

## UNION BUDGET 2023-24

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2023-24.

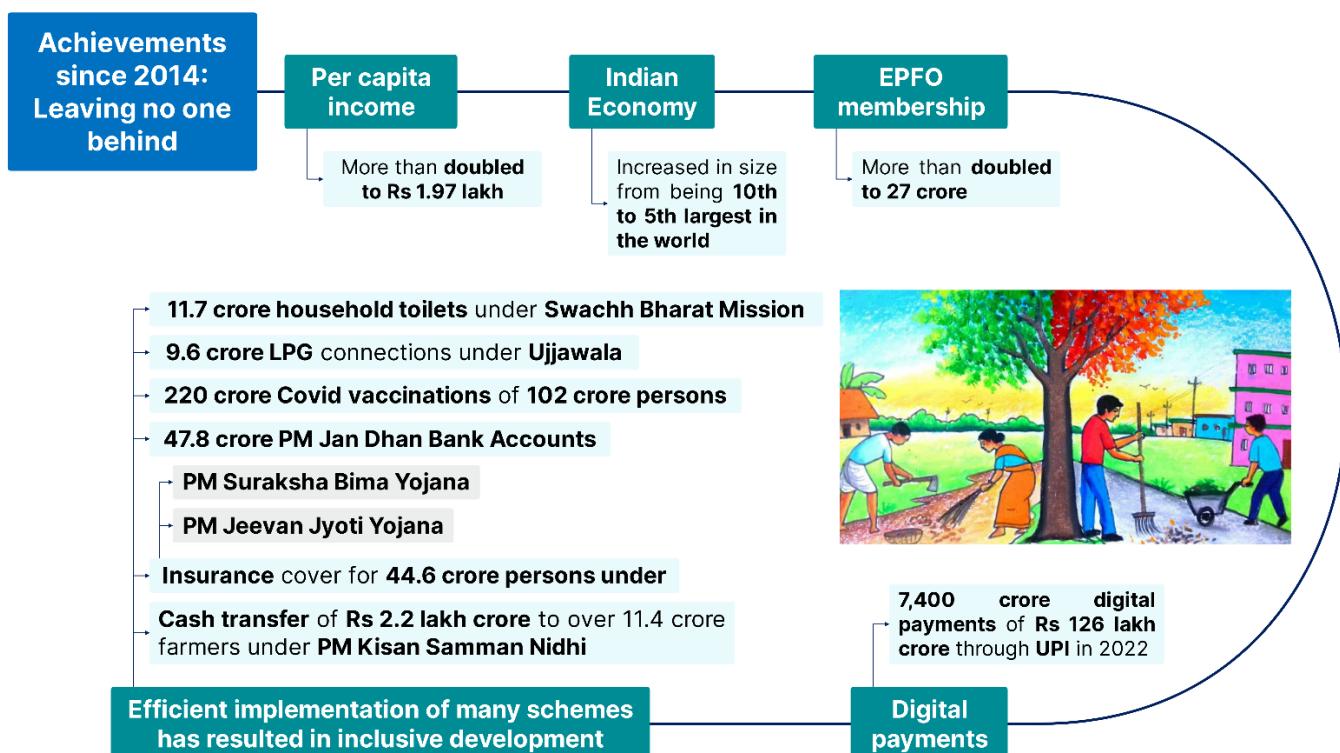
The Union Budget is the annual budget of the Indian Republic and is also known as the **Annual Financial Statement**.

- As per Article 112 of Indian Constitution, budget is a statement of the estimated expenditure and receipts of the government for one financial year (1<sup>st</sup> April-31<sup>st</sup> March).
- The Budget is presented on 1<sup>st</sup> February so that it can materialise before the commencement of the new financial year which starts on 1<sup>st</sup> April.

The Union Budget 2023-24 aims to build on the **foundation laid in the previous Budget**, and the **blueprint drawn for India@100**, which envisions a prosperous and inclusive India, where the fruits of development reach all regions and citizens, especially our youth, women, farmers, OBCs, Scheduled Castes and Scheduled Tribes.

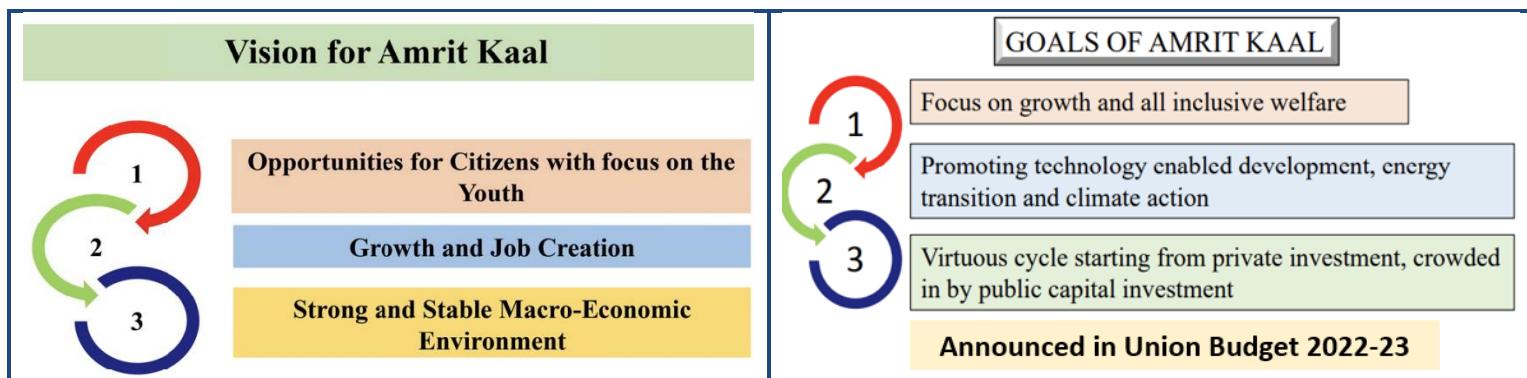
### **PART-A**

- During the **Covid-19 pandemic**, Government ensured that no one goes to bed hungry, with a scheme to supply free food grains to **over 80 Crore persons** for 28 months.
- **PM Garib Kalyan Anna Yojana (PMGKAY)**:
  - Aim: Ensuring food and nutritional security, Government is implementing the scheme from 1<sup>st</sup> January 2023, a scheme to supply free food grain to all Antyodaya and priority households for the next one year.
  - The entire expenditure of about Rs 2 lakh crore will be borne by the Central Government.
- **G20 Presidency: India** is having G20 Presidency with theme of '**Vasudhaiva Kutumbakam**'.

