



ORIGINAL RESEARCH PAPER

Economics

ANALYSIS OF EXPENDITURE COMPONENT IN UNION BUDGET 2023-24

KEY WORDS:

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ABSTRACT

The Union Budget is presented in parliament for the year 2023-24. The priorities determined in this budget are attractive for common public. But the real gains to common public can be only understood by analysis the head wise expenditure provision. This paper analysed the head wise, scheme wise and ministry wise expenditure provisions made in this budget by using expenditure budget data and budget at a glance documents.

Introduction:

On February 1, 2023, Hon'ble Union Finance Minister Smt. Nirmala Sitharaman tabled the budget for the financial year from April 1, 2023 to March 31, 2024. This is the third budget presented in digital format. This budget presented during the 'Amrit Kaal' of Independence, kept seven priorities with the objectives of providing better opportunities to the citizens of the country by focusing on the youth, achieving growth with employment generation and creating a viable and stable macroeconomic environment. The seven priorities highlighted in this budget are Infrastructure and Investment, Financial Sector, Green Growth, Youth Empowerment, Reaching the Last Mile, Realizing Potential and Inclusive Development. This Budget calls these seven priorities as the Saptarshis of the Amrit period.

This budget envisages an outlay of Rs.45 lakh 3 thousand 97 crores for the year 2023-24 to address the progress of all sectors including the above objectives and the development of priority sectors decided accordingly. This year budget estimates of expenditure is 7.5% higher than last year's revised estimate of expenditure. So what is the relevance of the new expenditure provisions in the budget and the increase and decrease in the old expenditure head? This needs to be commented on. Therefore, the present research essay analyzes the expenditure in Budget 2023-24.

Objectives of the Presented Research:

- 1) To show the revenue and capital sources available for government expenditure.
- 2) To analyze expenditure on components and schemes directly related to the general public.
- 3) To comment on the relevance of new expenditure provisions and increases and decreases in old expenditure heads relating to general public.

Keeping in view the above objectives, let us first analyze the sources of revenue available to the government for expenditure.

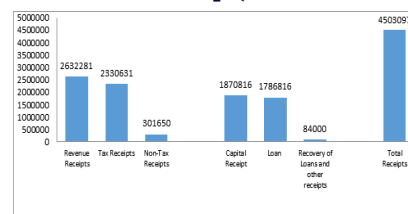
Availability of Revenue and Other Means for Expenditure:

Government revenue comes from tax revenue and non-tax revenue (revenue receipts). Tax revenue includes revenue generated through various taxes such as goods and services tax, corporation tax, income tax, central excise duty, customs duty and service tax. While non-taxable income includes interest receipts dividends and foreign grants as well as other non-taxable receipts etc.

As shown in the present budget, the income for the year 2023-24 through the above means will be 27 lakh 16 thousand 281 crores. Given the above estimated expenditure amount, as the expenditure of the government is more than the revenue

received by the government, so borrowing is also taken from the government to meet this gap, which is called Capital Receipt. Capital receipts include recovery of earlier loans and other receipts other than debt. As mentioned in the presented budget, for the year 2023-24, Rs 17 lakh 86 thousand 816 crore rupees (i.e. about 39%) raised through loans and other liabilities.

Graph No. 1: Sources of Receipt (Amount in Crore)



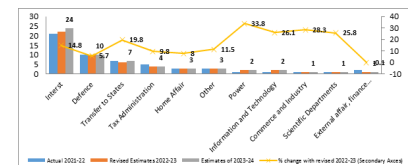
Source: Budget at a glance 2023-24

To know the relation of the presented budget to the general public, the head wise provision of expenditure in gross terms has to be seen at first. A total of 23 items are included in the major heads of expenditure given in the Union Budget, which includes Pension, Defence, Subsidy, Commerce and Industry, Home etc. Let us divide these expenditure heads into 15 selective expenditure components and 8 direct social expenditure components.

Expenditure Incurred on Selected Components of the Budget

A study of the expenditure incurred on the above-mentioned 23 components during the financial year 2023-24 shows that as usual, interest payment will be the highest expenditure in this budget and its total share is 24% (Figure No. 1). After that, the proportion of subsidies is 11.52% (Graph No.2), and the third place will be expenditure on the component of defence at 9.61% (Graph No.1). 45.13% of the total cost will be spent on these three components alone. Excluding these three major expenses, the expenditure on some other components will be around 5 to 7 percent of the total cost, while the expenses on many other components is estimated to be less than 5%.

