance, investment will help reduce friction and increase digital adoption
- Amendments to banking regulations governing the banking sector will help improve bank governance and enhance investors’ protection
- Treatment of MLDs like any other debt instruments will reduce their attractiveness, which could negatively impact liquidity of NBFCs

**Why It Is Important**

- Simplification of KYC processes will help financial penetration, thereby ensuring continued upward trajectory of India’s Financial Inclusion Index
- Reforms in the banking sector will help pushing credit growth at pre-pandemic levels
- GIFT City is planned to become an International Financing Center. To that end, facilitating business and maximizing convenience is critical

**What We Expected**

- Focus on digitization: Push for higher adoption of digital infrastructure for greater ease of doing business
- Banking: Strengthening balance sheets of PSU banks for eventual disinvestments
- NBFCs: Parity in income tax treatment of NPAs, taxation on interest income on receipt basis

**Expectations Achieved**

Greater focus on digitization through one-stop shop solutions and banking regulations to push consumer protection.
**Budget Announcement**

- **Personal Tax reforms like no tax for income up to INR 3 lakh/year, cut in personal income tax slabs to INR 5 lakh from INR 6 lakh will help boost consumer confidence**

- **MSME reforms such as revamp of Credit Guarantee Scheme to enable additional collateral-free credit of INR 2 lakh crore will give impetus to small businesses**

- **Focus on job creation and boost to infrastructure investments**

- **Provisions to encourage discretionary spends like announcements for investments in infrastructure, rural demand creations etc. will revitalize the FMCG sector**

**Expert Opinion**

**Mr. Jasvinder Mukar**  
Director, Feathouse Hospitality LLP

The Government’s Tax relief measures, along with focus on infrastructure investments comes as a major boost to the Indian markets. The Budget did not tinker with the capital gains which has cheered the markets. The various measures announced will boost the disposable income thereby helping FMCG sector which have been battling inflation

**Sector at a Glance**

- **India’s FMCG market is estimated to grow to USD 220 Bn by 2025**

- **India’s FMCG sector account for 15% of GDP. FMCG market is a growing sector in urban and rural India**

- **Fourth-largest sector in the Indian economy. The urban market contributes 60% of the consumption revenue of the FMCG market in India**

**Overall Impact and Who it Impacts**

- **Increase in government expenditure in the areas of infrastructure, mobility and connectivity will help boost rural incomes**

- **Budget also aiming to facilitate ease of doing business by reducing compliance burden on the businesses**

- **Increased investment in health, education and skill upgradation will spur job growth in rural areas**

**Why It Is Important**

- **FMCG sector is the backbone of Indian economy. Growth of FMCG sector has a direct bearing on India’s economic growth rate**

- **Growth of FMCG sector has a trickle-down effect on the rural economy, promoting inclusive growth**

**What We Expected**

- **To fuel rural demand investment of additional capital investments to boost supply chain efficiency**

- **Tax reforms to increase disposable income and stimulate demand**

- **Ease of doing business reforms to continue business activity in the country**

**Expectations Achieved**

Increase in investments in infrastructure, rural economy, start-ups, coupled with impetus given to MSMEs, and logistics reiterate India’s ambition for all-inclusive development
Budget Announcement

• Overarching themes: that effect the chemical and fertilizer industry – Green Growth & Infrastructure and investment.
• Fertilizers: Boost has been given to Galvanizing organic bio agro resources dhan (GOBAR-DHAN) scheme.
• National Green Hydrogen Mission with INR 19,000 cr outlay
• New Scheme of Petrochemicals (NSP) restructured for better promotion and development of that sector

Sector at a Glance

The size of Indian Chemical, Petrochemicals & Fertilizer is estimated to be over INR 20 lakh crore in FY 23. It is 6th largest in world

1.4% of nation’s Gross Value Added

11.3% Chemical products exports share

Overall impact / who is impacted

• High increase in the fertilizer subsidy due to increase in oil prices puts pressure on the overall budget.
• Green growth initiative has a large impact for the industry

Why It Is Important

• Chemicals is a “Pillar” industry that feeds agriculture, industry, transport and many sectors produce goods and services. It forms the base of a strong economy.

What We Expected

• A PLI scheme for strategic chemicals and petrochemicals sector with allocations of around INR 5,000 cr. – is missed
• Fiscal incentives to encourage downstream units and initiatives to boost investments including creation of petroleum, chemical and petrochemicals investment regions (PCPIRs).
• Incentives for investments in new and innovative fertilizers – fillip to Gobardhan scheme

Expectations Achieved

The budget has fallen short on announcement of key items such as PLI and infrastructure development for chemicals and fertilizers.
The tourism and hospitality sector is touted to be one of the key drivers of economic growth in the post-pandemic period. While expenditure was less, the Budgetary Estimate for the previous two years remains the same.

**Budget Announcement**

- 50 tourist destinations to be selected through Challenge Mode and developed as a whole package for domestic and international tourism.
- Unity Malls to be set up to promote and increase sales of One District One Product, GI tagged products and handicrafts.
- Mobile Application to be developed for physical & virtual connectivity, tourist guides, high quality food tourist security.
- ‘Dekho Apna Desh’ initiative to promote domestic tourism, Vibrant Villages Programme to improve tourism infrastructure and ‘Swadhesht Darshan Scheme’ to promote theme-based tour circuits.
- Push to increased employment and entrepreneurship in the sector, particularly towards the youth.
- Focus on the convergence of government programs and an increase in Public Private Partnerships.
- Eco-tourism to be promoted through the Amrit Dharo scheme and Medical Tourism to be promoted in the AYUSH Sector.

**Expert Opinion**

**Mr. S. Ravi,**
Founder and Managing Partner, Ravirajan & Co LLP, Chairman, TFCI

“The current budget is focusing on tourism and is stating that the development of tourism would be on a mission mode through Public-Private-Participation model, thus, enabling more employment. All these measures will enable the tourism sector to grow and, also, generate foreign exchange.

Dekho Apna Bharat Scheme is being introduced which is intended to vitalise the tourism sector across all states in India. Creation of Unity Malls across India will further strengthen the tourism infrastructure and promote tourism. The budget also announces a tourism app to promote tourism.

All these measures will have a medium- and long-term impact in promoting tourism”.

**Sector at a Glance**

- The sector directly contributed to 6.8% and indirectly contributed to 5.2% of India’s GDP in 2019
- The sector contributed to 6.69% of direct employment and 8.65% of indirect employment, amounting to a total 79.86 million jobs in 2019
- Significant growth drivers for Tourism will be public Infrastructure, Transportation and Skilling sectors

**Overall impact / who is impacted**

- Improvements in state economy and income generation where there is greater impetus for tourism, especially for tier II and tier III cities, north-eastern states and border villages.
- Increased opportunities to formalize participation, especially for ancillary sectors.
- Increase in Foreign Exchange Earnings as a component of the GDP.

**Why It Is Important**

- Tourism as a multi-sectoral industry has untapped potential for economic growth and investment in India.
- The sector creates an impetus for improved infrastructure, transportation as well as F&B as allied sectors
- Generation of a high percentage of direct and indirect employment.

**What We Expected**

- Increased funding, tax rebates and a uniform GST nation-wide
- Promotion of key tourism sub-sectors such as spiritual, ecological, medical and film tourism.
- Increased PPP promotion and attracting private investment
- Focus on service delivery and capacity building
- Create appropriate regulatory environment to usher in higher paying jobs for aspirational Indians via a Tourism Policy
- Increased focus on infrastructure development

**Expectations Achieved**

While the budget has accounted for a few expectations, announcements regarding tax relief and a greater regulatory environment were amiss.
Agriculture

The budget lays emphasis on adopting emerging technology promoting green initiatives focusing on cultivating sustainable practices in the sector

**Budget Announcement**

- Developing Digital Public Infrastructure leveraging open source and interoperable technologies.
- An 'Agriculture Accelerator Fund' will be set up to encourage agri-startups in rural areas.
- Agriculture credit target raised to INR 20 lakh crore with a focus on animal husbandry and fisheries.
- Establishing Centre of Excellence in Indian Institute of Millet Research to make India a global hub for Millets.
- Aatmanirbhar Clean Plant Program for high-value horticultural crops at an outlay of INR 2,200 crore.
- Strengthening cooperative sector by undertaking computerization of 63,000 Primary Agricultural Credit Societies with an investment of ~2,516 crore.
- Promoting natural farming practices by setting up 10,000 bio unit resources over the next three years benefitting 1 crore farmers.
- Involving private sector to enhance productivity of cotton through a cluster-based approach.
- New sub-scheme of PM Matsya Sampada Yojana with targeted investment of 6,000 crore for fishermen.