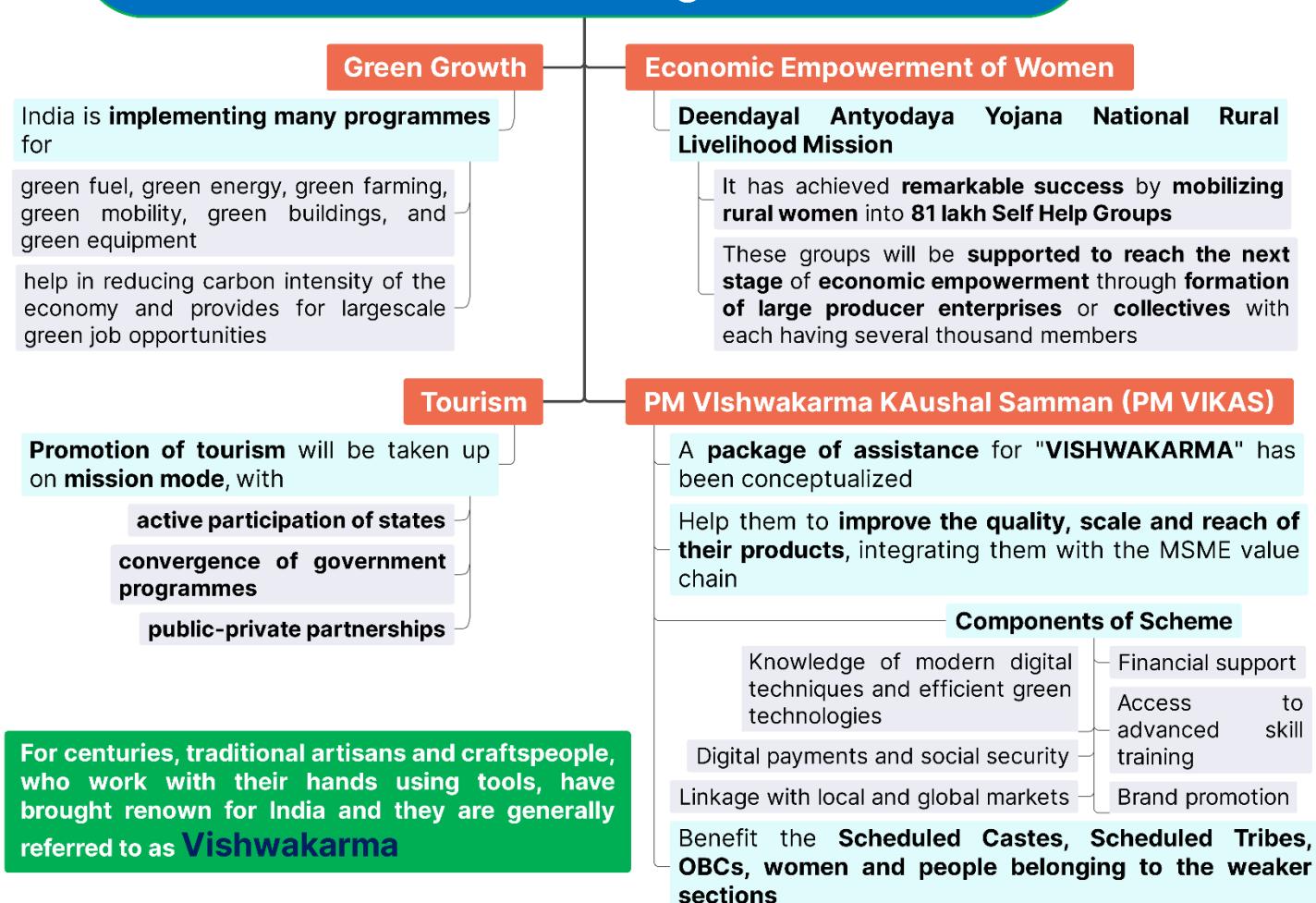


## Vision For Amrit Kaal – An empowered and Inclusive Economy

It includes technology-driven and knowledge-based economy with strong public finances, and a robust financial sector.



### 4-Opportunities that can be transformative during Amrit Kaal



## Saptarishi - 7 Priorities

The 1st budget in **Amrit Kaal** will be guided by 7-priorities that complement each other and act as the 'Saptarishi'.

### AMRIT KAAL: From India at 75 till India at 100



Government's philosophy of **Sabka Saath Sabka Vikas** has facilitated inclusive development. There has also been a sustained focus on Jammu & Kashmir, Ladakh and the North-East. This Budget builds on those efforts.



## Agriculture & Cooperatives

### Digital Public Infrastructure for Agriculture

Will be built as an **open source, open standard and inter operable public good**

It will enable

- inclusive, **farmer-centric solutions** through relevant information services for crop planning and health
- improved **access to farm inputs, credit, and insurance**
- help for **crop estimation, market intelligence**
- support for **growth of agri-tech industry and start-ups**

### Agriculture Accelerator Fund

**Encourage agri-startups** by young entrepreneurs in **rural areas**, which will aim at bringing

- innovative and affordable solutions** for challenges faced by farmers
- bring in modern technologies** to **transform agricultural practices**, increase productivity and profitability

### Enhancing productivity of cotton crop

To achieve this, Government will adopt a **cluster-based and value chain approach** through Public Private Partnerships (PPP)

This will **mean collaboration between farmers, state and industry** for input supplies, extension services, and market linkages

### Atmanirbhari Horticulture Clean Plant Programme

**Aim** — to **boost availability of disease-free, quality planting material** for high value horticultural crops

**Outlay** — **Rs 2,200 crore**

### Global Hub for Millets: 'Shree Anna'

**India is largest producer and 2nd largest exporter** of 'Shree Anna' in the world

**Types of 'Shree Anna'** grown in India — jowar, ragi, bajra, kuttu, ramdana, kangni, kutki, kodo, cheena, and sama

**Indian Institute of Millet Research, Hyderabad** will be supported as the Centre of Excellence

**Aim** — To make India a **global hub for 'Shree Anna'**

**Share best practices, research and technologies** at the international level

### Agriculture Credit

Credit target will be **increased to Rs 20 lakh crore** with **focus on animal husbandry, dairy and fisheries**

**Targeted investment** — **Rs 6,000 crore**

It will **enable activities of fishermen, fish vendors, and micro & small enterprises**

**Improve value chain efficiencies**, and expand the market

### Cooperation

Government is **promoting cooperative-based economic development model**

**Beneficiaries**

**Farmers** (especially small and marginal farmers, and other marginalized sections)

**Ministry of Cooperation** was formed — Vision of '**Sahakar Se Samriddhi**'

Government has initiated **computerization of 63,000 Primary Agricultural Credit Societies (PACS)**

