

## Expectations from Budget 2023

### What is the issue?

To maintain the economic growth momentum in the FY23, the expectations from the Union Budget remain reasonably high.

### What is necessary for economic development?

- The Indian economy has been doing well in first three quarters of FY22, when compared to FY21.
- To carry this momentum 5 broad areas which could cement this growth would be
  - Domestic Growth
  - Facilitating Export Infrastructure
  - Access to Healthcare
  - Increasing Savings to Help Consumption
  - Support the Geo-Economic preparedness.

### What is expected from Budget?

#### Widening PLI Scheme-

- PLI scheme can
  - take India's exports to a new high
  - diversify the export basket.
- Identify and bring more upcoming industries under PLI.
- Bring the industries like aerospace, warehouse robotics, waste management, including maintenance, repair, and overhaul (MRO) under the ambit of PLI.
- Widen the PLI scheme to make India's exports to reach \$1 trillion by 2025.

#### Enhancing Port infrastructure -

- Encourage PPP with some of the world's largest port players of Singapore, Hong Kong, Busan, and Rotterdam.
- Open the dredging market to increase and maintain draft depth at ports allowing larger vessels.
- Modernise and enhance the connectivity of existing ports.
- These ports can evolve as big manufacturing and export hubs, while also reducing the cost of trans-shipment.
- Give tax exemptions for foreign flag ships to make India a hub in the Asian peninsula.
- Identify a few ports with time bound incentives towards completing them.

#### Healthcare infrastructure -

- Provide rebates on medical insurance premiums.
- Spend on R&D to boost pharma companies.
- Strengthen the healthcare infrastructure in tier 2 and tier 3 cities.
- Strengthen the hospitals on a public-private mode by extending attractive incentives, tax holiday

- Time-bound upgradation will relieve the pressure on tier-1 cities.

### Increasing tax exemption

- **Section 80C present status** - It allows a maximum deduction of Rs1.5 lakh every year from the taxpayers total income.
- Over and above this, the NPS gives an additional deduction of Rs 50,000.
- **Expectations** - Double the yearly contribution under Section 80C to benefit the salaried class.
- **Reason** - The income of people has increased, the interest rates has continued to fall as opposed to cost of living.
- The pandemic has caused many job losses and exposed their financial vulnerabilities.
- **Implications** - Enhancing the ceilings will
  - boost India's domestic savings
  - contribute to government financing its deficits.
- Investment through NPS would allow more investors to participate in the capital market through the various options available in it.
- **Expand the scope of section 80D** - This will allow for deducting the expenditure incurred on any pandemic related treatment irrespective of age.
- Another segment which would have a multiplier effect on the various other sectors of the economy is the residential housing sector -- its contribution to GDP is around 5 per cent -- apart from being a large employment generator.
- **Deduction limit for interest on home loans** - Under section 24(B) enhance the deduction limit above the permissible Rs 2 lakh to boost the overall economic sentiment.

### Strategic institutions

- India aspires to produce EVs, mobile phone, solar panels etc.
- For this Lithium needs to be imported.
- So, secure certain assets overseas for importing lithium.
- Dedicate financial institution like Exim Bank to cater overseas strategic needs with government backing, something akin to Chinese government banks and institutions.
- For example USA operationalised a new, Development Finance Corporation (DFC) to
  - specifically countering China's influence on global trade and business
  - further the US foreign policy goals
  - supporting US direct investments abroad.

### Reference

1. <https://www.thehindubusinessline.com/opinion/expectations-from-budget-2023/article64907106.e>