**Expert Opinion**

*Mr. Devender Singh*

Adviser (Irrigation), Hon'ble Chief Minister, Haryana

"The 2023-24 budget clearly lays emphasis on leveraging digital infrastructure and technologies for the agricultural sector which would provide the necessary impetus to the Farm Sector and ensure not only food security but generate exportable surplus. Agriculture Sector continued to be a bright spot even during Corona times. Real time information on various variables enable farmers to achieve better productivity and yield. Timely implementation at a scale would be the key to harness true potential of such initiatives."

**Sector at a Glance**

- ~0.49% of GDP
- 18.8% contribution to GVA and 15% to GDP
- Increase agricultural export to US$ 100 billion in the next few years

**Overall Impact and Who it Impacts**

- Budget allocations for PM-Kisan scheme remains unchanged as compared to the previous year budget.
- Boost the activities of fishermen thereby improving their efficiencies across the value chain.
- Increased avenue for the private sector in the sector.
- Bringing affordable and innovative solutions by providing necessary impetus to the tech startups.
- Increase production, consumption and exports of Millets.
- Aiming at making the sector future ready by promotion clean, green and sustainable farming practices.

**Why It Is Important**

- The sector is the largest employer of workforce in the country ~50%.
- In adverse global situations, the sector gains prominence to achieve desired food security levels.
- It can significantly enable the country to increase its share in global trade. There has been an increase in the agriculture exports making India 2nd largest in the global food production.

**What We Expected**

- Modernization of the sector through adoption of technology.
- Incentives and subsidies to farmers, agri-tech start-ups.
- Increased focus and spending on R&D.
- Tax Exemptions for players across the value chain.

**Expectations Achieved**

- The budget has fairly met the expectation by focusing on inclusive development, incentives across the value chain and agritech startups.
5.2 Budget has kept its focus on capex

Mr. Satyakam Arya
MD and CEO, Daimler India Commercial Vehicles

Mr. Satyakam Arya is a top executive in Automotive Industry with diverse international experience. Specialist in supply chain management, greenfield project set up, business turnaround management and customer services.

The FY 2023-24 Union Budget shows consistency and an intent for growth. The 33% increase in CAPEX outlay underlines the fact that the Budget is pro-growth and the increase is to step up on the 7% growth achieved in the previous fiscal.

Main highlights which stood out for us as a commercial vehicles manufacturer was the eye on digitalization by leveraging 5G, which can help optimize costs and improve efficiency in the sectors it is implemented; the INR 19,500 crore outlay for green hydrogen development is a step in the right direction for the future of heavy-duty trucks and largely, the logistics industry; INR 35,000 crore for renewable energy transition projects is also an interesting initiative but how this pans out in the medium term will mark its significance; the PM Awas Yojana that is planned for boosting rural housing would create more jobs and bring more projects for the CV industry.

We also feel that the concept of the Green Credit program can be beneficial if thought through and implemented well. Our overall view of the FY 2024 budget is that it is expansive and pragmatic. The budget clearly indicates a penchant for sustainable growth with a potential of aligning with long-term objectives. While the infrastructure push is a fiscal multiplier, it also gives the CV industry plenty of projects to look out for in the medium term. However, we were also expecting more on the National Logistics Policy, its strategy which was drafted exceptionally, and we were eager to see it get implemented or at least have an outlay.

A more specific mention on the continuity of the Scrappage Policy would have given a direction to the industry, not just for preparing to replace phased out vehicles with new ones but to encourage the proliferation of scrappage companies to expand their businesses.

There is no doubt that India’s economy is more resilient and can withstand headwinds coming from slowing global economies but execution of direction is important to set the country on the path to achieve more success. India is also a great opportunity for global investors to consider investing in our country, to enjoy the long term benefits of an economy that is getting stronger by the year. The FY 2023-24 Budget shows consistency but the near-term capital inflow is worth monitoring and improvising on in order to transform consistency into healthy momentum.
Automotive

Due to a greater emphasis on Greening of the environment, the automobile sector will witness significant growth in the electric vehicle segment.

Sector at a Glance

- We rank No. 6 in Automobiles all over the world
- FY 22 Passenger Vehicles – 31 lakh 2 Wheelers – 1.3 crore
- Commercial Vehicles – 7 lac
- Contribution to GDP 7.1%
- Employment generated: 37 million jobs
- Share in India’s exports: 4.7%

Overall impact / who is impacted

- Despite high tax (GST + Cess + Import duty), the demand for vehicles remains strong in the short term
- Focusing on vehicles of future i.e. EV, will have a good effect on industry, environment as well as the consumers

Why It Is Important

- Automobile industry is a good indicator of how well the economy is doing
- The industry plays a key role in technological advancement, macroeconomic expansion and job creation. It has a high impact on the economy

What We Expected

- Further support for Electric Vehicles & Green technologies
- Success in Production Linked Incentives announced last year

Expectations Achieved

- Keeping policies steady and focusing on next-generation vehicles is welcome.
Focus on infrastructure led growth continues

Mr. Davinder Sandhu
Co-founder and Chairman, Primus Partners

Mr. Davinder Sandhu has held leadership positions at Prime Minister's Office, GoI, World Bank, Indian Railways, KPMG among other reputed institutions. He has represented these institutions as a delegate at UNGA, ASEAN, BRICS, IBSA, ASEM and SAARC, with exposure to the G-20, G-24, and Commonwealth.

India’s budget 2023 has laid out a holistic and inclusive framework to give an impetus to the achievement of the UN’s sustainable development goals. A major component of this is infrastructure which includes transport, logistics, energy, urban development, housing, and allied sectors and forms the backbone of India’s economic growth. The budget for transportation has witnessed an overall increase of 32% to 5,17,034 crores and energy has seen a rise of 33% to 72,093.36.

Transport remains a major propellor of the Indian economy, within which railways is a major vehicle of modernization. The development of the Master portal – PM Gati Shakti National Master Plan (NMP) will bring increased coordination among all branches of the transport sector. Similarly, the Unified Logistics Interface Platform (ULIP) will enable seamless digital integration in the logistics sector. The budgetary allocation for Railways has increased 9 times since 2013 which will seek to strengthen the confidence of industry stakeholders and a major chunk will be utilised for developing 400 more new-generation semi-high speed trains, laying of new tracks and logistics services for small farmers and Small and Medium Enterprises.

The announcement of major civil aviation infrastructure projects will seek to decongest major airports and facilitate India’s goal of increasing regional and last mile connectivity. In addition, coastal shipping has emerged as a vessel for energy efficiency and will be encouraged through PPP mode and viability gap funding.

The government has showcased its commitment to promote sustainable development through a range of initiatives pertaining to promotion of energy efficiency in the country. It is encouraging to note that the energy sector in India is set to receive a significant boost, considering the government’s focus on green hydrogen production, battery energy storage systems, waste to energy, among other crucial areas. The government has set an ambitious target of an annual production of 5 MMT of Green Hydrogen by 2030, has also announced noteworthy initiatives to promote battery energy storage and pumped hydro storage systems. The announcement of Rs. 35,000 crores for priority capital investment and Rs. 10,000 crores for 500 new waste to wealth plants, will also help enable attainment of energy transition and net zero goals. The initiatives stated in the budget are envisaged to be instrumental in facilitating transition of the economy to low carbon intensity and will reduce dependency on fossil fuel imports.

Major allocations in infrastructure will act as a force multiplier to accelerate India’s economic growth as well as employment opportunities. On the international front, India is poised to become a global leader in green hydrogen, energy storage, alternative fuels, railway technology and will be a key part of global decisions at all multilateral forums.
The announcement of the AI Centre of Excellence to support core sectors will promote Artificial Intelligence and Machine Learning will define the logistics industry – which will streamline and make logistics more agile, and nimble in the coming days. We will see more cloud-based systems & integrations among Indian logistics suppliers. More SMEs will move towards this, pushing the industry altogether to cloud-based systems & integration.