**Investment of Rs 2,516 crore**

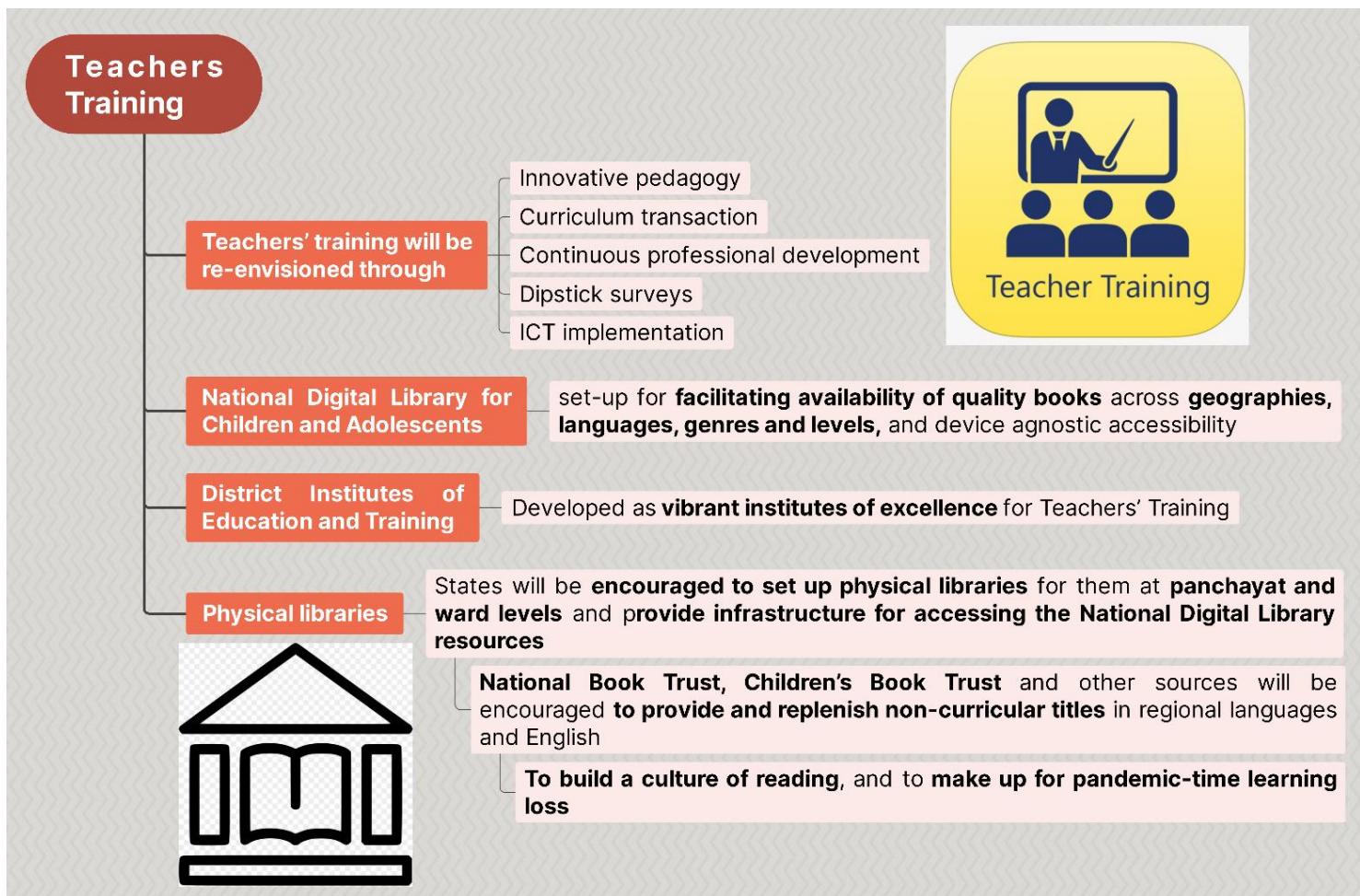
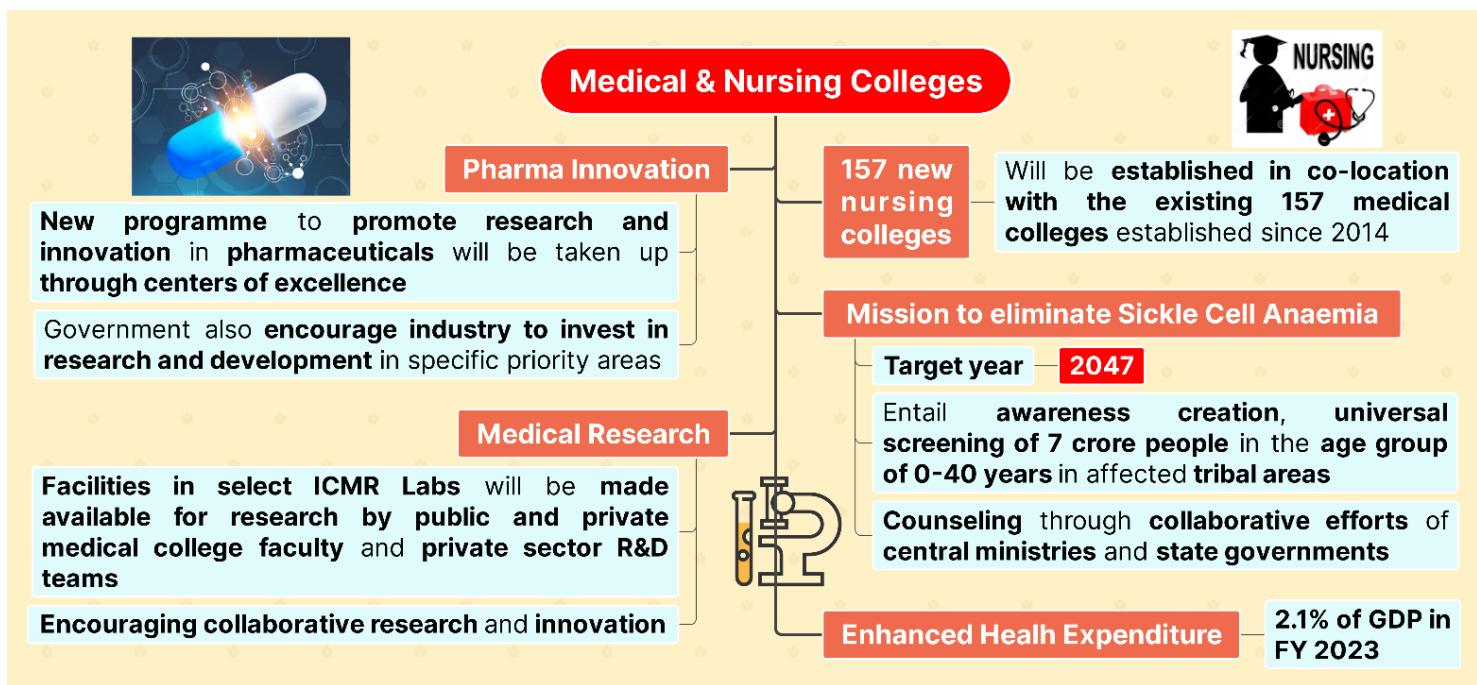
**National cooperative database** — For **country-wide mapping of cooperative societies**

