Sattva Knowledge Institute SKI update

UNION BUDGET 2023 AND THE SOCIAL SECTOR: MANY STEPS IN THE RIGHT DIRECTION

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Acknowledgements

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About Sattva Knowledge Institute

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Summary

Development is top of mind for the government.

We think that there are several aspects of Finance Minister Nirmala Sitharaman's February 1st Budget 2023 speech that are encouraging for the development sector. Three of the four areas that the government is focused on for the next 25 years as India approaches 100 years of independence are directly related to the sector – **economic empowerment of women, traditional artisans and craftspeople and green growth.** Inclusive development, digital public infrastructure, millets, environment, skilling and building upon the Aspirational Districts Programme featured prominently in the FM's speech.

Headline numbers may be underwhelming...

The overall amount of budgetary allocation to agriculture increased by only 5% year-on-year, and its proportion to the total budget decreased from 4.2% last year to 3.9%. Allocations to four key livelihood-centric ministries were reduced by 3% in aggregate and the budgetary drop in allocation for MGNREGA by 33% was particularly a bit of a let-down. Provisions in the Health sector were a mixed bag.

Two points need to be kept in mind while evaluating the numbers. One, the recent COVID-19-affected years have necessitated higher government budgets towards social sector schemes, in some cases, and the budgets are bound to normalise at some point. For example, the expenditure on social services by central and state governments, as defined by the Economic Survey, rose 31% in FY22 (Revised Estimates) after a CAGR of just 10% in the preceding five years. FY23 Budget Estimates suggested a further 10% increase. Two, the efficiency of utilising the budgets is more important than the increase in them, and we think that there is enough government focus on that.

... but the Budget has taken several steps in the right direction.

The focus on increasing efficiency is apparent in sectors such as agriculture, where the budget works towards a digitally-equipped and sustainable future that can draw rural youth and entrepreneurs, and can encourage private investment. **We are particularly enthused with the continuing focus on digital initiatives,** especially in the areas of education, jobs, skilling, commerce and agriculture.

The National Digital Health Mission continues to be a priority with a continued increase in budget allocation, aligned with India's agenda of the use of technology for accessibility, ease of availability, and affordability in health service delivery during our G20 presidency. The focus on MSMEs and skill development should reduce dependence on budgetary support in the long term. The continuing focus on public-private partnerships should decrease the burden on public spending and bring in private capital. Women empowerment through both financial inclusion and entrepreneurship is another positive. There has been renewed focus on PVTGs (particularly vulnerable tribal groups) via a new development mission aimed towards providing basic facilities, education, infrastructure and livelihood. A new Green Credit programme and the recently launched Green Hydrogen Mission seek to meet India's net-zero carbon emission goal by 2070.

We still have a long road ahead.

Given the massive requirements of the social sector in our country, coupled with the necessity of balancing economic and social growth with fiscal prudence, especially given global uncertainties, there are several budgetary areas that are bound to be unsatisfactory. Key areas where we would like more action include ensuring increasing farmer income along with increasing efficiencies, strong policies related to data empowerment and privacy, social security measures, focus on marginalised communities other than women and increased spending on health (as a percentage of GDP) to take us closer to countries such as Brazil and Mexico. While the Budget increased allotment towards education by 8%, it is ironically one area where there is still a lot to be done. The actual expenditure on education is often lower than that allocated, and at 3%, we are still far away from NEP 2020's vision of earmarking 6% of GDP for education.

Agriculture

Digital Platforms

Education

Gender

Health

Livelihood

Capital for Impact

Agriculture

Key takeaways from Budget 2023

The overall budgetary **allocation to Agriculture increased by 5% as compared to last year's revised estimates.** However, the allocation to all agriculture and food related departments as a proportion of the total budget decreased from 4.2% last year to 3.9% this year.

The government has initiated the process of **supporting 63,000 primary agricultural credit societies with an investment of INR 2,516 crores.** The formation of a new Ministry of Cooperation under the mantra of 'Sahkar se Samriddhi' will lend greater support to farmer collectives with a focus on cooperative development for small and marginal farmers. **INR 955 crores have been allocated towards the formation and promotion of** 10,000 Farmer Producer Organisations (FPOs). A national-level database will be prepared to further track these cooperatives.

This year's budget has a **significant focus on agricultural credit** with the provision of around INR 20,00,000 crores. However, the **allocation to the Market Intervention Scheme - Price Support Scheme (MIS-PSS) was cut from INR 1,500 crores to INR 1 lakh**, thus dissolving it in the next fiscal year. The allocation to the Pradhan Mantri Annadata Aay Sanrakshan Abhiyan **(PM AASHA) scheme that aims at ensuring fair prices for farmers and their produce also went down from INR 1 crore to INR 1 lakh.** There has been no mention of increasing allocations to Pradhan Mantri Kisan Samman Nidhi (PM-KISAN). **The allocation for subsidies on fertilisers has been reduced by 22.2%.**

The development of allied activity-based value chains like fisheries, and dairies has received emphasis. For example, **INR 6,000 crores have been allocated under the PM-Matsya Sampada Yojana** to enable fishery value chains and livelihoods. Core schemes under the Department of Animal Husbandry and Dairy have seen a significant rise.

