

CHAPTER 3 : FISCAL DEVELOPMENT : REVENUE RELISK

FD

→ Govt is on track to achieve 6.4% FD (FY 23)

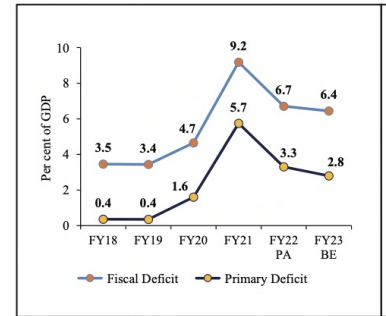
REASONS

- Economic recovery
- Tax buoyancy
- proper assumption by the budget

TARGET

- FY 24 - 5.9%
- FY 26 - 4.5%

Figure III.1: Trends in Union government deficits over the years- On the way to fiscal consolidation



TAX BUOYANCY

GST + Digitisation → formalisation → widening of tax net

Tax reforms (Eg faceless assessment, e way bills etc) → Tax compliance

CAPEX LED GROWTH

↑ aggregate demand → crowd in priv sector

REVENUE EXP

reduction → 15.6% of GDP (FY 21)
13.5% of GDP (FY 22)

reason

→ reduction in subsidy exp
3.6% (FY21) to 1.9% (FY22)

Figure III.7: Increasing Union Government capital expenditure to GDP ratio

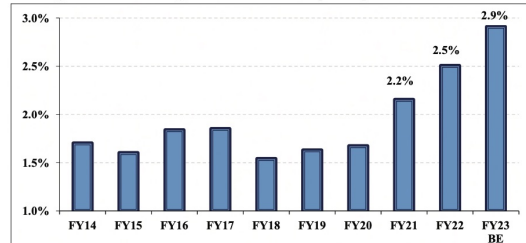
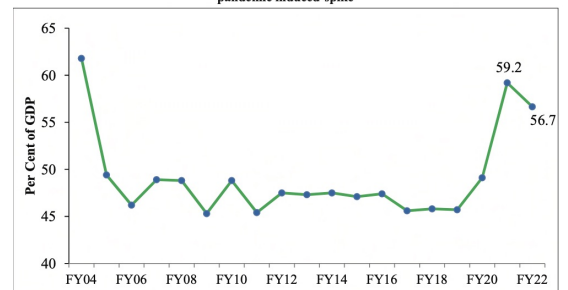


Figure III.14: Moderating Union Government's Debt-GDP ratio after the pandemic induced-spike



GOVT DEBT

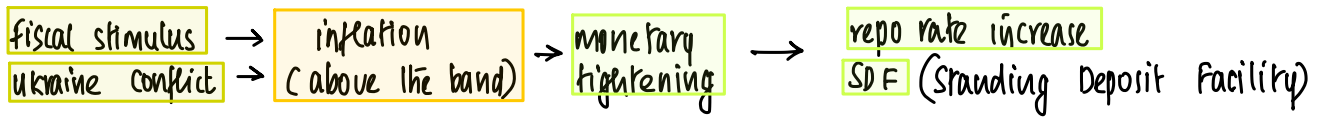
- External liability 4.9% (FY22)
- internal liability 95.1%

MAJOR REFORMS IN UNION BUDGET

- Improved fiscal transparency & realistic revenue assumptions in the Budget
- Discontinuation of plan & non-plan classification
- merger of rail budget with general budget
- shifting the date of budget to feb 1st

CHAPTER 4: MONETARY MANAGEMENT & FINANCIAL INTERMEDIATION: A GOOD YEAR

→ MONETARY DEVELOPMENTS



- Increase in Reserve money (M0) & broad money (M3)
- monetary policy transmission

→ G-Sec trading volume increased

→ BANKING SECTOR

- 4R approach
- Improvements in Asset Quality
- Decrease in GNPA ratio from 8.2% (2020) to 5% (2022)
- Improvements in credit growth

→ progress under IBC

→ NBFC → Consistent rise of credit as proportion of GDP

→ CAPITAL MARKET

- Primary market – large no of SMEs came out with public offer
- Secondary market – resilient performance
- pressure on FIIs

→ IFC → India's first IFSC – GIFT city, Gandhinagar, Gujrat
 → offshore financial centres
 → caters to customers outside the jurisdiction of domestic economy

→ INSURANCE SECTOR

- insurance penetration – 4.2% (2020)
- insurance density – \$ 91 (2021)
- Govt schemes Eg :
 - Aashman Bharat Yojana
 - PMSBY
 - PMJJBY
 - PMVVY
 - PMFBY

PENSION SECTOR

- Eg → IG National Old Age Pension scheme
- NPS (2014)
- APY