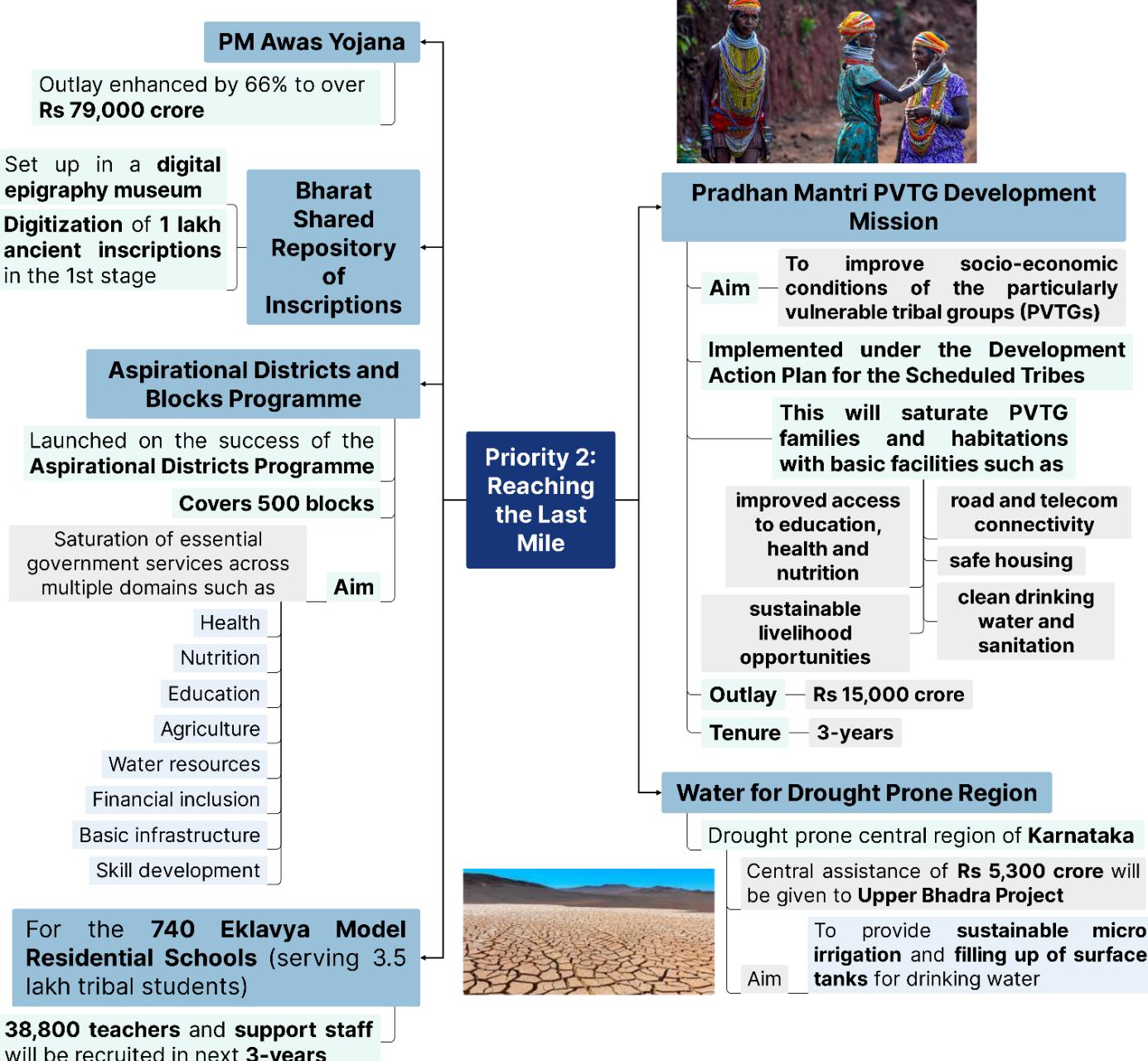
**Model bye-laws for PACS** were **formulated** enabling them to become multipurpose PACS

### Government will implement a plan to set up massive decentralized storage capacity

**Help farmers store their produce and realize remunerative prices**

### Government will facilitate setting up of a large number of multipurpose cooperative societies, primary fishery societies and dairy cooperative societies in uncovered panchayats and villages in next 5 years





### Ekalavya Model Residential Schools (EMRS)

<b>Launch Year</b>	— 1997-98
<b>Nodal Ministry</b>	— Ministry of Tribal Affairs
<b>Aim</b>	— To ensure that tribal students get access to quality education in the remote tribal areas
<b>Target</b>	— Every block with more than 50% ST population and at least 20,000 tribal persons, will have an EMRS by the year 2022
<b>Key Features</b>	
<ul style="list-style-type: none"> <li>— Set up in States/UTs with grants under Article 275(1) of the Constitution of India</li> <li>— Reservation of 20% seats under sports quota for deserving ST students who have excelled in the field of sports</li> <li>— Number of seats for boys and girls will be equal</li> <li>— Every class can have maximum 60 students preferably in 2 sections of 30 students each and the total sanctioned strength of the school will be 480 students.</li> <li>— Funding would be 100% grant-in-aid by the Ministry of Tribal Affairs to NESTS (National Education Society for Tribal Students)</li> </ul>	

### Priority 3: Infrastructure & Investment

#### **Urban Infrastructure Development Fund (UIDF)**

National Housing Bank — Managed by

Established through use of priority sector lending shortfall

Used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities

States will be encouraged to leverage resources from the grants of the 15th Finance Commission, as well as existing schemes, to adopt appropriate user charges while accessing the UIDF

Government will make available **Rs 10,000 crore per annum** for this purpose

#### **Investments in Infrastructure and productive capacity**

Capital investment outlay increased steeply for the third year in a row by **33%** to

**Rs 10 lakh crore (3.3% of GDP)**

#### **Effective Capital Expenditure**

Budgeted at **Rs 13.7 lakh crore**

**4.5% of GDP**

#### **Support to State Governments for Capital Investment**

50-year interest free loan to state governments for **one more year**

Will spur investment in infrastructure and to incentivize them for complementary policy actions

**Outlay — Rs 1.3 lakh crore**

#### **Railways**

**Outlay — Rs 2.40 lakh crore**

Highest ever outlay and about 9 times the outlay made in 2013-14

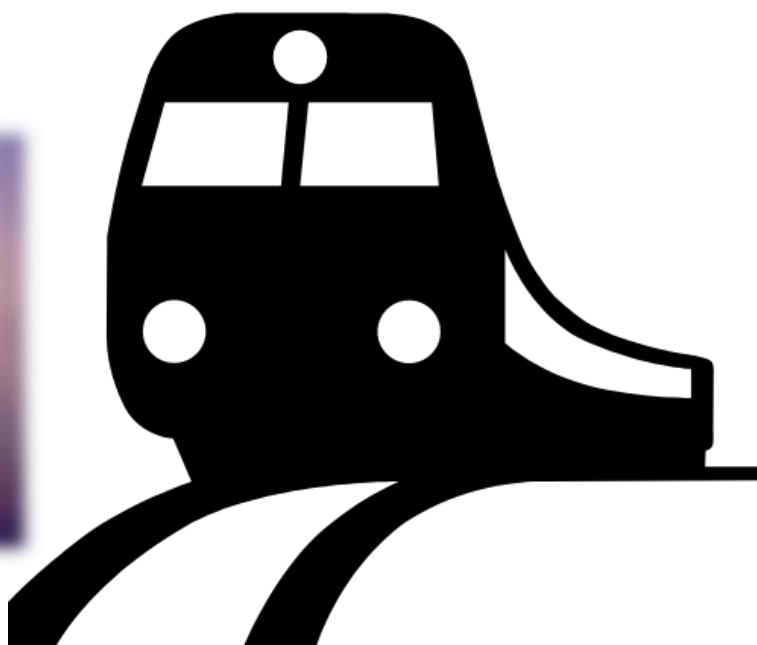
#### **Critical transport infrastructure projects**

