Feb. 23

> A stronger fiscal consolidation road map is needed over the medium term in the Country. Discuss in the context of Union Budget 2023-24.

Fiscal consolidation refers to the policies undertaken by Government to reduce their deficits and accumulation of debt stock.

The Budget for 2023-24 has attempted to address the aspirations of different segments of society. The government had to meet the two fundamental goals of growth and society, must go together for sustained growth over the medium term, which will be the answer to many of India's socioeconomic problems.

Key Highlights

> Govt. expenditure is budgeted to grow at 7.5%

> Nominal GDP growth is estimated to fall from 15.4% in 2022-23 to 10.5% in 2023-24.

> Increase in Centre's capital expenditure is 37% & revenue is 1.2%.

Acc. to Fiscal Responsibility and Budget Management (FRBM) Act, as amended in 2018, Centre is:-
> Mandated to limit its fiscal deficit to 3% of G.D.P by Mar 31, 2021.
> Centre's debt - GDP ratio to be brought down to 40%., whereas Centre attributed the deviation of budgeted 5.9% fiscal deficit. GDP ratio.

- For raising growth in medium term, augmentation of private investment relative to GDP needs to be ensured.
- Better targeting of govt. subsidies
- Improving efficiency of tax administrators
- Enhancing tax GDP ratio by widening tax base.

Govt. is facing dilemma, borrowing beyond a limit leads to inflation whereas reduction in expenditure may also not be appreciated. We need however, a stronger fiscal consolidation road map over the medium term.