

CPPR EVENT REPORT

Webinar on DECODING UNION BUDGET 2023-24



The poster features a dark blue background with a bar chart and a line graph. The CPPR logo is in the top left, and the hashtag #BudgetWithCPPR is in the top right. The main title 'Webinar on Decoding Union Budget 2023-24' is in large yellow and white text. Below it, the date and time '2nd February 2023 | 4:30 PM to 6:00 PM IST' are listed. Two speakers are featured: Dr Charan Singh, Non-Executive Chairman of Punjab & Sind Bank, and Dr D Dhanuraj, Chairman of CPPR. The platform 'Zoom' is mentioned at the bottom right.

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Webinar on
Decoding Union Budget 2023-24
2nd February 2023 | 4:30 PM to 6:00 PM IST

SPEAKER



Dr Charan Singh
Non-Executive Chairman
Punjab & Sind Bank

SPEAKER



Dr D Dhanuraj
Chairman
Centre for Public Policy Research

Platform - **zoom**

Date & Time: 02/02/2023

Venue: Zoom platform

Moderator: Anu Maria Francis

Speakers/Panelists: Dr Charan Singh, Dr D Dhanuraj

Proceedings Report

- **About the Event:** A webinar was conducted to discuss and decode the Union Budget 2023-24 announced by the Finance Minister of Government of India on 1st February 2023, by Centre for Public Policy Research on 2nd February 2023 at 4:30 PM IST. The Post Budget Discussion is an annual event organised by the Centre for Public Policy Research.
- **The Speakers:**
 - **Dr Charan Singh** is the Non-Executive Chairman of Punjab & Sind Bank and Chief Executive of the Foundation for Economic Growth and Welfare (EGROW). He was full-time visiting faculty and former RBI Chair Professor (Dec 2012 to Dec 2016) at the Indian Institute of Management Bangalore, India where he taught comparative monetary policy and policy issues in the Indian economy. Earlier, he was a Senior Economist at the Independent Evaluation Office of the International Monetary Fund, Washington DC from August 2009 to November 2012 and Research Director (Departments: Economic Policy, Debt Management) at the Reserve Bank of India (1997–2009).
 - **Dr D Dhanuraj** is the Founder-Chairman of the Centre for Public Policy Research, and the Director of Civitas Consultancies Pvt Ltd, both based in Kochi, Kerala, India. He is also the President of the Association of Public Policy Education in India (APPE). Dr Dhanuraj is also a well-known analyst with news and media organisations on topics like the Union Budget, Urban Issues, Political Economy, General Elections and State elections for over a decade now. He has appeared on CNBCTV18, Manorama News TV, Media One, India Vision, Asianet News, Mathrubhumi News, and has written for The Hindu, Times of India, Live Mint, MoneyControl.com, Deccan Chronicle, Malayala Manorama, Mathrubhumi, Deshabhimani, etc.
- The webinar was moderated by **Ms Anu Maria Francis**, Research Associate at CPPR.

Summary of Discussions

1. The discussion sought to provide an overview of the Union Budget of India for the financial year 2023-2024 presented by the Finance Minister, Ms Nirmala Sitharaman, on 1st February 2023.
2. Budget 2023 is the last full year budget for the current government ahead of the 2024 Lok Sabha general assembly elections. The Economic Survey gave us a brighter picture of the Indian economy. Recovering from pandemic-induced contraction, Russian-Ukraine conflict and inflation, Indian economy is staging a broad based

- recovery across sectors, positioning to ascend to the pre-pandemic growth path in FY23.
3. The International Monetary Fund (IMF) has retained India's FY23 growth forecast at 6.8%, terming the country a bright spot and major engine of growth amid an expected fall in global growth to 2.9% in 2023.
 4. There is a steady fall in WPI inflation rates from 8.67% in October to 5.85% in November with a 4.95% in Dec 2022. The CPI inflation rate was 5.88% in December 2022. Even when the survey claims Retail inflation is back within RBI's target range in November 2022, we are yet to reach the inflation targets of RBI.
 5. The Finance Minister in the Budget stuck to the fiscal deficit roadmap in the Budget with a target of 5.9% in FY 24 and adhered to the target for the current year.
 6. Dr Charan Singh lauded the current government for having prepared a remarkable budget at a difficult time not only at the international but also at the domestic level. He touched upon the global markets witnessing rising interest rates, unemployment, unstable export markets and fears of global recession.
 7. The first element of the budget that he brought to attention was the reduction in **MGNREGA expenditure** which he recognised as a sign that people are moving back to the cities and that India is recovering from the pandemic.
 8. Secondly, he had mentioned how the budget is both a continuation of past efforts as well as futuristic in nature. The government has significantly bolstered its **capital expenditure** by 3.3% of the GDP on railway, airports, transport hubs, waterways and other infrastructure which would in turn lead to greater growth and employment generation.
 9. The **fiscal deficit** which was scaled down from 6.4% to 5.7% indicates that the fiscal consolidation path which was started by the government two years ago is still being continued. The major correction is in the revenue deficit from 4.1% to 2.9%, making the quality of correction exceptional.
 10. Given that we have touched a 7% growth rate with an inflation rate at around 5% the government could have estimated the budget and its targets at 12%.
 11. The revenue deficit to GDP ratio is taking a major correction which might be due to private sector crowding led by huge capex investment. Therefore the budget is inclusive of the private sector as well.
 12. Dr D Dhanuraj emphasized on the 7 priorities of the budget or '**sapatarishi**'. He also mentioned that the government is trying to include the middle class as an important element of the budget. He considered the income tax slab change to be the most unexpected announcement in the budget. Despite forgoing tax collection, the

government budget is crafted such that they would not have huge reductions in revenues.