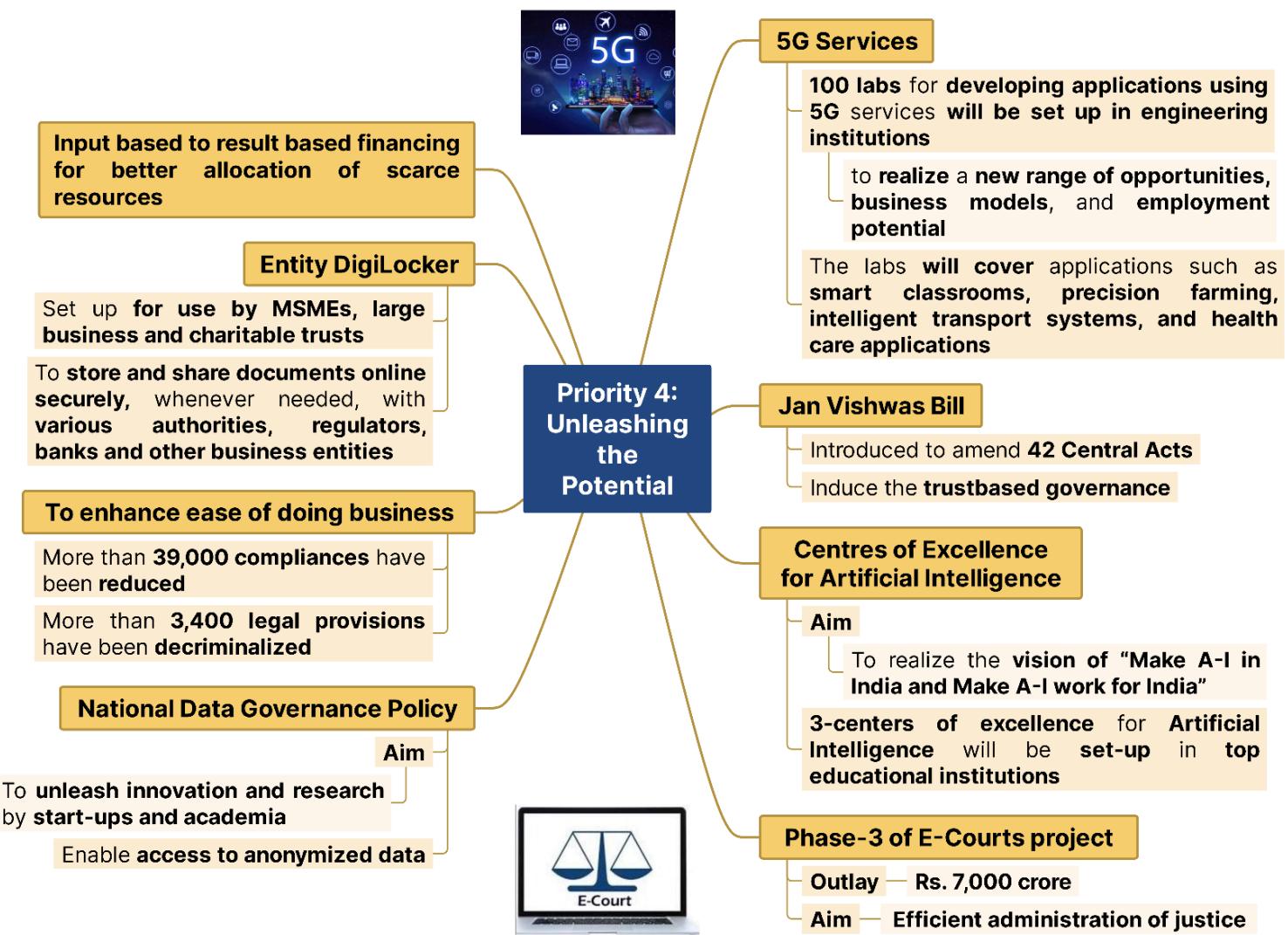
100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified

Will be taken up on priority with investment of **Rs 75,000 crore** (Including **Rs 15,000 crore** from private sources)

#### **Improving regional air connectivity**

50-additional airports, heliports, water aerodromes and advance landing grounds will be revived





**Vivad Se Vishwas Scheme:** It was announced under Union Budget 2020 to reduce ongoing legal disputes under direct taxation. It provides for settlement of disputed tax, disputed interests, disputed penalty or disputed fees in relation to an assessment or reassessment order on payment of 100% of the disputed tax and 25% of the disputed penalty or interest or fee.

The government will bring another dispute resolution scheme under Vivad Se Vishwas-2 to settle contractual disputes of government and government undertakings where an arbitral award is under challenge in a court, a voluntary settlement scheme with standardized terms will be introduced.

## Priority 5: Green Growth

### Amrit Dharmashakhi Scheme

Will encourage optimal use of wetlands, enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities

Implemented over the next 3-years

### National Green Hydrogen Mission

**Outlay** Rs 19,700 crores

Facilitate transition of the economy to low carbon intensity

Reduce dependence on fossil fuel imports

**Target** To reach an annual production of 5 MMT by 2030

### LiFE

Lifestyle for Environment

To spur a movement of environmentally conscious lifestyle **Aim**

### Green Credit Programme

Notified under the Environment (Protection) Act

Will incentivize and mobilize additional resources for environmentally sustainable and responsive actions

### MISHTI

Mangrove Initiative for Shoreline Habitats & Tangible Incomes

To be taken up for mangrove plantation along the coastline and on salt pan lands

Implemented through convergence between MGNREGS, CAMPA Fund and other sources

### PM-PRANAM

PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth

To incentivize States & Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers **Aim**

### Vehicle Scrapping Policy

Was also mentioned in Budget 2021-22

Adequate funds have been allocated to scrap old vehicles of the Central Government

States will be supported in replacing old vehicles and ambulances

### Priority capital investments towards

Energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas

Budget provides investment of Rs 35,000 crore

### Battery Energy Storage Systems

To steer the economy on the sustainable development path

Capacity of 4,000 MWH will be supported with Viability Gap Funding

### Inter-state transmission system

System for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed

**Investment** Rs 20,700 crore (Including Central Support of Rs 8,300 crore)

### GOBARdhan Scheme

Galvanizing Organic Bio-Agro Resources Dhan

500 new 'waste to wealth' plants will be established for promoting circular economy

Include 200 compressed biogas (CBG) plants, including 75 plants in urban areas, and 300 community or cluster-based plants

investment of Rs 10,000 crore

5% CBG mandate will be introduced for all organizations marketing natural and bio gas

For collection of bio-mass and distribution of bio-manure, appropriate fiscal support will be provided

### Bhartiya Prakritik Kheti Bio-Input Resource Centres

Centre will facilitate 1-crore farmers to adopt natural farming over the next 3 years

10,000 Bio-Input Resource Centres will be set-up

Create a national-level distributed micro-fertilizer and pesticide manufacturing network







## Priority 7: Financial Sector

**Several Initiatives to promote business activities in GIFT IFSC**

### National Financial Information Registry

serve as the **central repository of financial and ancillary information**

facilitate **efficient flow of credit**

promote **financial inclusion**

foster **financial stability**

will be designed in consultation with **Reserve Bank of India**

A new legislative framework will govern this **credit public infrastructure**

### Monthly Income Account Scheme

**Maximum deposit limit enhanced**

from Rs 4.5 lakh to **Rs 9 lakh for single account**

from Rs 9 lakh to **Rs 15 lakh for joint account**

### Revamping of the credit guarantee scheme for MSMEs

Implemented from **1st April 2023**

Infusion of **Rs 9,000 crore** in the corpus

This will enable **additional collateral-free guaranteed credit of Rs 2 lakh crore**