Sustainable practices have received considerable impetus in this budget. Natural Farming has been actively promoted through the **setting up of 10,000 bio-input research centres to encourage natural farming among one crore Indian farmers,** with an allocation of **INR 459 crores under the National Mission on** Natural Farming. No allocation has been continued to the Climate Resilient Agriculture initiative, which is expected to be merged with another initiative. Moreover, incentivising schemes to reduce chemical usage, like the **Prime Minister Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth (PM PRANAM**) have been introduced. Two other sustainable agriculture initiatives - **Gobardhan scheme aiming at incorporating circular economy models in the livestock sector, and the**

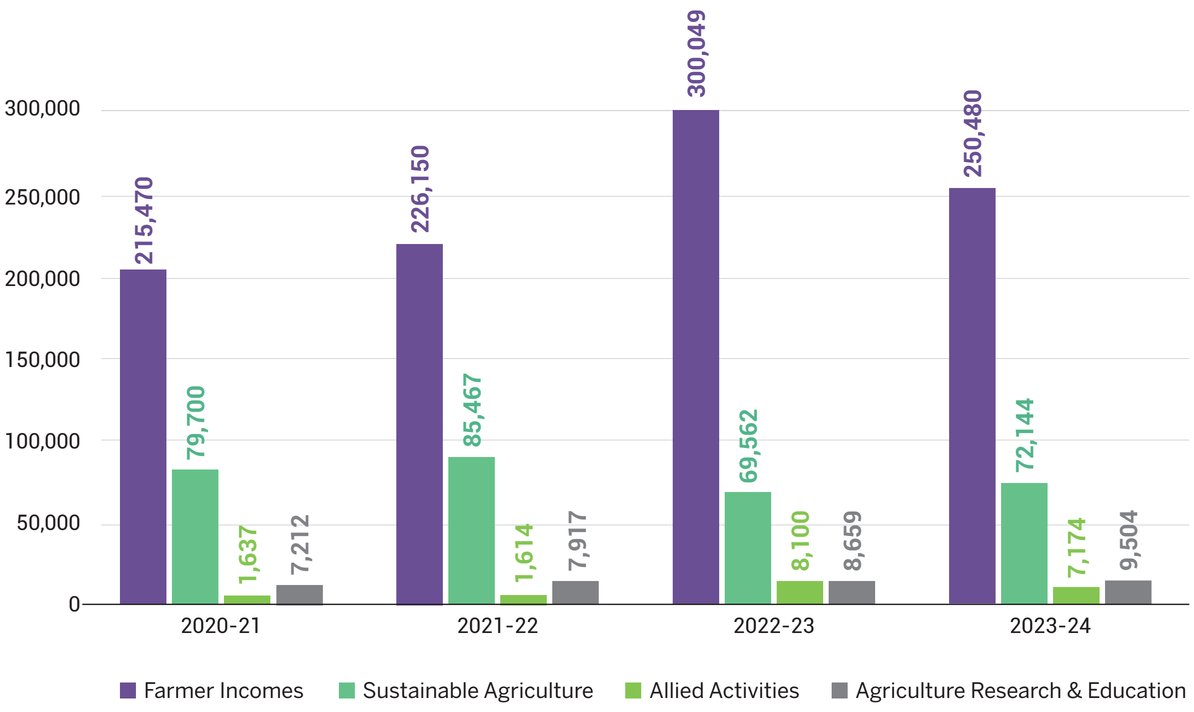
strengthened promotion of climate-smart millets **through IIMR** as part of upcoming plans, are also promising.

There is a nearly **60% increase in the allocation to both flagship central schemes, PM Kisan Sampada Yojana, and the Production-Linked Incentive Scheme** for the food processing industry in the latest budget. The allocation to the Agriculture Infrastructure Fund has increased by more than three times, placing the spotlight on post-harvest practices.

The Budget speech also mentioned initiatives like the Agriculture Accelerator Fund, which will be set up to boost rural entrepreneurs who can transform agriculture through modern technological initiatives, as well as the Digital Public Infrastructure for Agriculture, to be set up as an open-source farmer-centric solution. However, the allocation towards digital agriculture stands at a modest INR 70 crores currently. There was also an increase in allocations to the Deendayal Antyodaya Yojana National Rural Livelihood Mission, which has mobilised rural women into 81 lakh Self Help Groups, as stated in the Finance Minister's speech.

The total investment to research and education has been consistent, but slightly increasing over the past few years, with the present total allocation being INR 9,504 crores.