13. Dr Dhanuraj highlighted that government funding alone does not resolve public problems, a focus on **strengthening of the local bodies** and devolution of power is required to ensure development. Further, speaking about urban development he mentioned that budget alone wouldn't suffice as there is insufficient software matching the performance of the hardware.
14. On managing the limited resources, Dr Dhanuraj said that the budget has been able to touch all the sectors of the economy such as MSME sector, technology and AI, youth, tribals, middle class, senior citizens and women empowerment. The budget's focus on tribal groups would be highly favorable given that there are three major elections coming up in Chattisgarh, Jharkhand and Rajasthan which have high tribal populations. The government aims at a scientific approach to the blue economy as well.
15. With regard to the urban infrastructure, Dr Charan Singh noted that the **RURBAN model** concept hasn't taken off and the smart city initiative wasn't up to the mark. He stated that a country could only become smart and clean when the people decide to become smart and clean. This is where strengthening the local bodies and rural areas come into play. He emphasized the work-from-home culture in the rurban model could be a win-win situation due to lower costs, higher employment and reduced pollution. He believed that digitalisation of local bodies under RURBAN could bring in the next level of development and hence RURBAN could possibly be revisited.
16. Dr Charan Singh was of the opinion that the approach from the **village to tourism spots** is better rather than setting up urban areas. Villages should be empowered through promoting local artisans, this would reduce the thrust on urbanisation. The current year budget is very balanced and development focused as it has the artisans, tribals, tourism and agriculture in mind.
17. On the lines of **farmer's expectation from the budget**, Dr Charan acknowledged the budget encourages natural fertilizers, multiple cropping patterns, and nutritious diet with a focus on millets that would give far more food security, independence and nutrition. The interest rates at which loans are given needs to be reconsidered taking into account the current environmental and market conditions.
18. On the question on the blue **economy**, Dr Dhanuraj stressed on the fact that the government is now looking at a scientific approach to the blue economy. He outlined the importance being given towards fisheries and coastal regions, the increase in the allocation towards fishermen community etc.
19. On being questioned about the Government's focus towards **green growth**, Dr Charan Singh commented that India had been making a great effort in the renewable energy sector. Wind, hydro, solar, ill-effects of coal and fossil fuels are all areas India has been making a great move. In the banking sector, green credit has been considered. The

non-performing assets due to climate disaster/negligence can be detrimental to the financial sector. Funds in green growth will make India a lighthouse on the world stage.

20. Relating to the **employability of youth**, Dr Charan Singh emphasized on the potential of youth in India. Young demographic of India adapted with the digital economy very quickly, therefore it wouldn't be difficult for youth to find jobs. There is huge potential and opportunities for youth-led startups in the country.
21. **Performance linked incentives** had mixed opinions in the discussion. Dr D Dhanuraj questioned the selection of these sectors and recommended that prime focus should be given to ease of doing business. Dr Charan Singh states that a huge amount has been allocated to PLI in the budget and believes that PLI has played a significant role in the huge rise in the exports of the country.
22. Dr Charan Singh brought attention to how the country must promote **wellness** over sickness. He was of the opinion that Unani, Homeopathy, traditional Indian sports and Ayurveda can play a vital role in this.
23. On the question with regard to the **defense** budget allocation of ₹ 5.9 lakh crores, Dr Charan Singh responded that India needs to build its military capacity indigenously in ships, tanks, helicopters, submarines and all other arms and ammunition to become a greater power in the world. This would be a safer and cheaper option for India.

Key Takeaways

1. The Government's path to fiscal consolidation is continuing unabated with this budget 2023-24.
2. Countries can only become clean and smart when the people decide to become clean and smart, hence strengthening the local bodies can be a great decision.
3. Government has been quite clear with its intention to promote and boost the multi cropping system in our agriculture sector.
4. India has paid emphasis to renewable energy over the last 7-8 years immensely, and the country has taken a lead in decreasing its carbon footprint.
5. India's digital growth and digital mission will further be a positive move towards climate change.
6. India needs to build its military capability in tanks, ships, helicopters, submarines and all other arms and ammunition to become a greater power in the world.

*This report was prepared by **Ashna** and **Trisha Pal**, Research Interns at CPPR.*

Centre for Public Policy Research,
'Mandoli House,' First Floor, New Link Road,
Elamkulam, Kochi - 682020, Kerala, India
www.cppr.in | cppr@cppr.in