Amb Navdeep Suri  
Former Ambassador of India to UAE & Egypt, High Commissioner to Australia, Distinguished Fellow at ORF

The multiplier impact of a record increase in capital expenditure to build infrastructure capabilities shows the government's resolve to build India for future, and also comes as a big push and an opportunity to further incentivize the private sector investments.

Mr. Ajit Ranade  
President and Chief Economist at Aditya Birla Group

Infrastructure development was a core in the 2023 Budget announcement, and the government's announcement of an all-time high capex outlay is a progressive step in making India a globally connected economy. The infrastructure spend is up by 33% to 10L cr, which forms 3.3% of GDP in this year. There is a thrust and focus on urban planning and urban infra for sustainable living. An announcement of 50 additional airports, helipods, water aero drones, advanced landing grounds and over INR 2.4 lakh cr outlay for railways is also in the cards to improve connectivity across all urban and tier 2 and tier 3 cities. We believe that the increase in Capex and resulting infrastructure development will also ease the development of warehousing and attract investment from the private sector, wishing to capitalise in this development. Measures such as the Government's intention to launch Pradhan Mantri Kaushal Vikas Yojana 4.0 to skill the youth for international opportunities and the setting up of 30 Skill India International Centres across different States will also contribute to long-term talent creation for the infrastructure, logistics and warehousing development throughout the country in the next few years, thereby empowering this industry to contribute hugely to India’s ‘vikas’.

Mr. Anshul Singhal  
Managing Director, Welspun One Logistics Parks
## Transport and Logistics

The thrust towards regional and last-mile connectivity is witnessed in the allocations across the transport sector in railways, roads, shipping, and civil aviation.

<table>
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<th>Year</th>
<th>Allocation (in INR crores)</th>
<th>Increase (%)</th>
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<td>FY22-23</td>
<td>3,90,495</td>
<td>32%</td>
</tr>
<tr>
<td>FY23-24</td>
<td>5,17,034</td>
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### Sector at a Glance

India has the 4th largest railway system in the world with a total track length of 126,366 km. It also boasts of the second largest road network in the world, with a length of over 6.2 million kilometres.

India currently has 131 operational airports and is expected to cater to 40 cr domestic and international passengers by 2027 and witness an increase to 220 airports by 2030.

India’s logistics sector is estimated to be over $210 Bn with logistics costs accounting for 14% of GDP.

India has been building and increasing focus on water-based transport modes including inland waterways. Coastal shipping will relieve stress on saturated rail routes, and also provide decreased emission during transport of bulk commodities like coal.

### Overall Impact and Who it Impacts

- **Largescale investments in transport infrastructure will act as a force multiplier which will fuel economic growth and employment.**

- The increase in regional connectivity will positively impact both the cost of transportation for urban and rural mobility as well as reduction in the time taken and cost of freight transportation.

### Why It Is Important

- A substantial increase in transport infrastructure is likely to enable the decongestion of the networks. Dedicated railway freight corridors, coastal shipping, continued highway construction and regional air connectivity will achieve greater efficiencies in logistics.

- A cross-sectoral emphasis on energy efficiency and climate change including measures for electrification of the train network and energy-efficient coastal shipping will facilitate India’s journey towards energy self-sufficiency.

### What We Expected

- Committed induction of modern rolling stock in the Indian Railways to be continued and an adequate budget to be committed for giving confidence to industry players.

- Dedicated examination of the airport infrastructure policy to incorporate the construction of smaller domestic airports and reduce congestion.

- Domestic shipping to be encouraged through Make in India vessels. Transport of bulk materials between east and west coasts to be encouraged to decongest stressed rail and road infrastructure.

### Expectations Achieved

As predicted in our pre-budget analysis, the transport sector has seen a major increase in budget allocations. The expected focus on transport infrastructure and energy efficiency has met our expectations.
Budget Announcement

- Government to target 5 MMT annual production of green hydrogen, under the recently launched National Green Hydrogen Mission.
- INR 35,000 crore to be provided towards priority capital investment for energy transition and energy security.
- Battery energy storage systems with capacity of 4000 MWh to be supported with viability gap funding.
- Detailed framework for pumped hydro storage projects will be formulated.
- INR 20,700 crore including central support of INR 8,300 crore to be provided for evacuation and grid integration of 13 GW Renewable Energy from Ladakh.
- Green Credit Program will be notified under the Environment Protection Act, to encourage behavioural change.
- 500 new waste to wealth plants will be established under the GOBARdhan Scheme, at total investment of Rs. 10,000 crore.
- 5% CBG mandate to be introduced for all organizations that market natural and biogas.

Expert Opinion

Dr. Anil Jain,
Former Secretary
Ministry of Coal, GoI

“Policies on power, oil, renewables, nuclear, net-zero targets and competitiveness cry out for integration. In the backdrop of rising energy costs, rich-world industrial policy and subsidies to domestic industry, India needs an overarching energy framework to integrate the challenges of climate change, net-zero emission targets, rising energy demand, universal energy access and associated policy moves. The budget shows recognition of the need to adopt a unified framework.”

Energy

The Budget 2023 has recognised the potential of green fuels and green energy in catalysing ‘green growth’ in India. Increase in allocations will play a crucial role in this regard.

Sector at a Glance

- The share of coal, oil and solid biomass in India’s energy supply has been steadily increasing, with 80% of energy needs being met by the three fuels. (IEA)
- India is the 3rd largest renewable energy producer globally, with 40% of installed electricity capacity derived from non-fossil sources. (PIB)
- Energy demand growth in India is expected to be at 25% over the next two decades. (IEA)
- India ranked 3rd on the Renewable Energy Country Attractiveness Index. (Invest India)

Overall Impact and Who it Impacts

- The National Green Hydrogen Mission will aid in addressing hard-to-abate sectors like steel and enable Indian exports to achieve compliance with global green product protocols.
- Grid stabilization is envisaged to improve with incentives announced for battery energy storage and pumped hydro storage systems.
- Adoption of environmentally sustainable and responsive actions by companies, individuals and local bodies.

Why It Is Important

- India, being the 3rd largest primary energy consumer in the world, is envisaged to define global energy trends. (IEA’s India Energy Outlook 2021; PIB)
- Decarbonisation of the energy sector is critical for achieving India’s net zero target by 2070. It is necessary to be part of the green industry initiative, for India to leverage the global opportunities for growth and jobs.

What We Expected

- Incentives for adoption of battery energy storage systems.
- Incentivization of pumped hydroelectricity storage to cope with intermittency of renewable energy sources.
- Major allocations to accelerate the expansion of Natural Gas grid to attain the 15% natural gas target as part of energy mix by 2030.

Expectations Achieved

The energy sector in India is set to receive a significant boost, considering the government’s focus on green hydrogen production, battery energy storage systems, waste to energy, among other crucial areas. The need of the hour is establishment of an overarching framework for realization of objectives highlighted in the budget.
Urban Development

Since cities are deemed key to generating the targeted economy of US $ 5 trillion by 2030, this can only be achieved through targeted urbanization and enhancement of capacities of urban centers.

**Budget Announcement**

- Establishment of Urban Infrastructure Development Fund with the availability of INR 10,000 crores annually for creating infrastructure for tier-2 & 3 cities under National Housing Bank.
- Fifty-year interest-free loan to states for urban planning and financial reforms in ULBs, building Unity malls, libraries, digital infrastructure, etc.
- Encouragement to cities to undertake urban planning reforms for making our cities “Sustainable”.
- Incentivizing cities for improving their financial sustainability and creditworthiness.
- Promotion to waste to wealth with 75 compressed biogas (CBG) plants in Urban Areas
- All cities and towns will be enabled for 100% mechanical de-sludging of septic tanks & sewers

**Sector at a Glance**

- With around 49 crore urban population, India is one of the largest urban community in the world.
- Our cities cover only 3% of the land but they contribute around 60% to the total national GDP.
- We need to invest $ 840 billion in the next 15 years till 2036 in urban infrastructure and municipal services to manage the projected urban population of 675 million.