A comparison of revised estimates of past budgets and budgeted estimate of 2023-24 (values in INR crores):



Conclusion

The government has shown promise to prepare Indian Agriculture for the future with new initiatives that aim at making the Indian farmer smarter, increasingly digital and more equipped for a greener future.

However, more clarity is required on how the Government can plan to make every farmer more economically affluent in the long run while also achieving the aforementioned objective. The government's decision to significantly reduce price support schemes, lower subsidies and to not increase the budget allocated under PM KISAN needs further investigation.

In conclusion, the budget encourages private investment in agriculture, and promises digitally equipped, sustainable agricultural systems for India that have the potential to attract rural youth and entrepreneurs.

Digital Platforms

Key takeaways from Budget 2023

Digital platforms are an area of concerted action for the government, as demonstrated by certain key decisions made to support infrastructure, expansion and inclusion in digital public goods.

There will continue to be support for digital public infrastructure through 2023-24. This is evident in the financial outlay of INR 1,500 crores being invested to expand digital payments with the **United Payment Interface (UPI)** and India stack adoption. Additionally, the total value of digital transactions through the **Bharat Interface for Money (BHIM)** will have a target of INR 12,00,000 crores.

Innovative fintech solutions will also be getting a boost. **DigiLocker** will now include a wider scope of documents for individuals. It will now be set up for **Micro, Small and Medium Enterprises (MSME),** large businesses and charitable trusts to securely store and share documents online. Furthermore, across specified government agencies the **Permanent Account Number (PAN)**, will be used as the common identifier for all digital systems and this will improve the ease of doing business for MSMEs as well.

A new scheme was also announced as the **Pradhan Mantri Vishwakarma Kaushal Samman (PM-VIKAS)** focused on traditional artisans and craftspeople. While schemes focus on financial support, skill training, knowledge, use of efficient green technologies, it expands significantly on the **digital readiness of artisans and handicraft business to adopt digital platforms.** The digital ecosystem for skilling will be further expanded with the launch of a unified **Skill India Digital platform.** This will enable demand-based formal skilling, linking to employers, including MSMEs, and facilitating access to entrepreneurship schemes.

In agriculture, a **digital public infrastructure** will be built as an open source, open standard and interoperable public good. This will enable inclusive, farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for the growth of the agritech industry and start-ups.

Education will also benefit from the government's focus on digital public goods in the form of a **National Digital Library** for children and adolescents, which will enable **device-agnostic accessibility** to quality books across geographies, languages, genres and levels.

Conclusion

India's digital goods have been hugely successful so far, both in terms of usage and effectiveness, in areas such as payments and the COVID-19 vaccination. At the same time, there is a need to replicate these successes by continuing to develop digital public infrastructure in sectors of education, jobs, skilling, commerce and agriculture. It is encouraging, therefore, that the Budget 2023 reflects the Indian government's intent to do so.

We would like to see significant progress around data empowerment and privacy policies, as these are critical for a thriving open digital ecosystem. Among non-government players, capital from philanthropy including corporates, international and domestic foundations can ensure the last-mile reach of digital infrastructure. Focus on innovation on the digital rail by developing new, strengthening or integrating existing solutions will lead to greater network effects. These investments will lead to long-term and permanent digital infrastructure for the ecosystem to leverage and contribute towards solving societal problems. Research and knowledge should focus extensively on developing a use-case taxonomy to enable the wider application of digital infrastructure for societal outcomes.

Education

Key takeaways from Budget 2023

In the Budget 2023, education has been allocated the highest amount across the development sector at **INR 1.13 lakh crores.** Both the Department of School and Education and the Department of Higher Education have received an **8.3% increase** in their allocations, which will be targeted towards improving the quality and infrastructure of education in India.

The **INR 68,804 crores allotted to the Department of School Education** will be used to set up certain new initiatives and schemes, as well as for hiring much-needed education professionals. In response to the well-documented learning loss experienced by students during the pandemic, a **National Digital Library** will be set up for children and adolescents. Through this initiative, States will be encouraged to set up physical libraries at both Panchayat and ward levels for age-appropriate reading material. Organisations like the National Book Trust and the Children's Book Trust will be encouraged to provide non-curricular titles in regional languages and English, while financial sector regulators and organisations will be asked for material on financial literacy. Overall, collaboration with literacy-focused non-governmental organisations (NGOs) will also be a part of this initiative.

Through the District Institutes of Education and Training the flagship scheme of **Pandit Madan Mohan Malviya National Mission on Teachers and Teaching** saw its capital outlay almost double to **INR 4 crores** in the budget, to increase their capacity for effective teacher training. The Indian government has also committed to recruiting 38,800 teachers and support staff for the 740 **Eklavya Model Residential Schools,** serving 3.5 lakh tribal students, to make education more accessible to the last mile.