**Cost of credit reduced by about 1%**

### Central Data Processing Centre

Setup for **faster response to companies** through **centralized handling of various forms** filed with field offices **under the Companies Act**

### Senior Citizen Savings Scheme

**Maximum deposit limit**

Enhanced from Rs 15 lakh to **Rs 30 lakh**

### Mahila Samman Savings Certificate Scheme

One-time **new small savings scheme**

**Tenure** — 2-year period up to **March 2025**

Offer **deposit facility upto Rs 2 lakh** in the **name of women or girls**

Fixed interest rate of **7.5%** with **partial withdrawal option**

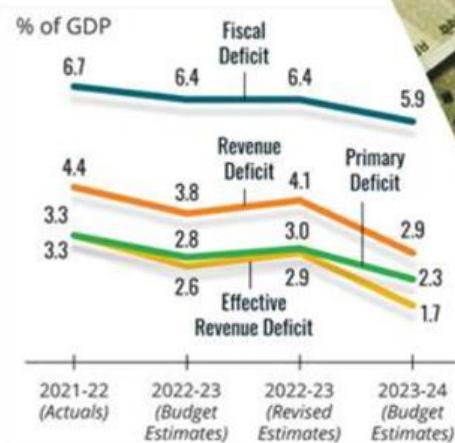
## Financial Sector

### Fiscal Management

- ✓ Fifty-year interest **free loan to States**
- ✓ Fiscal Deficit of **3.5% of GSDP** allowed for States
- ✓ Fiscal Deficit for 2022-23 is **6.4% (RE)**, for 2023-24 is **5.9% (BE)** and is on target to be below **4.5% by 2025-26**
- ✓ Budget Estimates 2023-24:
  - Total Receipts (Other than borrowings): **Rs 27.2 Lakh Cr**
  - Total Expenditure: **Rs. 45 Lakh Cr**
  - Net Tax Receipts: **Rs 23.3 Lakh Cr**



### Trends in Deficit

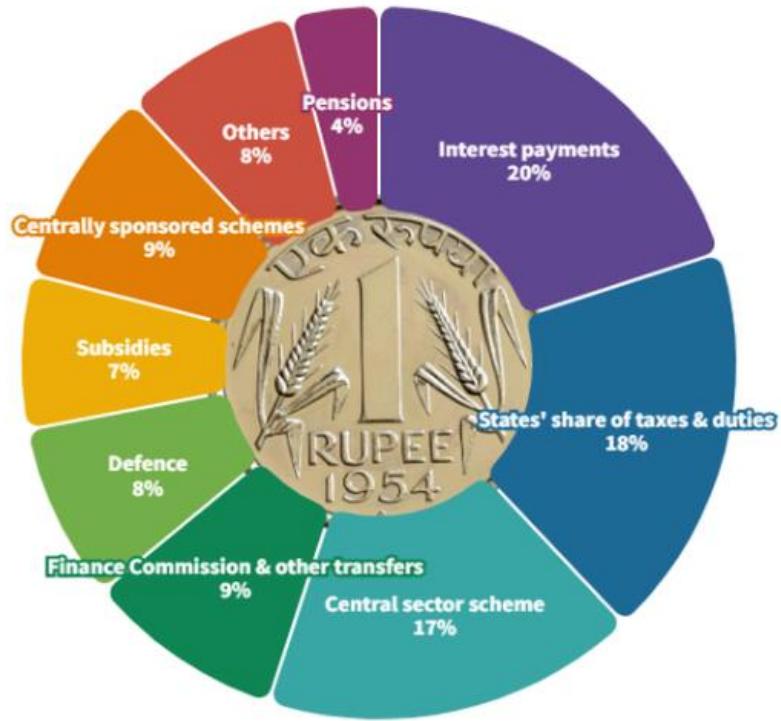


## Where does money go & come from?

### Where does the money go?

Here's how government spends its money

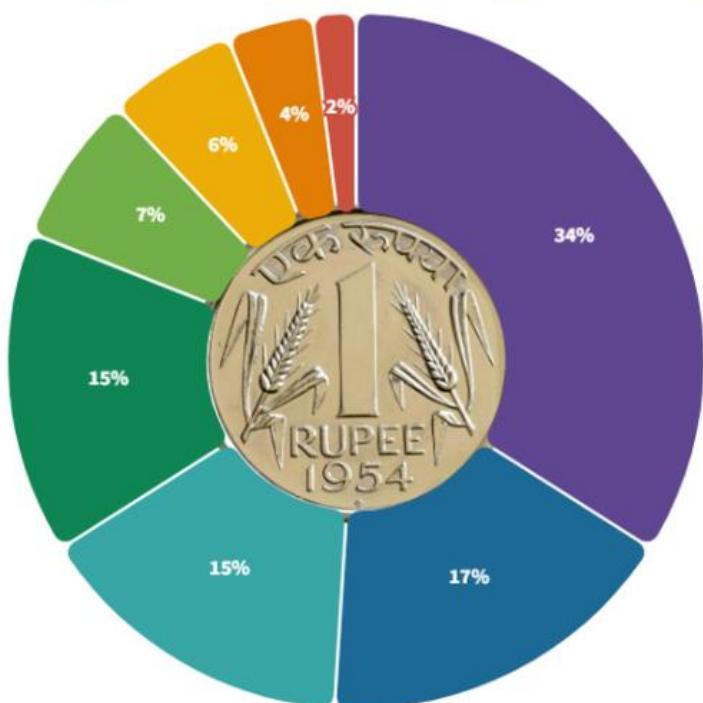
- Interest payments ■ States' share of taxes & duties ■ Central sector scheme ■ Finance Commission & other transfers ■ Defence ■ Subsidies
- Centrally sponsored schemes ■ Others ■ Pensions



### Where does the money come from?

Take a look at the avenues from where the money comes from

- Borrowings & other liabilities ■ GST ■ Income Tax ■ Corporation Tax ■ Union Excise Duties ■ Non-tax revenue ■ Customs ■ Non-debt capital receipts



## **Part B**

### **DIRECT TAXES**

#### **Key Achievements**

To reduce the compliance burden, promote entrepreneurial spirit and provide tax relief to citizens



45% of the returns on tax payers' portal were processed within 24 hours



Average processing period reduced from 93 to 16 days in 8 years



Processed more than 6.5 crore returns this year



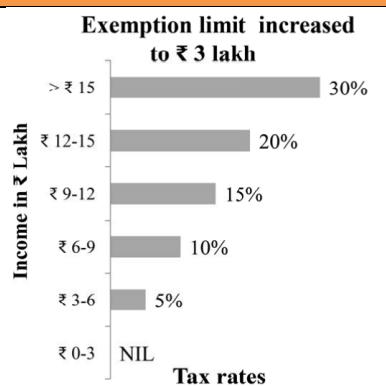
#### **New Developments**

- Rebate limit of Personal Income Tax **increased to Rs. 7 lakhs** from Rs. 5 lakhs in new tax regime
- A person earning Rs. 9 lakh a year will now be paying just Rs. 45,000 instead of Rs. 60,000 currently. Similarly, a person earning Rs. 15 lakh will now pay only 10% of this as tax.
- Reduction in surcharge rate from 37% to **25%** in the new tax regime for income above ₹2 crore.
  - This would result in maximum tax rate of personal income tax come down to 39% which was earlier 42.74%
- The benefit of standard deduction has been extended to the **salaried class** and the **pensioners including family pensioner** under the **new tax regime**. As per proposal-
  - Salaried individual will get standard deduction of ₹ 50,000
  - Pensioner will get standard deduction of ₹ 15,000
- The limit of Rs. 3 lakh for tax exemption on leave encashment on government salaried employees (set in 2002) has been **raised to Rs. 25 lakh**.