**Overall Impact and Who it Impacts**

- By adopting sustainable urban planning reforms and providing support for improving our own source funds and securing additional finances, we are enabling our cities to create bankable projects for effectively managing urbanization and accelerating the associated economies.
- Encouragement to technology-backed waste management and green energy practices will help in improving the quality of life of citizens

**Why It Is Important**

- Each percentage point increase in a district's urban population share is associated with a 2.7% increase in district GDP. This makes urbanisation an important catalyst in achieving the goal of $5 trillion economy, subject to our urban centres, which fuels economic growth

**What We Expected**

- Support to ULBs in securing finance and improving own source revenue
- Capacity building of cities to create more bankable projects
- Impetus on data-driven governance at ULB level
- Continuation of existing urban schemes for Housing, WASH and Smart cities.

**Expectations Achieved**

The union budget 2023 intended to focus upon “sustainability” as a whole, starting from incentivizing ULBs in adopting reforms to provide support for securing funds and tech enablement at the grass root level of waste management. This will have a multiplier effect on building the right capacity and approach of city authorities to manage our cities in future.
**Budget Announcement**

- The revenue and pensions component of the defence budget continue to dominate with an almost 68% share vs a 27% share for the capital component.
- The Indian Navy, with an ~18.3% share in the overall defence budget, has received the highest allocations since 2000-01 and has crossed 18% for the first time in 10 years.
- Research and Development with INR 12,850 cr allocation has received a 7% higher allocation vis-à-vis last year.

**Compared to the 2022-23 RE numbers:**

- Capital expenditure allocations have increased ~8.4% y/y while the revenue component has seen a ~16% increase largely due to the Agneepath scheme allocations.
- Allocations to Make projects have increased significantly but that is more due to underutilization in the previous year.

**Overall impact:**

- The increase in capital allocations (when coupled with an existing mandate of 68% procurement from industry) makes way for increased involvement of the industry.
- This is further reflected in the large number of tenders being issued in the Buy (Indian-IDDIM) category.
- With overlaps in varied manufacturing industries, there is a huge potential for multiplier effect on capabilities and capacities.

**Why It Is Important:**

- The volatile geopolitical scenario, further aggravated by economic issues in multiple geographies has made it all the more critical for India to be as self-reliant as possible in strategic sectors like aerospace and defence.
- Indian industry is gradually evolving in technology and hence investment in further R&D is imperative.

**What We Expected**

- Increased allocations towards R&D (both in legacy as well as futuristic technologies) with further integration of private industry into the R&D ecosystem.
- Commitment towards long term orders for high value platforms to the private industry.

**Expectations Achieved**

- Given the geopolitical volatility and potential supply chain shocks, it was expected that the budget would have higher allocations towards R&D as well as Make projects but the same has not been achieved.

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**Ministry of Defence**

- Received a total allocation of INR 5.94 lakh crores (1.5% YoY change).

**Key KPIs**

- INR 175,000 cr turnover and INR 35,000 exports by 2025.

**Sector at a Glance**

- Basis budget allocations, around 2% of the GDP.
- More than $100 Bn worth of modernization at various stages of planning and procurement.
- Key KPIs include INR 175,000 cr turnover and INR 35,000 exports by 2025.

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**Expert Opinion**

**VAdm Ajit Kumar**

Former VCNS and CinC Western Naval Command

“The hike in capital outlay augurs well and will give the necessary fillip to modernisation requirements of the services. This in turn, promises to propel the indigenous defence industry to take on new schemes / procurement initiated by the services.”
Technology, Media & Telecom

The Technology, Media and Telecom sectors in India act as the key back bone of the economy by providing an ecosystem to foster innovation and growth.

**Budget Announcement**

- Digital Public Infrastructure in Agriculture with focus on open source, open standard and interoperability
- National Digital Library for children and adolescents
- Setting up 3 Center of Excellences (COEs) at leading educational institutes with focus on AI. Emphasis will be on Health, Agriculture and Sustainable Cities with the aim of “Make AI in India” and Make AI work for India
- Setting up of 100 labs in premier engineering institutions for developing applications using 5G services with focus on
  - Smart Classrooms
  - Innovation in Farming
  - Health services
  - Integrated Intelligent Transport Management
- National Data Governance Policy to enable anonymized data sets for development
- Launch of Third phase of e-Courts projects with an allocation of INR 7,000 Crores for its rollout
- Launch of PM Kaushal Vikas Yojana 4.0 with new age courses supporting Industry 4.0 requirements like coding, AI, machine learning etc.
- Setup of unified Skill India Digital Platform providing integrated ecosystem/interface for the aspirants and industry

**Expert Opinion**

*Mr Manish Nair*
Head-Alliance and Channels (India/Emerging Markets), SAS

“Union Budget 2023-24 brings positive focus on India’s digital revolution with emerging segments like 5G, Artificial Intelligence / Machine learning, etc which will help educational institutions & Corporates to develop cutting edge application in the field of agriculture, health, manufacturing & more.

Encouraging investments in technology research and development (R&D) will have multiplier effect on economy and growth resulting in employment potential, innovation and new business models.”

**Sector at a Glance**

- ~14% of the GDP
- Employs ~1 Cr. people (directly)
- Growth to be driven by sunrise segments like Web3, AVGC, 5G rollout, digital media and OTT

**Overall Impact and Who it Impacts**

- Impetus on Digital India initiative and innovation in Agriculture Sector
- Enforced outlook on skilling for providing skilled workforces for Industry 4.0
- Focus on Artificial Intelligence for its enhanced usability in and for India
- Pioneering the 5G services with setting up dedicated 100 labs

**Why It Is Important**

- High end and aspirational job creation
- Key driver for digital economy
- Major investment in data centres, semiconductor & hardware manufacturing, web3, AVGC expected, with supporting policies like PLI scheme

**What We Expected**

- Expanding PLI scheme
- Schemes to promote AI, ML, blockchain, NLP
- Technology-based family-led benefit delivery system
- Web3
- Platform economy focus
- Digital Public Goods
- R&D and incubator friendly policies
- Create appropriate regulatory environment to usher in higher paying jobs for aspirational Indians especially in Media, AVGC, Tourism, Online gaming

**Expectations Achieved**

Yes, this budget lays a lot of emphasis on the technology and making India a true global digital power house. Focus on skilling for the advanced digital skills too is a welcome step
I am happy to observe the stability of the budget, as the government’s commitment to increasing capital expenditure and outlay for infrastructure, a crucial factor in a country like India, is nothing short of remarkable. The preservation of fiscal discipline is of utmost importance and is a testament to the government’s sagacity. Additionally, the emphasis on Artificial Intelligence showcases the resolve of the administration to reshape the future trajectory of the country.

The policies announced in the 2023 Budget provide the right impetus to lead India into a Artificial intelligence and 5G enabled powerhouse. Creation of easier engagements for technology solutions, startups, MSME will provide the high quality job creation opportunities needed in India. Reducing Government and PSU disputes is essential to regain trust in the system.

The infra and capex push of the budget combined with focus on creating a tech and knowledge driven ecosystem will accelerate India’s journey to become a $ 5 trillion economy. This will also generate tremendous opportunities for the tech industry in multiple advanced domains like 5G, AI, digital, agri-tech & fintech.

Apart from continued push for infrastructure, very heartening to see strong push to tech-including CoE for AI, green energy, 100 centres for 5G. Also great support for startups and innovation. Agritech startups also have been esp given a boost as has been use of digital technology in agriculture. Overall, great budget for developing foundation of digitally powered knowledge based developed economy.
5.4 Social focus continues even after COVID

Mrs. Charu Malhotra
MD and Co-Founder, Primus Partners

Charu is a leading educationist and well-respected learning & development professional, with more than 20 years of professional experience in Public Education and Learning. Passionate about education, she has worked with more than fifteen State Governments on projects in Education, Technology and in CSR programs, and has served on important panels and committees of the Government in India.

The Budget 2023 rings in a humanistic note by focussing on the more core attributes of educational achievement and social-economic development for an inclusive narrative. Reading literacy, teacher professional development, vocational drill down to the skilling and entrepreneurship ecosystem; inclusive mainstreaming of the excluded, challenged and underreached segments; income tax relaxation at entry slabs; and a saturation approach to area development in aspirational blocks are some broad socially driven messages for public policy.