PM Schools for Rising India (PM SHRI) have been allotted a capital outlay of **INR 4,000 crores,** these will be schools of excellence to represent model schools as a part of implementing the National Education Policy, 2020 (NEP). For the centrally sponsored scheme for adult education, the **New India Literacy Programme (NILP), INR 157 crores has been allocated.** For 2022-27 and NILP will be designed and developed by aligning with the recommendations on adult education and lifelong learning also from NEP, 2020.

With the **INR 44,094 crores** allocated to the **Department of Higher Education,** there is a revised focus on enabling health professional training and technology innovation to grow, along with certain investments overall. There will be a revised focus on **providing multidisciplinary courses** in medical devices and research and development in pharma. There has also been a recommendation that **157 new nursing colleges** are to be established within the existing medical colleges set up since 2014.

Also of significance is the capital outlay allotted for the **Pradhan Mantri Uchchatar Shiksha Protsahan (PM-USP) Yojana scheme of INR 1,554 crores.** An important development here is that the Scholarship for College and University Students from FY 2023-24 has been merged with the PM-USP Yojna. For 2022-23, an allocation of **INR 150 crores** will be funded through **Madhyamik and Uchchtar Shiksha Kosh (MUSK).**

While allocation to central universities has been up 4.48%, for research and innovation it appears to be down 3.68% in comparison to last year.

Innovation is being positioned as a priority nevertheless, with directives for **100 labs to be set up in engineering institutions,** dedicated to developing applications using 5G. Additionally, in order to make the vision to 'Make AI in India' and 'Make AI work for India' a reality, **three Artificial Intelligence Centres of Excellence (CoE) will be established** in top educational institutions. Leading industry players will collaborate to conduct interdisciplinary research, develop cutting-edge applications, and solve scalable problems in agriculture, health, and sustainable cities.

These are some trends over time from the Budget:

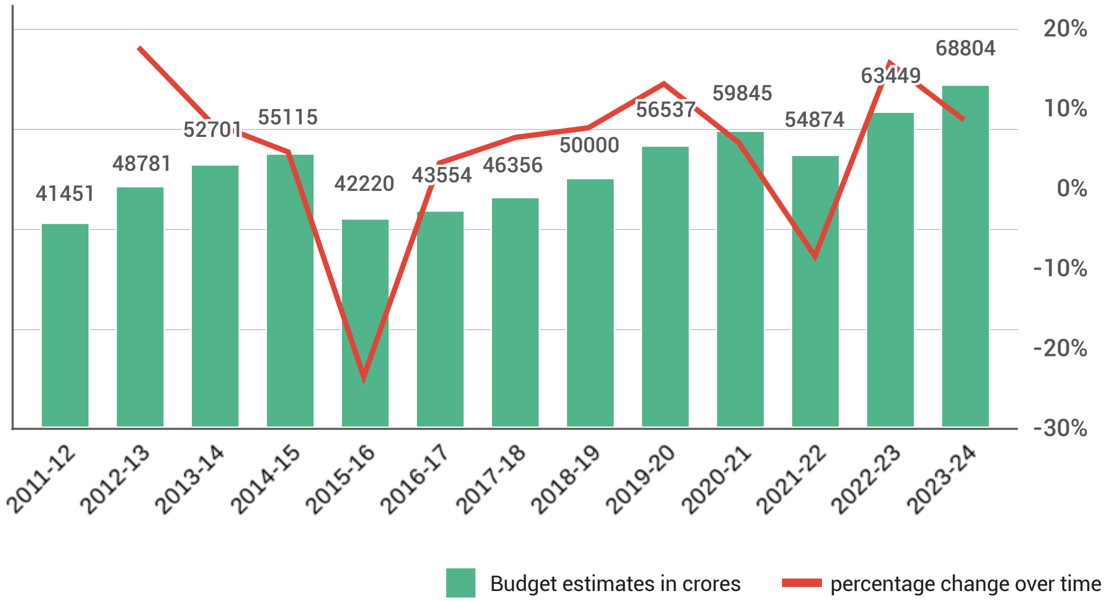
Budget estimates for education across the Department of School Education and Literacy and Department of Higher Education (In INR Crores)

Department	Pre-COVID		COVID Years	Post-COVID	Current year
	2018-19	2019-20	2020-21	2021-22	2022-23
Department of School Education and Literacy	50,000	56,537	59,845	58,874	63,449
Department of Higher Education	35,010	38,317	39,467	38,351	40,828
Total	85,010	94,854	99,312	92,225	1,04,227

While overall budgets have increased, percentage share of the education budget to GDP is far lower than the 6% suggested by NEP 2020.

Year	Education budget share: % of GDP
2019-20	2.8
2020-21	3.1
2021-22	3.1
2022-23	2.9

Budget estimates for the Department of School Education and percentage change over time.



Conclusion

While the overall 8% increase in budgetary allocations is encouraging, this progress is overshadowed by the fact that this amount, as a percentage of GDP, is still far lower than the 6% suggested by NEP 2020. The standing committee has also been consistently highlighting that the actual Budget allocations are much lower than the proposed requirements, for example, only 76% of the demanded amount was allocated in 2018, followed by 72% in 2020 and 56% in 2021, keeping in mind the learning loss caused by COVID-19 the provisions are limited.