#### **New Tax Rates Introduced**

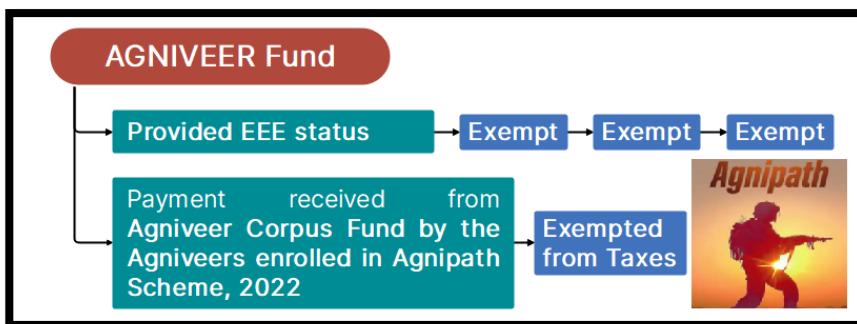
- Number of slabs in **new personal income tax regime** (introduced in 2020) reduced from **six income slabs** to **5-slabs**.
- The tax exemption limit raised to **Rs. 3 lakh**.
- Change will provide major relief to all **tax payers** in the new regime.



Announcing the **changes in the direct and indirect taxes**, the Finance Minister said that revenue of about ₹ 38,000 crore will be foregone as a result of these proposals, while revenue of about ₹3,000 crore will be additionally mobilised. She said thus the total revenue foregone is about ₹35,000 crore annually on account of these proposals.

## Major Tax Benefits

	<b>New Income Tax Regime</b> <ul style="list-style-type: none"> <li>New income tax regime to be made the default tax regime → Citizens will continue to have the option to avail the benefit of the old tax regime</li> </ul> <b>Benefit of Presumptive Taxation</b> <ul style="list-style-type: none"> <li>Enhanced limits for micro enterprises and certain professionals for availing the benefit of presumptive taxation proposed.</li> <li>Increased limit to apply only in case the amount or aggregate of the amounts received during the year, in cash, does not exceed 5% of the total gross receipts/turnover</li> </ul>
	<b>Co-operatives</b> <ul style="list-style-type: none"> <li>New co-operatives that commence manufacturing activities till 31st March 2024 to get the benefit of a lower tax rate of → 15%</li> <li>Provision of a higher limit of Rs. 2 lakh per member for cash deposits to and loans in cash by Primary Agricultural Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)</li> <li>Higher limit for TDS on cash withdrawal to be provided to co-operative societies → Rs. 3 crore</li> </ul>
	<b>Start-Ups</b> <ul style="list-style-type: none"> <li>Date of incorporation for income tax benefits extended from <b>31st March 2023</b> to → 31st March 2024</li> <li>Provision of benefit of carrying forward of losses on change of shareholding of start-ups changed → 10 years from <b>7-years</b> of incorporation to</li> </ul>
	<b>Deduction from capital gains</b> <ul style="list-style-type: none"> <li>On investment in residential house under sections 54 and 54F capped at → Rs. 10 crore</li> <li>Conversion of gold into electronic gold receipt and vice versa <b>not to be treated as capital gain</b></li> </ul>
	<b>TDS</b> <ul style="list-style-type: none"> <li>On taxable portion of EPF withdrawal in non-PAN cases → TDS Rate reduced from 30% to → 20%</li> <li>Income from Market Linked Debentures → TAXED</li> </ul>



## Indirect Tax

Union Budget 2023-24 provides major relief in the personal income tax. The indirect tax proposals contained in the budget aim to promote exports enhance domestic value addition, encourage green energy and mobility.



Number of basic customs duty rates on goods, other than textiles and agriculture, reduced to 13 from 21

## Major Indirect Tax Proposals



### Indirect Tax Proposals

- ⦿ **Green Mobility:**
  - To exempt excise duty on GST-paid compressed bio gas
- ⦿ **Electronics:**
  - To provide relief in customs duty on import of certain parts of mobile phones
  - To reduce basic customs duty on parts of open cells of TV panels to 2.5%
- ⦿ **Electricals:**
  - To increase basic customs duty on electric kitchen chimney from 7.5% to 15%
  - To reduce basic customs duty on chimney heat coils from 20% to 15%
- ⦿ **Chemicals and Petrochemicals:**
  - To exempt basic customs duty on chemicals and petrochemicals
  - To reduce basic customs duty on acid grade fluorspar and crude glycerine to 2.5%



### Indirect Tax Proposals

- ⦿ **Marine products:**
  - To reduce duty on key inputs for domestic manufacture of shrimp feed
- ⦿ **Lab Grown Diamonds:**
  - To reduce basic customs duty on seeds used in their manufacturing
- ⦿ **Precious Metals:**
  - To increase customs duties on articles made from gold and platinum
  - To increase import duty on silver dore, bars and articles
- ⦿ **Compounded Rubber:**
  - To increase basic customs duty rate on compounded rubber from 10% to 25%
- ⦿ **Cigarettes:**
  - National Calamity Contingent Duty (NCCD) on specified cigarettes to be revised upwards by about 16%



### Other Major Proposals in the Budget



**Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31st March 2025.**

**Decriminalisation under section 276A of the Income Tax Act**

**Allowing carry forward of losses on strategic disinvestment including that of IDBI Bank.**

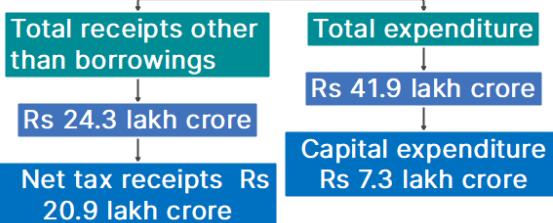
**Amendments in CGST Act:** The Budget provides for amending the CGST Act to raise the minimum threshold of tax amount for launching prosecution under GST from ₹ 1 crore to ₹ 2 crore, except for the offence of issuance of invoices without supply of goods and services or both.

The compounding amount will be reduced from the present range of 50 to 150% of tax amount to the range of 25 to 100%.

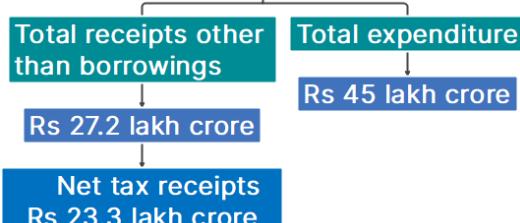
Implications of tax changes.