PMPVTG development mission will sharpen the inclusion of excluded communities. 500 aspirational blocks are to see better service delivery through a saturation approach. The announcements provide the backdrop for area development in terms of physical infrastructure, social infrastructure and economic activities with cross cutting digital layer converging multi ministerial and departmental schemes to improve the HDI index as well as upward mobility for the bottom of the pyramid and will encourage SDG achievement. Strengthening Eklaaya residential schools holds potential for tribal schools to be modernised with physical-learning-digital infrastructure to give the necessary fillip to STEM@school.

Mahila Samaan small savings scheme with 7.5% interest will create a conducive environment and willing mindsets to instil fiscal consciences and discipline in young girls and women.

A wide network of physical libraries with vernacular and non curricular titles to reach a wider public (National Book Trust has already set up several panchayat level libraires) will help in increasing access to quality and age appropriate content, and preserve Indian languages. Reading literacy is one of the three competencies tested in the PISA (OECD) assessment, and language competencies are not only a pre-requisite but fundamental to mathematical and scientific literacies and overall academic proficiency. Non availability of a diverse and eclectic reading material especially non curricular books can create barriers for acquiring reading skills, adding to the burden of incomprehension in the academic experience of school and college education. The budget has called out the focus on financial literacies involving the participation of more sector invested stakeholders like financial institutions and NGOs.

Making DIETS the epicentre of teacher professional development will of course devolve responsibility to District level functionaries. But it would be important to transform dysfunctional DIETS to avoid bottlenecks in educational outcomes which lead to inequitable educational gains-losses. Given that DIETS may lack standards based practice, there is need to provide common standards and a community of practice in the functioning of DIETS. At the same time opportunities to customise can account for local nuances in language and syllabi and individual teacher capacity.

Sector specific skilling being dovetailed with entrepreneurship is an opportunity to nudge the high school curriculum to be more expansive in harmony with the NEP vision for vocational education. Some other related areas to focus are to prepare youth for global job opportunities, soft skills for job readiness and to look at the future of skills. Tax benefits for startups will hopefully encourage the setting up of launchpads for rural and women startups at districts. SHGs to be scaled into larger collectives would need to be augmented with digital transformation, sustainable initiatives, capacity building, funding, networks and market linkage to increase individual and collective earnings. A very welcome announcement is the Vishwakarma scheme for sustainable practices for traditional crafts and crafts persons, including skills, demand, market linkages.
People of Andhra Pradesh would’ve surely expected a lot more given the promises made at the time of bifurcation of the state, such as Polavaram and other big infrastructure projects. One miss is clearly a lack of adequate measures for the revival of the rural economy and creation of jobs for the youth. Also, with the recent National Education Policy, 2020, one would also expect a lot more focus on the share of education budget.

Mr. Lavu Sri
Krishna Devarayalu
Member of Parliament, Lok Sabha

Mr. Vivek Thakur
MP - Rajya Sabha and Chairman, Parliamentary Standing Committee on Education, Women, Children, Youth and Sports

The budget rightly focuses on youth power as a priority area. To realise the vision of an Amrit Kaal which is technology-driven and knowledge-based, the PM Kaushal Vikas Yojana 4.0 will be launched to empower youth with new age skills such as AI, robotics, IoT etc. This will help facilitate job creation at a scale in industry with relevant skills of today. Further, in order to develop a culture of reading among children, a National Digital Library has been proposed to be set up providing young students access to quality books in both English and the vernacular. To top it all, the capex allocation clearly is indicative of the path India has chosen to be the Vishwa guru and importantly the budget focuses equally well on all sections and classes of society. No one remains untouched- sabka saath sabka vikas is totally enshrined.

Shri Manit Jain
Co-Founder, Heritage Group of Schools

The NEP in 1986 states that no nation can rise above the level of its teachers. While the next three decades saw a mushrooming of 1000s of B Ed colleges, there was still a huge gap in research on better pedagogy and teacher training curriculum. This budget is re-envisioning teacher training and building teachers’ capacity to create new innovative learning experiences for students using digital tools for easy access and equitable-quality learning experience in response to the National Education Policy 2020.
In my opinion, the budget is well-balanced, sustainable. The emphasis on housing and capital expenditures is really encouraging. When viewed as a whole, the sustainability component is rather outstanding. It is impressive that the SDGs and inclusive growth are receiving more attention.

Mr. Amit Kumar Singh
Associate Vice President &
Group Head - Corporate Affairs,
Asian Paints
The budget focuses on inclusive growth and mainstreaming the rural economy especially by setting up agriculture accelerator fund for youth in the rural economy. This would boost startups sprouting out of rural areas.

Further, there has been an impetus to research and development as well as innovation in the healthcare as well as pharmaceutical sector which would help in developing cutting edge applications and scalable problem solutions in the areas of health, agriculture and sustainable system. R&D in Healthcare and pharma products will help counter pandemic effectively and sustainably in the country and the world.

Mr. Hemang Jani
Secretary, Capacity Building Commission

The implementation of key priorities with focus on inclusive development and last mile outreach, announced as part of ‘Saptarishi’ initiatives in Budget 2023, requires collective action on the part of government. Mission Karmayogi has been premised on unleashing the governance potential through capacity building. It is heartening to see the reinforcement of the Mission as a key priority area in this year’s Budget.

Mr. Amit Jha
Former Addl Chief Secretary, Rural Development and Panchayati Raj, Haryana
Education and Skilling

The education and skilling sector needs sustained public financing to close learning gaps and inequity, and to harness international opportunities

**Budget Announcement**

- National Digital libraries to be set up encouraging reading habits among youth, by providing access to quality books across geographies, languages, genres and levels. States to make provisions for physical libraries.
- Centre to recruit 38,800 teachers and support staff in the next 3 years for 740 Eklavya Model Residential Schools thereby serving 3.5 lakh tribal students
- District Institute of Education and Training (DIET) to be institutes for continuous professional development of teachers through applied practice and use of technology
- Effective AI ecosystem through three centres of excellence for Artificial Intelligence set-up in top educational institutions with industry collaborations in R&D
- 157 new nursing colleges to be established in co-location with existing 157 medical colleges established since 2015
- 30 Skill India International Centres to be set up across different States to skill the youth for international opportunities through new age courses like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills
- Direct Benefit Transfer under a pan-India National Apprenticeship Promotion Scheme to be rolled out benefitting 47 lakh youth in three years

**Sector at a Glance**

- India has the largest population in the world in the age group of 5-24 years (with about 58 crore people) which presents a huge opportunity in the education sector
- Nine Indian institutes - the Indian Institute of Science (IISc), Bengaluru and eight Indian Institutes of Technology (IITs) - were among the top 500 universities in the QS World University Rankings 2023
- The Education market in India is expected to amount to US$ 225 billion by FY25

*Data source: https://https://www.ibef.org/industry/education-sector-india*

**Overall Impact and Who it Impacts**

- The budget has provisions for almost all aspects of education and skilling. It reaches out to children by encouraging reading habits through physical and digital libraries, skilling the youth on emerging technologies for livelihoods, building teacher capacity with innovative pedagogies and emphasis on R&D with industry linkages

**Why It Is Important**

- In FY22-23, 2.6% of the GDP (Gross Domestic Product) was allocated to the education sector
- The National Education Policy emphasises on Education for All. An increase in budget will be a big step towards effective completion of interventions under NEP 2020 so that the targets are achieved and required push is given

**What We Expected**

- Allocations for central digital university
- Skill Universities and incubation cells to be set up across the country to further entrepreneurial skills
- Promoting fundamental R&D and applied research in higher education
- Allocation of additional funds for girl education to ensure gender parity especially in higher education
- Funding National Apprenticeship Promotion Scheme (NAPS) to promote apprenticeship

**Expectations Achieved**

- An increase in the Samagra Shiksha, Rashtriya Uchchatar Shiksha and Skilling budgets is a positive step towards the government’s vision of making education accessible for all.