It has been observed that the focus areas highlighted in the Budgets often shift each year. **Different areas get precedence year-on-year and while making the announcements of any financial year, the status of completion of the earlier goals is seldom presented.** For example, 2022-23 Budgets emphasised Digital learning and made announcements for building infrastructure. **The present budget, however, does little to follow through and understand the actual completion of targets and hence, make allocations.**

There are observable challenges to specific schemes, such as the Samagra Shiksha scheme, which has been a key driver for achieving foundational literacy and numeracy and is now plateauing at INR 37,383 crores in 2022-23 and INR 37,453 crores in 2023-24, at a time when students are dealing with learning loss since the pandemic. And while the National Digital Libraries initiative has been set up in response to the learning loss challenge, the **gaps in digital infrastructure** at the school level can not be ignored.

In higher education, the persistence of inequality in the types of institutes that continue to get a major share of the budgetary allocation has an impact on the effectiveness of teaching-learning. For example, as of 2022, while state universities house 85% of the total youth, they are the least beneficiaries of the education budget. Most funding continues to go disproportionately to universities and institutes of national importance, such as IITs, which house only 0.8% of youth.

There is also a significant gap in specific provisions within the budget for girls that drop out of school and children with special needs. These inherent issues in how the budget for education has been historically and systemically allocated will continue to beleaguer progress in this domain.

Gender

Key takeaways from Budget 2023

Budget for Ministry of Women and Child Development				
Timeline	Pre-COVID	COVID Years	Post-COVID	Current Year
	2020-21	2021-22	2022-23	2023-24
In INR Cr.	30,007	24,435	25,172	25,448
Saksham Anganwadi & Poshan 2.0	17,902	19,999	20,263	20,554
Mission SHAKTI	-	-	3,184	3,143

India's Gender Budget, which aims to reduce the gender gap, saw a marginal increase of 1% from last year's planned budget, compared to a previous 3% increase last year. Due to the onset of COVID-19 in March 2020, the actuals turned out to be **INR 21,008** crores as opposed to the planned INR 30,007 crores. **The allocation during and post-COVID-19 years has turned out to be limited since the onset of the pandemic.** For the ministry, **81% allocation has been for the Saksham Anganwadi and Poshan 2.0,** which includes three important schemes, the Anganwadi Services, the Scheme for Adolescent Girls, and Poshan Abhiyaan. However, there has been a reduced allocation **for Mission Shakti** (Mission for Protection and Empowerment for Women) **of INR 41 crores** from FY'22.

The Gender Budget is divided into Part A and Part B. Part A highlights women-specific schemes with 100% allocation for women, while Part B includes schemes with at least 30% of allocation for women. **Approximately 3% dropped in Part A of the Gender Budget compared to last year, while Part B saw a 5.7% increase from 2022-23. However, Part A forms only approximately 40% of the total budget.** Part A was allotted over INR 88,000 crores, and is dominated by the Pradhan Mantri Awas Yojana (PMAY) scheme. The scheme saw 90% of the total funding for Part A. Part B was allocated **INR 1.35 lakh crores**, which comprises several schemes pertaining to rural development, health, education and women empowerment.

Notably, a one-time new small savings scheme has been introduced for women and girls,

called the Mahila Samman Saving Certificate (MSSC). The savings scheme has a fixed interest rate of 7.5% for two years for which the maximum deposit amount **is INR 2 lakh,** with a partial withdrawal facility. This will be for a two-year period till 2025. **The high returns in the new MSSC scheme will push women to opt for more formal financial saving instruments and the partial withdrawal facility will cater to any unanticipated contingencies.**

Further, the government aims to form large producer enterprises or collectives out of women's self-help groups (SHG). The success of initiatives such as Deendayal Antyodaya Yojana National Rural Livelihood Mission, which has mobilised **81 lakh women SHGs** till now, has inspired this. To support the development of these enterprises or collectives from these SHGs, the government will enable them to access raw materials for better design, quality, branding, and marketing of their products to reach consumer markets. **This also facilitates an innovative and thriving entrepreneurial set-up for rural women.** This is an extremely important step because SHGs have the potential to play a transformative role in engaging women and can, therefore, help in further **expanding women's labour force participation in the near future.**

The income tax slabs announced under the new tax regime could benefit salaried women in formal employment, particularly those from the middle class. This could potentially enable them to save and make better investment decisions. As per the new tax regime, women with income up to **INR 7 lakhs** will not be required to pay taxes compared to those earning INR 5 lakhs who were exempt from paying taxes under the old tax regime.

Conclusion

The government has taken concrete steps towards empowering women with better financial and entrepreneurial agencies. Mobilisation of women SHGs into consumer-ready enterprises and their inclusion within the new tax regime, are notable measures for the aforementioned.