## Estimates

### Revised Estimates 2022-23

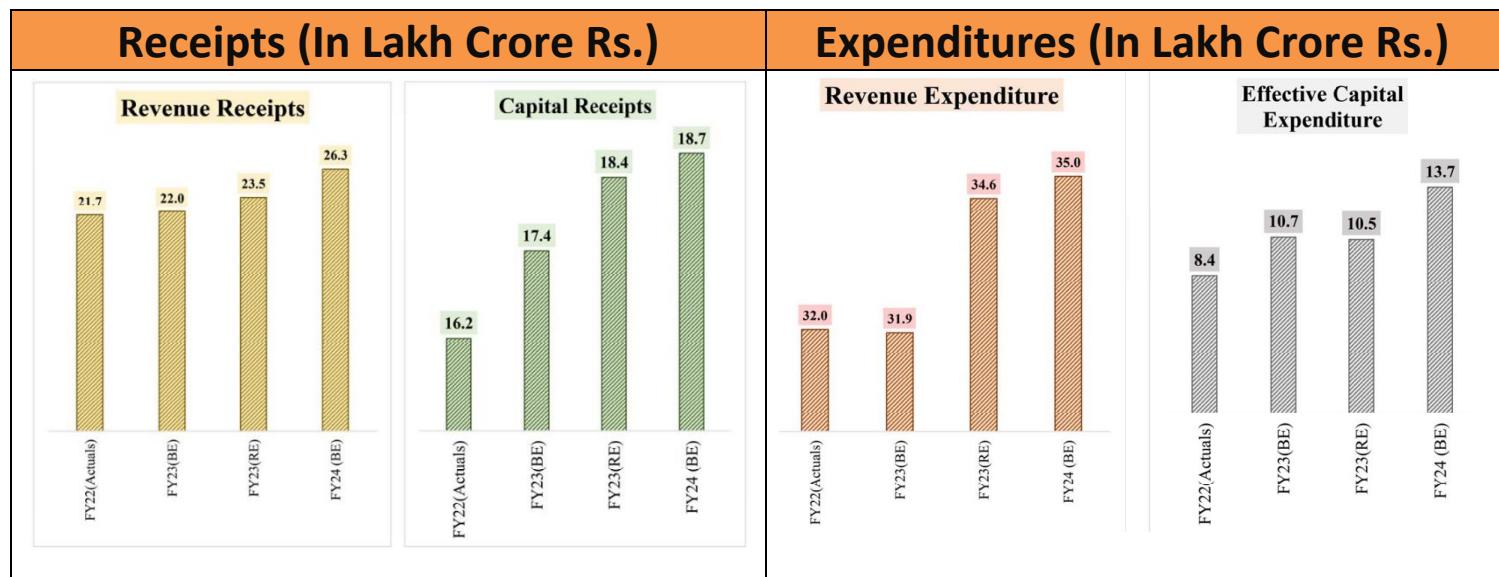


### Budget Estimates 2023-24

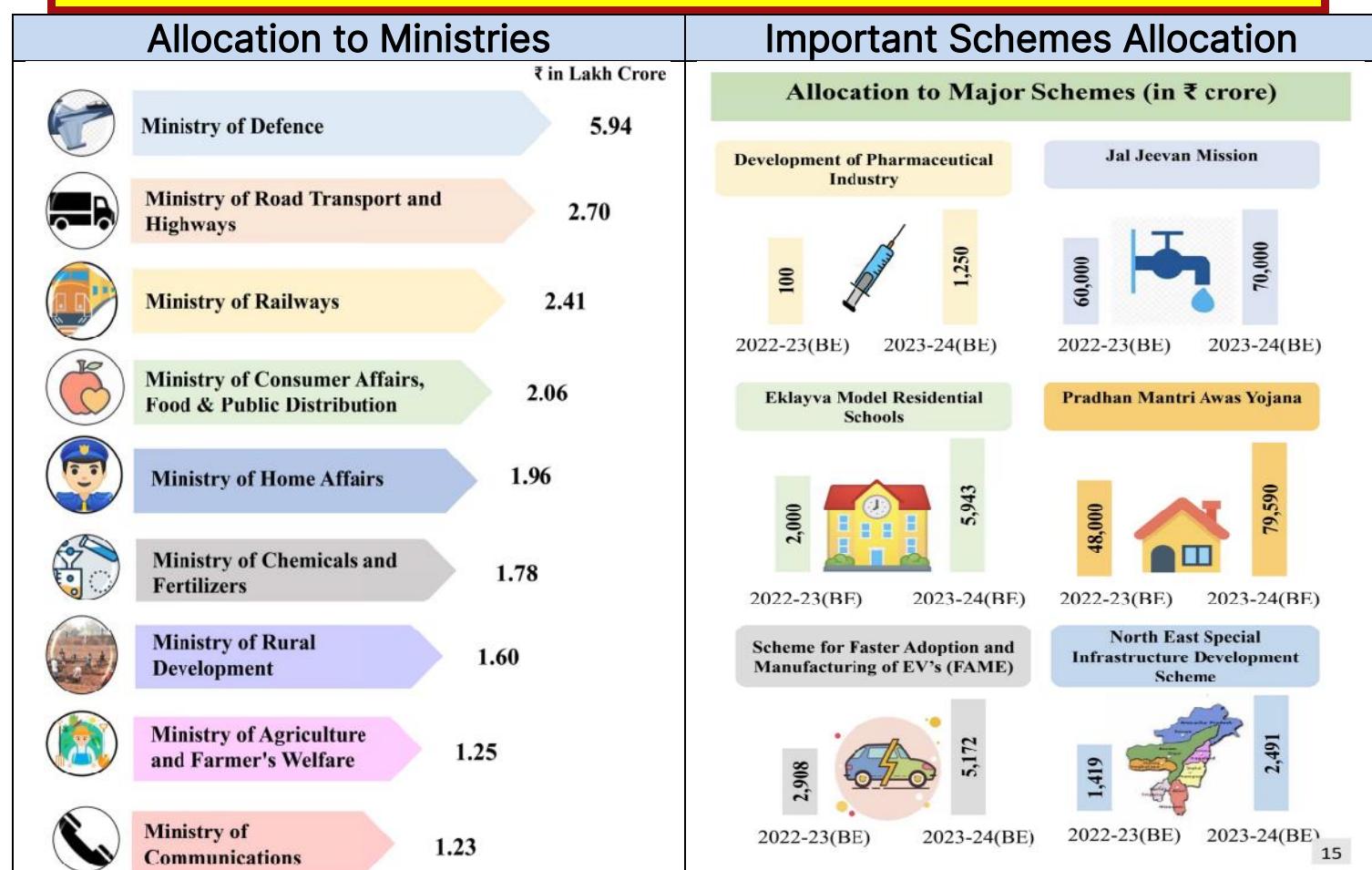


**Revised Estimate of the fiscal deficit is 6.4% of GDP, adhering to the Budget Estimate**

## Receipts & Expenditures



## Important Allocations



[\*\*Click here to watch the Session on Union Budget 2023-24\*\*](#)

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