EXPECTATIONS FROM BUDGET 2023

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The Budget for 2023 comes at a time when major economies around the world are staring at a recession and high inflation. Thereby Indian heads of state will have to address critical macro-economic issues like inflation, demand, and unemployment, to fuel economic growth in coming years.

We believe that this Budget will focus on fiscal deficit, and the few areas that could cement the growth of the Indian economy would be in terms of domestic growth, facilitating export infra-structure, access to healthcare, and increasing savings to help consumption while also supporting geo-economic preparedness.

1. Widening PLI schemes

Trade has been one of the focal points of the Budget. It is the driving force for generating prosperity all over the map. A lot of yearning is on the PLI Scheme as it has the proficiency to sore India's exports to new heights. This would help to identify potential industries like aerospace, warehouse robotics, waste management, and MRO services. This scheme would also give a boost to employment in the country.

Moreover, it has the potential to generate employment in the areas of IT hardware manufacturing, pharmaceuticals, production of large-scale electronics, ration production, ACC battery, solar EV modules, textile products etc.

In this vein, the government can advocate enhancing the exposure under PLI schemes. Sanguinely, the Hon'ble finance minister may enlarge the PLI scheme, fueling India's export to reach $1 trillion by 2025.

2. Trade & Industry

India has not yet revived from the shock of the pandemic and so have the other countries. Since then, Europe's growth has slowed down. Likewise, even today China comes up with different financial troubles. In general, global growth is dropping. As a result, it is pertinent for India to increase its export in order to come to par with other countries if not trade growth will be silent.

No doubt, the Indian rupee has given neck-to-neck competition with its competitors. Like other countries maintain a trade surplus, India maintains a trade deficit. This multiplies the overall macroeconomic asymmetry which is taxing and doesn't serve the best interest. RBI has not regulated any particular value for the currency. Therefore, considering the external factors Indian finance ministry must invest to increase trade in India.

3. Port infrastructure

Vietnam has four major ports whereas India has 13 ports. This insinuates that India's coastline is decupled from that of Vietnam. Thereby there is an urgent need to push port infrastructure across the Indian coastline

Invigorating the Public-private partnership with some of the world's largest port players of Singapore, Hong Kong, Busan, and Rotterdam may act as a support in the same.

Many of the existing ports in India also require modernization and digitalization to keep up a good pace with developed economies of the world.

Developing massive manufacturing and export hubs near the ports will help reduce the cost of trans-shipment. Moreover, this move could also be supported by tax exemptions for foreign flagships in these ports, as a result, India can become a hub in the Asian peninsular region.

This Budget can put its finger on a few ports with time-bound incentives toward completing them.

4. Ambulatory care infrastructure

Budget is likely to focus on the health sector also. This sector has a wide range of multiplier benefits for economic and human growth. As per the reports of the World Bank, India's average healthcare expenditure in 2019 was $865.7, whereas, the country's general government health expenditure stood at $69.2 in 2019.

Currently, various budget enthusiasts are coming up to the finance ministry for budget recommendations. Indians are looking forward to the upcoming Union Budget 2023. It is anticipated that the government will provide rebates on medical insurance premiums. Adding to this, the government is also expected to splurge on R&D to boost pharma companies.

Strengthening healthcare infrastructure in tier 2 and tier 3 cities is paramount. This paucity of infrastructure was tragically exposed during the Covid-19 second wave. Today the number of district hospitals stand at 1,003, government hospitals in rural areas at 19,810, railways 136, and employee state insurance company 151[1]. However, if these hospitals are strengthened on a public-private mode by holding forth attractive incentives, together with exploring a tax holiday, the populace will be healthier. As a matter of fact, even if 5 percent of these 21,000-odd hospitals get the heed for time-bound upgradation, the coercion on tier-1 cities will take the edge off.

5. Increasing tax exemptions

The Indian law allows a deduction of up to INR 1.5 lakh every year from the taxpayer's total income[2]. Over and above this, the National Pension Scheme provides an additional deduction of INR 50,000[3]. Considering these statistics, it will be beneficial for the salaried class if the Budget FY-2023 considers doubling the yearly contribution under Section 80C and Section 80CCD (1b). Escalating the ceilings will not only enrich India's domestic savings but will also

contribute to the government financing its deficits. Simultaneously, investment through NPS would push more investors to participate in the capital market through numerous options available.

The pandemic exposed the issues related to healthcare. The Union Budget FY-2023 can fatten the scope of section 80D to permit a deduction for expenditure to provoke any pandemic-related treatment of all, irrespective of age.

6. Empowering Institutions

While holding tight, the exports have a snowball effect like employment creation, elevating manufacturing, and collecting foreign exchange. As per the current scenario, exports also stand as a crucial part in the thick of the changing geo-economics. As India aspires to move into producing EVs, mobile phones, solar panels, aerospace, etc. to the same degree it is also crucial to concede that there are many inputs like lithium that go into these. However, they are not at their disposal in abundance in the country. Therefore, India would be blatant at the latest form of reliance on imports. This resuscitates the call to taut certain assets transoceanic.

In this state of affairs, Budget FY-2023 could scout having a staunch financial institution like Exim Bank. This can regale to such overseas prudent requirements with government backing, something analogous to Chinese government banks and institutions. Recipients of such aid could be Indian PSUs and quasi-sovereign institutions.

National Health Profile 2018

Section 80C of the Income Tax Act, 1961.

Section 80CCD (1b) of the Income Tax Act, 1961.

7. Income tax rates

Enthusiasts have recommended CII reduce tax rates. This would eliminate the intricacies and irregularities. Moreover, it will give a boost to disposable income and recuperate the demand cycle.

8. Decriminalization of GST

The Conference of Indian Industry has pitched for the decriminalization of GST law while stating that the law itself has adequate penal provisions for creating deterrence. It is pertinent to note that the applicability of the penal provisions should be on the intent of the person to evade tax rather than on the amount the person has evaded. This would draw a clear line between minor offenses under GST and mala fide tax evasions. The threshold limit can potentially rise to INR 20 crores.

Conclusion

Climate change would be one of the priority areas in the 2023-24 Budget making as India has pledged to become a net zero emitter of carbon by 2070. The Budget for the upcoming year will have to address critical issues of inflation, increasing demand, and unemployment, and put the economy on a constant 8%-plus growth path.

On November 22, the finance minister met agriculture and agro-processing industry representatives from the financial sector and capital market. On the basis of meetings held so far and the vision of the finance minister, it can be said that the 2023 budget will focus on job creation.

The Union Budget 2023-24 is being presented at a critical moment in a time of geopolitical precariousness, high inflation, and decelerated world economic growth. At this point, sequential steps to improve the domestic pedigree of growth would be imperative to maintain the unshakable economic growth trajectory. The finance ministry is moving religiously closer toward February 2023, leaving no stone unturned. Likewise, all the appreciated committees are regularly coming up with their recommendation to be implemented. Nonetheless, the Budget has always been a much-awaited report for the citizens.

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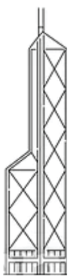

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