

A Budget For India In The Amrit Kaal

- *Amitabh Kant**

One of the keys to unlocking India's growth potential is raising private investment. This year, the Finance Minister has more than delivered through a transformative budget. The focus on capital expenditures, sunrise sectors of growth, technological transformation, and green growth will make the economy more productive and efficient, boosting our long-term growth potential. As noted by the Prime Minister, the budget has infused new energy into India's development trajectory. Five features make the budget transformative.

First, the sustained focus on capital expenditure must be lauded. Another 33% increase in expenditure will take capital expenditure to Rs. 10 lakh crores in FY24, compared to Rs. 7.5 lakh crores in FY23. Railways are set to see record capital expenditures of Rs. 2.5 lakh crores. Furthermore, one hundred critical transport infrastructure projects, for both first and last mile connectivity, will be taken up on priority. Regional air-connectivity saw a huge boost through fifty additional airports, heliports, water aerodromes, and advance landing grounds. The newly established Urban Infrastructure Development Fund will enable us to build the cities of tomorrow, with connectivity, sustainability, and inclusivity at their core. Crucially, these funds have been tied to urban reforms. The credit guarantee scheme for MSMEs has been revamped, with a Rs. 9,000 crores infusion. This will enable collateral-free guaranteed credit of Rs. 2 lakh crores.

Second, by revising tax slabs under the new regime, the budget gives a fillip to domestic consumption by putting more money in the hands of people. As domestic consumption rises, so will domestic capacity utilisation. An increase in capacity utilisation will then lead to higher investment to meet the additional demand. Skilling has been given a stimulus through launch of Pradhan Mantri Kaushal Vikas Yojana 4.0, the unified Skill India Digital Platform, and through providing stipend support to 47 lakh new apprentices. This will improve the employability and unleash the power of our youth. The increased capex and tax reforms have been complemented with further measures to ease India's business environment. Using the permanent account number (PAN) as a common identifier for businesses, an entity digi-locker, simplified KYC processes, and a unified filing process will reduce the compliance burden significantly. Tourism has also been given due focus, with fifty destinations to be developed as a complete package under challenge mode. Furthermore, states will be encouraged to setup Unity Malls, giving a fillip to one district one product (ODOP), handicrafts and other GI products. All these measures will boost youth employment and increase consumption in the long run.

Third, the focus on sunrise sectors of growth and technological transformation is admirable. The setting up of centres of excellence (CoE) for artificial intelligence (AI) will infuse new energy and help in scaling AI-led solutions for India's most pressing problems. The announcement of the National Data Governance Policy is also another big-ticket announcement.

With access to anonymised data, our startups and academics can build innovative products and conduct cutting-edge research using tools such as data analytics. The setting up of one hundred 5G labs will open new opportunities and businesses. The budgetary support to battery energy storage systems is another key initiative. The inter-state transmission system and grid integration of renewable energy from Ladakh will be constructed with a total outlay of Rs. 20,000 crores. Another key announcement in this space is the establishment of digital public infrastructure for India's agriculture sector. Together with the newly announced agriculture accelerator fund, agriculture in India is set to witness a technological transformation.

Fourth, focusing on green growth is another key feature. Rs. 35,000 crores have been provided for capital investments furthering our energy transition and net zero objectives. The Green Credit Programme will be launched to incentivize environmentally conscious actions by companies, local bodies, and individuals. To promote soil health and agriculture productivity, PM-Pranam has been launched to incentivize states and UTs to promote balanced use of chemical fertilisers and promotion of alternative fertilisers. Further, a target of 1 crore farmers practicing natural farming has been set.

Finally, maintaining fiscal discipline, while delivering on increased capital expenditure, and tax breaks, is the highlight of the budget. A glide path has been set, with the fiscal deficit set to come down to less than 4.5% of GDP by FY26. With government borrowings moderating, private investment will be further crowded in. With robust public finances, capex, and a consumption push, India is set to enter a virtuous growth cycle. The budget must be lauded for ensuring growth is raised across the board, benefiting each section of society, not falling for sector-specific doles. The next decade is set to be India's decade, and this budget provides a solid foundation as we look to transform India during *Amrit Kaal*.

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