Graph No.2: Expenditure on Selected Components of the Budget



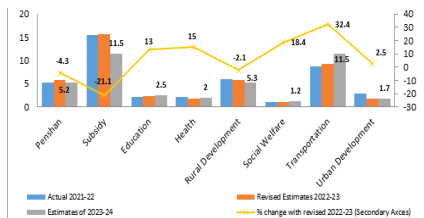
Source: Budget at a glance 2023-24

The above figure shows that the expenditure on finance and transfers to the Union States has decreased compared to the year 2022-23, while the amount of expenditure on all other components has increased. The highest growth was in power (33.8%), information technology (26.1%), commerce and industry (28.3%), scientific department (25.8%) and transfers to state (19.8%). It is observed that Apart from this, the expenditure on interest payment, tax administration, housing, etc. is also projected to increase as compared to the previous year.

Expenditure on Factors Directly Related to the General Public:

Out of the 23 factors mentioned above, 8 factors can be distinguished as social factors that are directly related to the general public. Just like the provision for pension is the provision for old age requirements. After this the second component which includes food, fertilizers, petroleum (fuel), Agricultural related activities and Subsidies given to schemes like PM Kisan are included. The third component is education, the fourth component is health, the fifth component is rural development, the sixth component is social welfare, the seventh component is transport and finally the eighth component is urban development. Expenditure on all these factors is also directly related to the lives of common people.

Graph No. 3: Expenditure on Factors Directly Related to the General Public



Source: Budget at a glance 2023-24

In the present budget, the total amount of expenditure to be proposed on these eight heads in the next financial year is Rs. 18,41,885 crores which is about 41% of the total expenditure. However, a comparison of the revised expenditure estimates for 2022-23 on this component shows that the provision for rural development in 2023-24 has decreased by 2.1%, the decrease in pension is 4.3% and the decrease in subsidy provision is 21.1%. The provision for other social components like education, health, social welfare and transport has been increased by 13%, 15%, 18% and 32.4% respectively.

Provision of Expenditure on Various Governmental Schemes

Let us analyze the plan wise breakdown of expenditure provision for more detailed insights. In this budget, it is proposed to spend 19 lakh 29 thousand 613 crore rupees on total 185 schemes run by the central government. This expenditure will be 42.85% of the total budget expenditure proposed for next financial year. Among these, very few schemes have been newly introduced in this budget. These 185 schemes of the central government have been divided into 'A', 'B', 'C'. Group 'A' includes 6 very important schemes, group 'B' include 32 important schemes and group 'C' includes 147 major central sector schemes etc.

1) Expenditure provision on six core of the core schemes

The six core of the core schemes under the Group 'A' include Mahatma Gandhi National Rural Employment Guarantee Programme, National Social Assistance Programme, Umbrella Scheme for Scheduled Castes, Tribes, Minorities, Other Vulnerable Sections. It is noticed that the provision for Mahatma Gandhi National Rural Employment Guarantee Program has been reduced to a very large extent (-29400 crores). However, in this budget, the amount of umbrella scheme for Scheduled Castes, Tribes, Minorities and other vulnerable groups has been increased to Rs. 2461 crores.

2) Provision for 32 Core schemes of Central Government:

A study of the expenditure provision of the schemes falling under the group of important 32 schemes shows that the highest expenditure provision has been made for Pradhan Mantri Awas Yojana (79590 crores) which is more by 2460 crore than the revised estimate for the year 2022-23. After that a total provision of 70000 crore has been made for Jal Jeevan Mission by increased provision of 15000 crores. The National Education Mission comes at the third place and a total provision of 38953 crores has been made in this regard with an increased amount of 6341 crores. A total provision of Rs 36785 crore has been made on National Health Mission with an additional amount of Rs 3077 crore. A total provision of 5000 crores has been made in the Swachha Bharat Mission with an additional amount of 3000 crores. Thus, out of the 32 schemes that falls under the core group, expenditure provision for all the schemes except the Pradhan Mantri Poshan Shakti Nirman and Harit Kranti Yojana have been increased. But the Pradhan Mantri Poshan Shakti Nirman Yojana has been reduced to 1200 crores. Apart from this, the provision for Green Revolution Scheme has been completely removed in the Budget provisions for 2023-24. However, the expenditure of the Ministry of Agriculture and Farmers' Welfare is seen to be 5% higher than last year's revised estimates.