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*Expert Opinion*

**Mr Kailas Pagare,**
State Project Director,
Maharashtra Prathamik Shikshan Parishad

“Government of India’s increased focus on teachers’ trainings will improve teachers’ motivation and enable continuous professional growth. This will help drive stronger learning outcomes for students by effective curriculum design and deeper technological interventions. Also, the National Digital Library will help in building a long-term learning institution providing ‘on demand’ information accessibility to children and adolescents. Government of Maharashtra is aligned with this transformational initiative and aims at setting up libraries to facilitate reading centres in all schools across the state. An increased focus on STEM labs and Robotics labs in schools will develop a culture of innovation amongst the students.”
#PrimusBudgetAnalysis

## Women & Child Development

Stable focus on women and child nutrition, safety and empowerment. Multi-ministerial emphasis on enhancement of entrepreneurship through SHGs, and inclusivity in service delivery

**Budget Announcement**

- Mission Saksham Anganwadi and Poshan 2.0 budget increased by 1.4% compared to the FY 22-23 RE to INR 20,554 crore
- Mission Vatsalya’s budgeted expenditure of INR 1,472 crore remains the same as the FY 22-23 BE, but is a 34% increase compared to the FY 22-23 RE
- Mission Shakti’s budgeted expenditure of INR 3144 crore remains the same as the FY 22-23 BE, but is a 38% increase compared to the FY 22-23 RE
- In addition to the above initiatives of the Ministry of Women and Child Development, women’s development has been emphasized by multiple Ministries and schemes. These include Deendayal Antyodaya Yojana National Rural Livelihood Mission which aims to scale up SHGs
- Azadi Ka Amrit Mahotsav Mahila Samman Bachat Patra offers a deposit facility up to 2 lakhs in the name of women and girls for a two-year period up to March 2025 at an interest rate of 7.5%

**Expert Opinion**

*Ms Shubhra Maheshwari*
Chairperson, FICCI FLO, Hyderabad Chapter

With the national vision of giving agency to women for women-led development, the budget has introduced several initiatives for women’s economic empowerment. The vibrant SHG movement is being strengthened further, with a goal of India seeing SHG-led Unicorns in the coming years.

The promotion of artisans and craftspeople will further bring a number of women in this sector into the modern economy. With its vision of inclusivity, the budget is expected to bring women in deprived geographies such as the 500 aspirational blocks and communities such as Particularly Vulnerable Tribal Groups into the fold of key service delivery.

**Sector at a Glance**

- **Anganwadi Centres in India:** 13.89 lakh
- **Malnourished (wasted) children:** 19.3% vs WHO global target of 2025 of 5% (NFHS-5)
- **Children aged 5 attending pre-primary school:** 13.6% (NFHS-5)
- **Female Labour Force Participation Rate:** 24% (PLFS 2010-11)

**Overall Impact and Who it Impacts**

- Continued focus on improving nutrition outcomes for women, adolescent girls and children
- Grassroot level women’s entrepreneurship has been strengthened
- Savings by women will open up economic opportunities over the long-term

**Why It Is Important**

- Early childhood nutrition and development today will drive children’s ability to learn, their future health & productivity, and GDP growth rates in future
- Women-led development is a major national priority
- Increase in women’s participation in labour force drives increase in GDP growth rates

**What We Expected**

- Driving shift from women’s development to women-led development
- Increased support for reducing gender-based violence
- Supporting increase in female labour force participation
- Expanding reach of quality Early Childhood Education

**Expectations Achieved**

While women’s entrepreneurship schemes have seen a fillip, the budgets for other schemes remain fairly stable
Budget Announcement

- Women based SHGs under Rural Livelihood mission to be strengthened to become large scale producer organization
- Agriculture credit target raised to Rs. 20 lakh crore with a focus on animal husbandry and fisheries
- Budget allocation for MGNREGA has declined by 33% from 89400 Cr to 60000 Cr (2023-24)
- Budget allocation for Pradhan Mantri Gram Sadak Yojana has remained consistent as compared to the previous year which is INR 19000 Cr
- Budget allocation for Pradhan Mantri Awas Yojana (PMAY) increased by 13% from INR 48422 Cr to INR 54487

Expert Opinion

Ms. Ajaita Shah
Founder & CEO, Frontier Shah

‘In cultivating the strengths of women into SHGs India has created a successful engine for women’s economic empowerment. To achieve the goals stated in the Budget, need to make this single engine into a twin engine with the role of digital transformation. Without access to smart phones, 81 lakh SHGs will not succeed in strengthening economic opportunities for women. As women SHGs form producer companies, we hope to see investments in women’s skilling, access to quality healthcare and ability to set up businesses that are non-producing. Frontier Markets with its gender-economic-digital vision for its social assisted e-commerce platform is working with 1 million rural women to bridge these gaps. The budget announcement is the first step, but we really need government to join forces to enable an enriching environment which supports women.’

Sector at a Glance

- MGNREGA had the highest allocation in 2022-23 at Rs 73,000 crore.¹
- 41.5 crore people exited poverty between 2005-06 and 2019-2022²
- Unemployment decreased from 5.8% in 2018-19 to 4.2% in 2020-21³

Overall Impact and Who it Impacts

- A judicious and more prudent utilization of rural development fund and MGNREGA fund by the State government in the light of reduced budgetary allocation
- Opportunities for rural youth to develop tech driven innovative solutions for agriculture
- Economic empowerment of women by strengthening of SHGs under NRLM

Why It Is Important

- Rural India is home to 70% of the population and improving living standards in rural areas can alleviate poverty, promote economic growth, and bridge the rural-urban divide contributing to the overall development of the country.

What We Expected

- Increased budgetary allocation for MGNREGA
- Investment in primary healthcare centres, primary schools and the training of healthcare professionals
- Large scale investments in infrastructure and technology to enhance agricultural productivity
- Increasing financial assistance under PM KISAN scheme

Expectations Achieved

Announcements focuses on tech-driven innovations, inclusive development, and enhanced agriculture credit
Budget Announcement

- 157 new nursing colleges will be established in core locations of India
- A mission to eliminate sickle cell anemia by 2047 will be launched
- A new program for research in Pharmaceuticals will be formulated and industry will be encouraged to invest in research
- ICMR labs will be available for the public and private sectors for the research
- Dedicated multidisciplinary courses for medical devices will be supported in existing institutions to ensure availability of skilled manpower for futuristic technologies and high-end manufacturing & research

Expert Opinion

Cmdr. Navneet Bali,
Co-Chairperson, ASSOCHAM Healthcare Council & Regional Director – North Narayana Health

‘Union Budget 2023 looks progressive and inclusive for the healthcare sector. The government has taken a holistic approach by focusing on the ‘Sapt Rishi’ Model and our sector is aligned with all the seven pillars mentioned by the Finance Minister in her speech. For example, the healthcare sector plays a crucial role in inclusive development and reaching the last mile.

We are glad to know that ICMR labs will be made available for research by public & private medical college faculty and private sector R&D teams. We were expecting some measures on capacity building in the sector and it is promising to note that the government has announced setting up of 157 new nursing colleges. This would enhance our capacity and fill the gap in terms of human resources. The proposed Mission to eliminate sickle cell anemia by 2047 is a very positive step. The programme for research & innovation in pharmaceuticals is a well appreciated need of the hour.’

Sector at a Glance

- **Expenditure as a % of GDP**
  ~2.1% of GDP
- **Number of Medical Professionals in 2021:** 13,01,319 (pib.gov.in)
- **Patient : Nurse Ratio** - 1:670 (higher than the WHO norm of 1:300)

Overall Impact and Who it Impacts

- Focus on strengthening the existing and upcoming manpower by facilitating Centres of Excellence
- In preparations for future pandemics, emphasis on enhancing quality of life through screening, dedicated research labs and establishing new nursing colleges for the development of the health workforce

Why It Is Important

- A strong healthcare system can improve the overall health and wellbeing of a population. Strengthening our demographic dividend to ensure consistent productivity and economic growth

What We Expected

- Increasing spends on healthcare to a clear allocation of 3% of GDP in real terms
- Expanding the Pradhan Mantri Jan Arogya Yojana to cover outpatient care and essential medicines
- Increasing the Health Insurance cover under the Ayushman Bharat program and including Middle Income Group in it

Expectations Achieved

- The budget increased expectations and expansion of PM-JAY and Ayushman Bharat were not achieved
- While the investment in nursing colleges and R&D in Pharma will certainly have long-term impact, critical infrastructure development needs were not addressed
Housing for all is a major focus area for India

Mr. Rajan Bandelkar
President, NAREDCO and Founder and MD, Raunak Group

Rajan Bandelkar is National President of NAREDCO - a self-regulatory body under the aegis of Ministry of Housing and Urban Affairs (MoHUA), India & real-estate entrepreneur, Founder & MD of MMR’s No. 4 developer- Raunak Group.