However, the roadmap for the Gender Budget is still unclear. Inclusive development is one of the topmost priorities of the Amrit Kaal, and allocation towards women-specific schemes has seen minimal increases over the years, in spite of the success of Anganwadis. Though MSSC is a desirable step, its potential for wealth creation is severely limited given its short tenure and one-time nature.

In conclusion, although steps have been taken to empower women with financial choices, the allocation and tenure of such schemes should be increased to establish a solid foundation for inclusive growth.

Health

Key takeaways from Budget 2023

The health sector, including the Department of Health and Family Welfare, as well as the Department of Health Research, has been allocated INR 89,155 crores in the Union Budget of 2023-24, which is around **13% greater than the allocation in the previous budget (INR 79,145 crores).** While health spending as a proportion of the total budget was about 2.2% last year, it reduced to 1.97% this year. The overall GDP spend on health continues to be low at 1.98%, down from 2.1% reached in FY23. This is far below its stated target of 2.5% of the gross domestic product (GDP). As per OECD data from 2021, India's public health spending continues to remain significantly lower as compared to other economies at 6.2%, 9.6%, 17.8% and 11.9% GDP spending in Mexico, Brazil, the US and the UK, respectively.

The National Digital Health Mission continues to be a priority with a continued increase in budget allocation, aligned with India's agenda of the use of technology for accessibility, ease of availability, and affordability in health service delivery during our G20 presidency. It is evident from the allocation of INR 341 crores to the **Ayushman Bharat National Digital Health Mission (ABDM)**, a 143% increase from the FY23 RE of INR 140 crores.

The Budget provides for the improvement of human resources in health, with **157 new nursing colleges to be established within the existing 157 medical colleges** established since 2014. Moreover, dedicated multidisciplinary courses for medical devices will be supported in existing institutions to ensure the availability of skilled manpower for futuristic medical technologies, high-end manufacturing and research. Facilities in **ICMR labs will be made available for research to the public and private medical college faculties and private sector R&D teams** for encouraging collaborative research and innovation. A new programme to promote research and innovation in pharmaceuticals will be taken up through established centres of excellence.

The Prime Minister's Ayushman Bharat Health Infrastructure Mission (PM-ABHIM)-Bio Security Preparedness and strengthening Pandemic Research and Multi-Sector and National Institutions and Platform for One Health programme was allocated INR 324 crores this year, which is a 14% decrease from its FY23 RE.

The budget also emphasised the mission to eliminate sickle cell anaemia by 2047. It will entail awareness creation, universal screening of seven crores people in the age group of 0-40 years in affected tribal areas, and counselling through collaborative efforts of central ministries and state governments.

Development of nursing services has been allocated INR 33 crores, 32% higher than the FY23 RE of INR 25 crores. Complementing the focus on building a nursing cadre however, there is a need for further expansion of other locally present workforces such as ASHAs and ANMs which will go a long way in strengthening primary healthcare infrastructure and service delivery.

Budgetary changes from FY23 to FY24 in key programmes

Programme/Scheme	Allocations (All figures in INR crores)		
	2023-24 Budget	FY23 revised Estimates	Change in allocation
Health Sector Disaster Preparedness and Response and Human Resources Development for Emergency Medical Service	128	53	142%
Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PMABHIM)	4200	1885	123%
National Aids Control Organisation (NACO)	2916	2032	44%
Human Resources for Health and Medical Education	6500	4083	59%
Ayushman Bharat - Pradhan Mantri Jan Arogya Yojna (PMJAY)	7200	6412	12%
National Tele Mental Health Programme	133.73	121	10%
National Health Mission	36785	33707	9%
Medical Health Research	2980	2775	7%
Saksham Anganwadi and Poshan 2.0	20554	20263	1%
Pradhan Mantri Garib Kalyan Yojana (Insurance Scheme for Health Care Workers fighting COVID-19)	0.01	226	-100%
Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)	3365	8269	-59%
Tertiary Care Programmes	289	327	-12%

Conclusion

The reduction in COVID-related spending since FY22 has resulted in an uptake in the government's capacity building programmes. Funding to autonomous bodies (including AIIMS and ICMR) and to initiatives such as ABHIM have been considerably increased. This will greatly aid in the setting up and developing capacities of health systems and institutions across the continuum of care at all levels, primary, secondary and tertiary health and, as a result, will expand access to critical care services.

Non-communicable diseases (NCDs) are commanding a growing burden in the country, and need a significant push in terms of system-strengthening, with a budget that reflects a focus on prevention and promotion. While there was an increased allocation to the National Tele Mental Health Programme, the budget should have also focused more on last-mile access, community engagement for NCDs across the board or addressing the shortage of mental health specialists.

Health Sector Disaster Preparedness and Response and Human Resources Development for Emergency Medical Service have seen an increase in allocation, also aligned with India's G20 priorities. It will be useful for the Centre to throw light on the utilisation plan for the same with a roadmap towards implementation.