3) Expenditure on 147 major Central Sector Schemes:

In Central Sector Plans, most provision has been made for schemes related to roads and food security. Like the grants under National Highways Authority and National Food Security Act etc. This budget seems to have made new provisions on some important social welfare schemes like 2278 crores are allotted for Skill Bharat Yojana, 1554 crores for Higher Education Promotion Scheme, 655 crores for National Tribal Welfare Programme, 538 crores for Skill Development, Capacity Building Program and 915 crores for Internal Industry Promotion Scheme etc. It is also observed that the expenditure of many schemes under the Central Sector Scheme has been reduced. As the provision for Atmanirbhar Bharat Yojana has been reduced by 60% from last year's revised estimate amount, other schemes like Pradhan Mantri Swasthya Suraksha Yojana, Nutrition Based Schemes, Subsidy to Food Authority of India for food security, Urea subsidy etc. have also been reduced.

Ministry wise Expenditure Provision:

In the presented budget, maximum provision of 37.5% has been made for the Ministry of Finance. Second is Defence Ministry with 13.2% provision followed by other Ministries with six and less six percent provision. Out of the total provision for 53 ministries and 2 other independent departments of the Central Government and the President, Ministries and Union Public Service the provision for 45 ministries is increased. For those it is reduced include 11 ministries like The Ministry of Civil Aviation, Ministry of Communications, Ministry of Food and Public Distribution, Ministry of Cooperation, Chemicals, Planning, Labour, Rural Development, Pension, Atomic Energy etc.

Analysis of Time Specific Reasonability of Selected Expenditure in Budget:

In the background of the implementation of National Education Policy 2020, increasing the provision of expenditure on the education component, as well as increasing the provision on the health component in the background of eradicating diseases like Corona, it is evident to increase the expenditure on both the heads in this budget. Apart from this, from a social perspective, this budget has provided increased expenditure on the important factor of urban development (Figure No.3).

Keeping in mind the beginning of implementation of the new National Education Policy, this budget has increased the provision of the Ministry of Education by 13% and accordingly for primary education sector 4000 crores has

been newly provided under, P.M. School scheme (PM Shri). This scheme was launched on 7th September 2022 and it has been mentioned that 14,500 schools will be accredited under the National Education Policy, which will benefit to 20 lakh students. Out of the planned expenditure of Rs 27,360 crore from 2022 to 2026-2027 on this scheme, the central government will spend Rs 18,128 crore. Apart from this, a new provision of Rs 1,554 crore has been made for higher education under Higher Education Promotion Scheme.

It has to be mentioned here that the increase in expenditure on health which includes 28.17% and 6.4% more provision for Ministry of AYUSH and Ministry of Health and Family Welfare than last year. It is important to enable the health system considering the background of Corona crisis and other health related issues.

Increasing urbanization and the resulting need for urban development planning also indicate the relevance of increased spending on urban development.

With a view to provide better opportunities to the citizens of the country, especially for those who are behind in the development process, this budget has made a substantial increase (70.68%) in the provision of the Ministry of Tribal Affairs. Apart from this, a provision of 655 crores has been made for the National Tribal Welfare Programme. This budget has also made increased provision by 18.5% and 11% respectively for Ministry of Minorities and Social Justice and Empowerment etc. As stated in the budget objectives, keeping youth development in mind this budget has made 27% increased provision for Ministry of Youth Affairs and Sports.

India is having potential of a large population dividend so increased provision on Skill India Programme is also a factor in realizing this dividend. So this budget has made provision of 538 crores for skill development and capacity building programs. Apart from this new investment of Rs 915 crores for domestic industry promotion scheme etc. is also important in this budget.

As mentioned above, there has been an increase in the provision of many ministries and the elements directly related to the life of the common man, but the reduction in some provisions underlines the lacuna of this budget. However, it is certain that the reduction in the amount of subsidy given for food, fertilizers, fuel, agriculture etc. will be very negative in the eyes of the general public. Moreover, the reduction in the provision of pensions for government employees shows the retreat of the government from providing social security.

There has also been a reduction in the provision of many schemes under the central sector scheme like Atmanirbhar Bharat, Pradhan Mantri Swasthya Suraksha Yojana, Poshanadhar Yojana and Food Authority of India subsidy for food security, Urea subsidy etc.

On the one hand expressing the aim of focusing on the youth, and on the other hand the provision of the Ministry of Labor and Employment has been reduced to 17.9%. Long-term measures for employment generation also did not appear in this budget.

On the one hand, the expenditure provision of the Ministry of Agriculture and Farmers Welfare has been increased and on the other hand, the expenditure provision on the Green Revolution Scheme has been completely excluded. This will adversely affect not only farmers but also food security.

Conclusion:

In the changing scenario of country this budget has made many changes in expenditure heads. While bringing the social face to this budget health and education sector has

given priority but at the same time reduction in the provision of schemes that are directly related to general public indicate the missing side in achieving the budget intentions or targets.

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