Budget 2023, the First Budget of Amrit Kaal, hit all the right notes for India and Real Estate Sector. Historical Income Tax Reforms shall ensure more disposable income at Citizens hands, accelerating demand-based growth in Real Estate Sector.

The Budget laid down the Priorities of Government and Future Roadmap of Real Estate Sector as follows:

1) **Inclusive Housing:** Increased Outlay of Pradhan Mantri Awas Yojana (PMAY) by 66% to 79000 Cr. The Budget also gave emphasis to Police Housing which is a great priority in Mumbai.

2) **Infrastructure Development:** The Budget 2023 lays great emphasis on Infrastructure Development with 10 Lakh Crore Capital Investment outlay and 50-year interest free loan to state governments to spur investment in infrastructure. This scale of Infrastructure Development shall leapfrog India’s Growth and thereby Real Estate Sector Development.

3) **Ease of Living / Quality of Life:** The budget announced plethora of much needed Urban Reforms including Urban Infrastructure Development Fund, Property Tax Reforms, Municipal Bonds, efficient use of land resources, adequate resources for urban infrastructure, transit-oriented development, enhanced availability and affordability of urban land etc. These are critically needed reforms and their execution shall be crucial.

4) **Ease of Getting Approvals / Doing Business:** Budget lay much emphasis on Technology led Reforms that shall improve ease of getting approvals like Common Property Address, Unified Filing System, PAN as Common Identifier for all approvals & Services

5) **Green and Sustainable Cities:** One of the pillars of Budget was Green Growth, ushering an era of Net Zero Movement in India

6) **Access to Finance & Lower Input Costs:** Earlier Initiative including exemption in basic custom duties on raw material and continuation of credit guarantee scheme were much needed measures of Government.

Overall, the Budget shall greatly boost Indian Economy and Real Estate Sector.
Real Estate & Construction

Focus on Urban Reforms & Infrastructure Development building strong foundation for Real Estate Sector for Bharat@2047

**Budget Announcement**

- **Housing For All** – Increasing the outlay for PM Awas Yojana by 66% to over INR 79,000 crores.
- **Capital Gain Tax Limits**: Limiting maximum deduction that can be claimed by the assesses under section 54 and 54F to Rs. 10 Cr.
- **Green and Sustainable Development** – Focus on Green Growth signaling an era of Green Buildings and Net Zero Movement in Real Estate Sector in India.
- **Urban Reforms**: Great Focus on Urban Reforms and announcement of multiple initiatives including Urban Infrastructure Development Fund, Municipal Bonds, Property Tax Reforms, Transit Oriented Development etc.
- **Continued Reduction in Input Costs** - Exemption from Basic Customs Duty on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode is being continued

**Sector at a Glance**

- **Contributes 5-6% towards GDP of our Nation**
- Extremely integrated sector of the Economy: Third most impactful industry in India in terms of its effects on other industries, as it directly impacts over 250 ancillary industries such as cement, steel, transport, construction, paint, brick, building materials, and consumer durables
- The real estate sector is the second-highest employment generator, after the agriculture sector

**Overall Impact and Who it Impacts**

- Enhanced Disposable Income at hands of citizens and continued focus on Affordable Housing shall drive growth in Real Estate Sector
- Urban Reforms pave roadmap for Cities of Future. Much needed reforms with respect to Strengthening of ULBs, Property Tax Reforms etc. shall ensure accelerated & quality development of cities
- Luxury Housing of value more than 10 Cr maybe adversely impacted due to removal of Capital Gain Tax Exemptions under Section 54 and 54F

**Why It Is Important**

- Real Estate Sector is one of the largest contributor to GDP and for India to reach $26 Trillion Economy by 2047, Real Estate Sector shall play an important role

**What We Expected**

- In a high-interest rate environment, the cost burden of consumers should be reduced
- Continued Focus on Pradhan Mantri Awas Yojana and Affordable Housing

**Expectations Achieved**

- Greater disposable income offsets increased interest rates
- PM Awas Yojana scheme was continued with enhanced outlay of Rs 79,000 crores.
India’s clear commitment to reducing carbon emissions was one of the major highlights of the UN Climate Change Conference of the Parties (COP26) in Glasgow. It is therefore very interesting to see India’s intent at implementing its Net Zero strategy by stitching it into its Union budget. Hon’ble Finance Minister (FM) Nirmala Sitharaman’s focus on Green growth as one of the 7 priority areas of her ‘Saptarishi’ was notable and establishes the country’s commitment to sustainability.

While presenting the Union Budget 2023, the FM highlighted that the government is focused on ‘green growth efforts’ to reduce carbon intensity in the economy to reduce carbon impact and to also create green jobs. Considering the economic transformation India has embarked upon, it is necessary to focus on sectors that contribute to most of the GHG emissions in the country. As per a previous report by World Economic Forum, India’s “green transformation” will be driven by sustainable growth and reforms in five key sectors—Energy, Industry, Transport, Buildings and Agriculture, and a mention of initiatives in all of these sectors in India’s budget brings hope to combat climate change and also showcases the priorities and collaboration opportunities to the rest of the world.

**Energy**- Rs 35,000 crore was announced for priority capital investment towards energy transition and attainment of net zero objectives. This also builds upon India’s energy security needs, which have been a priority for the country for long. The ambitious target of an annual production of 5 MMT of Green Hydrogen by 2030, through the National Green Hydrogen mission with an outlay of Rs 19,700 crore will facilitate the transition of the economy to low carbon intensity and will reduce dependency on fossil fuel imports.

**Transport**- the announcement of replacing old polluting vehicles is an important part of greening the economy. This will further support the replacement demand in the auto sector, considering the larger GDP. Government spending and consumption being a major component for driving sectoral growth. Customs duty exemption to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles will further provide impetus to green mobility.

**Building and Infrastructure**- Integrating zero emission planning within urban planning missions can provide needed impetus to fight against climate change. This year’s budget has further built upon this idea. It’s very encouraging to see integration of sustainability in urban planning of cities and towns.

**Agriculture**- PM Pranam to be launched to incentivize states and UT’s to promote alternative fertilizers and balanced use of chemical fertilizers. This focus on Green agriculture will also support development of a carbon credit market for agriculture in India. Through the Clean Development Mechanism (CDM), established under the United Nations Framework Convention on Climate Change (UNFCCC), the carbon credit market in India applies to the agriculture sector. Through the CDM, projects that reduce greenhouse gas emissions in developing nations can earn certified emission reduction (CER) credits, which can then be sold to developed nations to assist them in reaching their Kyoto Protocol emission reduction commitments.

Further encouraging is also the focus laid upon wealth to waste initiatives and circular economy, as the country has an inherent tradition of recycling.

Overall, this year’s Budget is looking at combating climate change with initiatives and spendings across sectors. India has made it clear, that with sustainability at its core, large scale multi-sectoral led development is on its agenda. Amid global recessionary concerns, the thrust on right and logical spending by the country, provides much-needed hope.
Budget Announcement

- Government to target 5 MMT annual production of green hydrogen, under the recently launched National Green Hydrogen Mission
- Giving impetus to ‘green growth’, a total of 75,000 Cr+ have been allocated across various sectors
- Rs. 35,000 crore to be provided towards priority capital investment for energy transition and energy security
- Battery energy storage systems with capacity of 4000 MWh to be supported with viability gap funding
- PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth” to be launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers
- Green Credit Program will be notified under the Environment Protection Act, to encourage behavioural change
- 500 new waste to wealth plants will be established under the GOBARdhan Scheme, at total investment of Rs. 10,000 crore
- States and cities will be encouraged to undertake urban planning reforms and actions to transform our cities into ‘sustainable cities of tomorrow’
- ‘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.