While PMJAY continues to receive significant focus, there is a need for the budget to indicate efforts towards increasing the affordability of medicines or reducing the cost of drugs and equipment. The missing middle, as a target group, is not covered under any health protection or insurance schemes centrally and PMJAY benefits have not been extended to them. This group continues to remain vulnerable with high out-of-pocket expenditure and their inclusion in public health protection schemes will be important.

Livelihood

Key takeaways from Budget 2023

Budget allocation to four livelihood-centric ministries (amount in INR crores)					
Livelihood-centric ministries	Pre-COVID	COVID Years		Post-COVID	Current Year
	2019-20	2020-21	2021-22	2022-23	2023-24
Ministry of Micro, Small, Medium Enterprises (MSME)	7,011	7,572	15,700	21,422	22,138
Ministry of Labour and Employment	11,184	12,894	14,225	16,894	13,222
Ministry of Women and Child Development	27,584	19,230	23,198	25,172	25,449
Ministry of Skill development and entrepreneurship	2,989	2,625	2,785	2,999	3,517

With the exception of MOLE, whose budget decreased by 21% in 2023–2024, three ministries' overall allocations for livelihoods have marginally increased. This will have an impact on certain key focus areas and stakeholders, such as Micro, Small and Medium Enterprises (MSME), initiatives to support India's shift towards a green economy and an emphasis on skilling across industries.

For MSMEs, there will be a welcomed infusion in the corpus of **INR 9,000 crores** from 1st April 2023. This will enable additional collateral-free guaranteed credit of **INR 2 lakh crores** to MSMEs and the cost of the credit will be reduced by about 1%. Furthermore, the **Raising and Acelerating MSME Performance (RAMP)** scheme has had an additional **INR 500 crores** allocation and now has a total capital outlay of INR 1,170 crores. This scheme aims to enhance the performance of MSMEs through **market access, finance and technology upgradation.**

Skilling remains a core focus as the **Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 4.0** scheme will emphasise on-the-job training, industry partnerships and new-age courses like coding, artificial intelligence, robotics, 3D printing, and drones over the next three years. The **National Apprenticeship Promotion Scheme (NAPS)** will provide employment and stipend support and a Direct Benefit Transfer under a pan-India NAPS scheme will be rolled out.

Other sectors have also received support, including traditional craftsmen and artisans in the form of the **Pradhan Mantri Vishwakarma Kaushal Samman (PM-VIKAS) scheme.** This provides an assistance package for the handicraft sector to improve the quality and scale of artisan products and to integrate them with the MSME value chain. To boost the capacity for skill development of healthcare professionals in India, **157 new nursing colleges** are to be set up within the existing 157 medical colleges that were established in 2014. States will be encouraged to set up a **Unity Mall** in their state capital's most prominent tourism centre, or in their financial capital to promote and increase sales for their One District, One Product (ODOP) and in turn boost local jobs.

Green growth has of course seen a focused allocation, **with INR 35,000** crores prioritised for capital investments in green energy, green mobility, green buildings, and green equipment, all to reduce the carbon intensity of the economy and provide for largescale green job opportunities. Furthermore, under the **Galvanising Organic Bio-Agro Resources Dhan scheme (GOBARdhan)** 500 new 'waste to wealth' plants will be established for promoting a circular economy. These will include 200 compressed biogas (CBG) plants, 75 plants in urban areas, and 300 community or cluster-based plants, amounting to a total investment of INR 10,000 crores.

A short-term savings scheme has been introduced, specifically for women and girls, called **Mahila Samman Bachat Patra.** It will offer them a deposit facility for up to **INR 2 lakhs,** for a period of two years at a fixed interest rate of 7.5% with a partial withdrawal option.

Conclusion

Overall the budget looks balanced, catering to a wide variety of issues for both urban and rural India, with an impetus on supporting the economy to recover from COVID-19-induced stress. The focus on jobs through securing continuity for the skilling agenda (PMKVY 4.0) is an encouraging reinforcement. However, the budgetary drop by 33% to INR 60,000 crores from INR 89,400 crores for the Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MNREGA) is discouraging, given many people in rural areas are dependent on the scheme for jobs as well as social security and welfare.

The positives we have identified are as follows:

1. The Budget 2023 and the finance minister's speech had **a strong thrust on women's economic empowerment,** indicating a recognition of the declining female labour force

participation rate (FLFPR), highlighting the urgent need to get women into formal and recognised work.

2. A range of **new initiatives, including increased credit limits, have been launched for MSMEs, recognised as drivers of economic growth,** to create an enabling environment for these enterprises to thrive and become profitable.
3. Skill development is also a strong focus area under this budget, with many initiatives and digital tools being introduced **to bridge the skills deficit in India.**

Conversely, several budgetary allocations have come down. The budget allotments for the social security programme under the Ministry of Labour & Employment have decreased. The Ministry of Labour & Employment allocation was reduced from INR 16,894 crores in the most recent Budget forecasts to INR 13,222 crores in 2023-24. The fund allocation for the National Rural Livelihood Mission has dropped INR 11,552 crores to INR 9,494 crores.

While the promise of progress is ripe in certain areas of livelihoods, as demonstrated by the Budget 2023 announcement, there remain challenges that will require further attention. Strengthening social security measures and increasing the budget allocation for state-sponsored welfare programmes for vulnerable workers should be a focus. Marginalised communities need to be recognised, beyond just women, to address growing inequities along the lines of gender, religion and caste. Linking livelihood and labour allocations and schemes to broader conversations will require building synergies among the schemes in various adjacent ministries on issues such as industrial and trade policy, rural development, and social justice.

Capital for Impact

Key takeaways from Budget 2023

The Budget provides for capital inflow to encourage infrastructural growth, entrepreneurship, research, innovation and development of underserved regions.

There has been a 5.3% average increase in budget allocations for PPP initiatives, invested by concessionaires in infra projects every year. This year saw an increased target to explore PPPs for 30% of the total awarded length for National Highways (NHs).

There has been a substantial push in recent years by the **government to bring in private investments in the form of Public Private Partnerships (PPPs)** to fill in the viability gap in funding. This year's budget has plans to **converge PPPs in Tourism, Agriculture, Railways, and other infrastructure projects. In 2023-34, 20% of Affordable Rental Housing Complexes (ARHC)** are to be developed through PPP. This year, **30% of the total awarded length for the NHs is planned to be awarded as PPP contracts.** Furthermore, in these projects, over INR 30,000 crores, that is, **30% is to be invested by private sector concessionaires** out of the total financial outlay of INR 1,07,713 crores.

One hundred critical transport infrastructure projects, for last- and first-mile connectivity for ports, coal, steel, fertiliser, and food grains sectors have been identified to be taken **up on priority, with an investment of INR 75,000 crores, including INR 15,000 crores from private sources.**

There has been a 5.3% average increase in budget allocations for PPP initiatives, invested by concessionaires in infrastructure projects every year.

PPP money invested by concessionaires in NH development

Timeline	Pre-COVID	COVID Years	Post-COVID	Current Year
	2020-21	2021-22	2022-23	2023-24
In INR crores	26,400	22,700	25,000	30,000

Building on the success of the Aspirational Districts Programme, the Government announced the Aspirational Blocks Programme (ABP) covering 500 blocks for saturation of essential government services across the composite indicators from Health and Nutrition, Education, Agriculture & Water Resources, Financial Inclusion & Skill Development, and Basic Infrastructure which have an impact on Human Development Index (HDI).

India is now the third-largest ecosystem for start-ups globally with an expected YoY growth rate of 12-15%. In a bid to promote entrepreneurship further, the government proposed to **extend the benefit of carrying forward losses on change of shareholding of start-ups to 10 years of incorporation, from the current 7 years.** Additionally, start-ups that were formed within a specified timeframe and meet other requirements can claim up to a **100% deduction on their profits.** The deadline for this benefit has been **extended from March 31, 2023, to March 31, 2024.**

Budget for Start Up India Seed Fund Scheme (Estd. in 2021 with an overlay of INR 945 crores)				
Timeline	Pre-COVID	COVID Years	Post-COVID	Current Year
	2020-21	2021-22	2022-23	2023-24
In INR crores	NA	INR100 crores	INR 186 crores	NA

The Budget also proposed to realise the vision of **'Make AI for India', and 'Make AI work for India'.** To achieve this, three centres of excellence for artificial intelligence (AI) are to be set up in top educational institutions. A new programme to **promote R&D in pharmaceuticals was also announced, by establishing a centre of excellence in 157 new nursing colleges. The Agriculture Accelerator Fund has been proposed to be set up to encourage agri start-ups** for young entrepreneurs in rural areas. This fund aims to bring innovative and affordable solutions for challenges faced by farmers while also bringing in modern technologies to transform agricultural practices and increase productivity and profitability.

Conclusion

The budget continued its increased focus on the deployment of PPP to decrease the burden on public funds and bring in private capital. This move is expected to be beneficial for development in the long run. Tax relief to start-ups is a notable nudge to the entrepreneurial ecosystem. The FM's proposal to extend the incorporation date for tax benefits and the facilitation to carry forward losses for a longer period is bound to further progress and promote new entrepreneurial talent.

Simpler tax regimes and higher tax exemptions on ESOPs could have provided a runway for start-ups to scale. More could have been done to ease the onset of start-up winter where entrepreneurs are finding it extremely difficult to attract private funds and scale their businesses. More inclusive areas like **higher budget allocation towards the start-up fund, simplified tax regimes, and higher tax exemptions on ESOPs** (Employee Stock Options) could have been a welcome move providing more rounded growth opportunities.