Expert Opinion

Mr. C.K. Mishra,
Former Secretary
MoHFW & MoEF&CC,
Govt. of India

“There is a push towards energy transition, green community living, wetland development and points like waste and vehicle scrapping have found space. However, the provision for vehicle scrapping is limited as it is only for government vehicles. Overall, the budget is in line with the goal of net zero carbon living by 2070 & a push towards achieving a Green India. We hope and wish it is backed by appropriate financial provisions.”

Sector at a Glance

An estimated USD 170 Bn of total green finance flows will be required by India annually until 2030, in order to meet its climate change commitments.(WEF 2022)

India’s per capita carbon emissions is 2.4 tCO2e, far below the world average. (UNEP)

Forest cover in the country has increased by 24.62% since 2019. (India State of Forest Report 2021)

India is the 3rd largest renewable energy producer globally, with 40% of installed electricity capacity derived from non-fossil sources. (PIB)

Overall Impact and Who it Impacts

- India has committed to large scale multi-sectoral development, with sustainability and inclusive participation at its core. The Budget 2023 reinforces India’s commitment, through announcements that encompass promotion of energy efficiency, ecosystem restoration and involvement of local community, among other crucial objectives. The initiatives are expected to benefit stakeholders across categories, thereby encouraging inclusive and collective climate action.

Why It Is Important

- India may lose around 3 to 10 per cent of its GDP annually by 2100 and its poverty rate may rise by 3.5 per cent in 2040 due to climate change (Overseas Development Institute)
- There is also a significant increase predicted in deaths per year, due to abnormal hot and cold temperatures related to climate change

What We Expected

- To promote R&D in the area of climate change, Government can also look at establishing a National Center of Excellence under MoEF&CC.
- Announcement of a PLI scheme with a longer horizon for manufacturing of electrolyzers, required for production of Hydrogen
- Devolution of climate goals and funds to institutions, sectors and States
- A mandate for each Ministry to create a Climate Action Plan with necessary financial and regulatory backing

Expectations Achieved

India’s this year’s budget is looking at combating climate change with initiatives and spendings across sectors. The country has made it clear, that with sustainability at its core, large scale multi-sectoral led development is on its agenda. However, more financial support needs to be given to other sectors besides, energy.
Simplification of the tax system is important

Mr. Krishnan TA
Partner, Transaction Square

On the macro front, sticking to the fiscal glide path with a fiscal deficit target of 5.9% in FY 23, the proposed increased capital outlay by 33% and increased allocation to infrastructure should provide an impetus to the growth aspirations laid out by the Government. The proposed tweaks in the personal tax regime should leave more disposable income in the hands of individuals and will popularise the new tax regime. The rationalisation of the individual surcharge rates for super rich individuals is a welcome step and enhancement of limits under the SCSS would cheer the senior citizens.

Restricting the limits u/s 54 (capital gains benefits) to INR 10 cr FY 23-24 onwards, will mean that more taxpayers would closely monitor the timing of sale of their property to avail benefit of the existing regime. On the corporate tax front, the rates remain unchanged and the expansion of scope of the beneficial tax rate of 15% to co-operatives and the enhancement of presumptive taxation limits along with a revamped credit guarantee scheme augurs well for MSMEs. Further, extending the time period to claim Start-Up’s benefits and for carry forward of losses is a positive.

The Budget lays down a tangible vision themed around identified priority areas that seek to drive inclusive growth by promoting youth initiatives, focusing on infrastructure development, promoting green initiatives, promoting digitization and ease of doing business, to take India towards a USD 10 trillion economy. Now that the hype surrounding the budget is behind us, the focus will now be on relentless execution and business as usual to deliver the ‘promised’ growth.

Krishnan has over 14 years of consulting experience. He has worked at KPMG’s M&A Tax Practice in his last serving role.

His expertise lies in the area of Mergers & Acquisitions that includes ideating tax optimization strategies, business segregation for fund raise, tax efficient cash repatriation, succession planning / drafting of Wills, and international tax restructuring.

The FM has presented a ‘no surprise’ budget that sets a positive tone and lays the framework for sustainable growth. All apprehensions surrounding change in capital gain tax regime and inheritance tax were put to rest. ‘Continuity of policy making’ was the central theme which reinforces the predictability of the India tax regime.
Non-rationalisation of taxes on Web3 (especially reduction of TDS from 1% to 0.01%) will discourage entrepreneurship and innovation in this space. Also the Indians will continue to trade on foreign exchanges, defeating the main objective of TDS.

Mr. Avinash Shekhar
CEO and Founder, Taxnodes

It’s a very impressive and balanced budget with a massive CAPEX push, reduction in revenue expenditures, cap fiscal deficient at <6%, relaxation in tax slabs, benefits to MSMEs and reduction in high income surcharge & highest tax rate. This shall only bring us closer to and help achieve the 7%+ GDP growth.

Mr. Raj Shah
Director, EPP Composites and Executive Director, EPP Securities

It’s a well balanced budget with focus on agriculture, education, and digital public infrastructure. The increase in capital expenditure and income tax cuts should help boost spending. The private equity industry was hoping some of the reforms suggested by Damodaran committee to be included in the budget, but those can be done through the course of the year.

Ms Pratibha Jain
Head of Strategy & Group General Counsel, Everstone Group
**Budget Announcement**

**Indirect Taxes**
- Reduction in the number of basic customs duty rates on goods, other than textiles and agriculture, from 21% to 13%.
- Tax Relief up to INR 3.7 Lakh for customers whose cash receipt is 5%
- Custom duty reliefs on various components and products such as electronics, chemicals and petrochemicals, lithium-ion cells, shrimps, lab grown diamonds.
- Increase in Custom duty on compounded rubber and Cigarettes.

**Direct Taxes**
- Tax benefits has been simplified for industry along with additional regulatory and fiscal benefits to MSMEs, Cooperatives & Startups.
- Slew of measures to make new income tax regime as the default tax regime

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**Expert Opinion**

Mr. Girish Vanvari,  
Founder,  
Transaction Square

“The Hon’ble Finance Minister has presented an inclusive budget that puts in place a framework for a steady growth path of 7% in an uncertain global environment. The changes to the individual tax regime are an attempt to incentivise the new tax regime and leave more disposable income in their hands. The corporate tax rates largely remain unchanged and there have been suitable amendments/provisions to incentivise MSMEs and Start-ups. No change in capital gains tax and No inheritance tax is a big relief. All in All, the outlook of the budget is constructive and delivers the desired impact to propel India’s growth aspirations.”

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**Union Budget 2023-24**

**Taxation**

**Boosting Consumption**
Gross Tax Revenue shows year-on-year increase of 10%

<table>
<thead>
<tr>
<th>FY22-23 RE</th>
<th>FY23-24 BE</th>
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<td>₹30,43,067</td>
<td>₹33,60,858</td>
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**Sector at a Glance**

- Maximum revenue comes from Borrowing and Other Liabilities (34%) followed by GST & other taxes (17%)
- Notional Loss of approximately INR 35,000 crore of Net Tax Revenue after the changes in the Direct and Indirect taxes. However this increases liquidity in the hands of the citizen and gives impetus to the consumer goods industry
- To increase in adoption of new tax regime (Fewer than half a million taxpayers out of 75.2 million filed income tax returns for the current assessment year opted for the new regime)

**Overall Impact and Who it Impacts**
- The Budget aims to promote exports, boost manufacturing, enhance domestic value addition and provide impetus to green mobility in the country
- Focus on high end manufacturing by increasing domestic production of electronics, pharmaceuticals, specialty chemicals etc.
- Enhancement of presumptive tax will boost MSME sector and rural development sector

**Why It Is Important**
- The demographic dividend of India is the working age population and increasing their disposable income by giving tax reliefs will enhance spending and investments in the country
- Rationalising tax rates and bringing in tax administration reforms will popularise the new tax regime by enabling a reliable tax system
- Indirect Tax benefits provided to sectors such as electronics, petrochemicals, automobiles will promote Make in India

**What We Expected**
- Simplification of tax system and increasing in adoption of the New Tax Regime
- Increasing citizen disposable income in the hands of the customers
- Support to MSMEs and startups by rationalising the tax structure for them
- Boosting of short term demand by incentivising consumer goods industry

**Expectations Achieved**

The government’s relief on personal income tax and changes in slab rates will increase adoption of the New Tax Regime and increase disposable income
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