

## HIGHLIGHTS OF UNION BUDGET 2023-24\*

### About the Budget

- It is the **government's blueprint** on taxes it plans to levy, expenditure and other transactions which affect the economy.
- According to Article 112 of Indian Constitution, the Union Budget is referred to as the **Annual Financial Statement (AFS)**.
  - **Article 112:** The **President** shall in respect of every financial year cause to be laid before both the Houses of Parliament a statement of the estimated receipts and expenditure of the Government of India for that year, in this part referred to as the annual financial statement.
  - According to **Article 77(3)**, the Union Finance Minister has been made responsible by the President to prepare the budget also called as the annual financial statement, and pilot it through the parliament.
- **Nodal body:** Budget Division of the Department of Economic Affairs (Finance Ministry)
- There is no direct role of the RBI in the Union Budget. However, inputs from the RBI relating to macro-economic parameters are critical in shaping fiscal policies and measures incorporated in the budget.
  - RBI Governor finalises and announces the report on the fiscal position which helps finance ministry to draft the budget and later RBI also reviews the budget and accordingly frames monetary policies.

Union Minister of Finance and Corporate Affairs presented the **Union Budget 2023-24** in the Parliament.

### PART A (Deals with various sectors)

- Indian economy has increased in size from being 10th to 5th largest in the world in the past 9 years.
- **Seven priorities of the budget 'Saptarishi'** are inclusive development, reaching the last mile, infrastructure and investment, unleashing the potential, green growth, youth power and financial sector.
- Capital outlay of Rs. 2.40 lakh crore has been provided for the Railways, which is the highest ever outlay.

### Social Sector

- **Per capita income** has more than doubled to **₹1.97 lakh** in around 9 years.
- 11.7 crore household toilets constructed under **Swachh Bharat Mission**.
- 9.6 crore LPG connections provided under **Ujjwala**.
- 220 crore **COVID vaccinations** of 102 crore persons.
- 47.8 crore **PM Jan Dhan bank accounts**.
- Insurance cover for 44.6 crore persons under **PM Suraksha Bima** and **PM Jeevan Jyoti Yojana**.
- Cash transfer of ₹2.2 lakh crore to over 11.4 crore farmers under **PM Kisan Samman Nidhi**.
- Outlay for **PM Awas Yojana** is being enhanced by 66%.

- The maximum deposit limit for **Senior Citizen Savings Scheme** to be enhanced from Rs. 15 lakh to Rs. 30 lakh.
- To commemorate Azadi Ka Amrit Mahotsav, a one-time new small savings scheme, **Mahila Samman Savings Certificate** to be launched. It will offer deposit facility up to Rs. 2 lakh in the name of women or girls for a tenure of 2 years (up to March 2025) at fixed interest rate of 7.5 per cent with partial withdrawal option.

### Health

- **Sickle Cell Anaemia elimination mission** to be launched.
- Joint Public and Private Medical research to be encouraged via select ICMR labs for encouraging collaborative research and innovation.
- New programme to promote research in Pharmaceuticals to be launched.

### Agriculture

- **Agriculture Accelerator Fund** to be set-up to encourage agri-startups by young entrepreneurs in rural areas.
- To make India a global hub for '*Shree Anna*', the Indian Institute of Millet Research, Hyderabad will be supported as the Centre of Excellence for sharing best practices, research and technologies at the international level.
- A new **sub-scheme of PM Matsya Sampada Yojana** with targeted investment of ₹6,000 crore to be launched to further enable activities of fishermen, fish vendors, and micro and small enterprises, improve value chain efficiencies, and expand the market.
- **Digital public infrastructure for agriculture** to be built as an open source, open standard and interoperable public good to enable inclusive farmer centric solutions and support for growth of agri-tech industry and start-ups.
- Computerisation of 63,000 Primary Agricultural Credit Societies (PACS).
- Massive, **decentralised storage capacity** to be set up to help farmers store their produce and realize remunerative prices through sale at appropriate times.
- **"PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth" (PM-PRANAM)** to be launched to incentivise States and Union Territories to promote alternative fertilisers and balanced use of chemical fertilisers.
- **Atmanirbhar Clean Plant Program** to be launched to boost availability of disease-free, quality planting material for high value horticultural crops.
- 500 new 'waste to wealth' plants under **GOBARDhan (Galvanizing Organic Bio-Agro Resources Dhan) Scheme** to be established for promoting circular economy. 5% compressed biogas mandate to be introduced for all organisations marketing natural and bio gas.
- Centre to facilitate one crore farmers to adopt natural farming over the next three years. For this, 10,000 **Bio-Input Resource Centres** to be set-up, creating a national-level distributed micro-fertiliser and pesticide manufacturing network.

### Employment and Skill Development

- **EPFO** membership has more than doubled to 27 crore.
- **Pradhan Mantri Kaushal Vikas Yojana 4.0** to be launched to skill lakhs of youth within the next three years, covering new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills.
- **30 Skill India International Centres** to be set up across different states to skill youth for international opportunities.
- Rs. 10 lakh crore capital investment, a steep increase of 33% for third year in a row, to enhance **growth potential and job creation**, crowd-in private investments, and provide a cushion against global headwinds.
- A **unified Skill India Digital platform** to be launched for enabling demand-based formal skilling, linking with employers including MSMEs, and facilitating access to entrepreneurship schemes.
- **Direct Benefit Transfer under a pan-India National Apprenticeship Promotion Scheme** to be rolled out to provide stipend support to 47 lakh youth in three years.
- Sector specific skilling and entrepreneurship development to be dovetailed to achieve the objectives of the '**Dekho Apna Desh**' initiative.

### Reaching last mile

- **Aspirational Blocks Programme covering 500 blocks** launched for saturation of essential government services across multiple domains such as health, nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.
- Rs. 15,000 crore for implementation of **Pradhan Mantri PVTG Development Mission** over the next three years under the Development Action Plan for the Scheduled Tribes.
- Centre to recruit 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lakh tribal students over the next three years.

### Infrastructure

- Investment of Rs. 75,000 crore, including Rs. 15,000 crore from private sources, for one hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertiliser, and food grains sectors.
- **New Infrastructure Finance Secretariat** established to enhance opportunities for private investment in infrastructure.
- 100 labs to be setup for 5G services-based application development to realise a new range of opportunities, business models, and employment potential.
- **Urban Infrastructure Development Fund (UIDF)** will be established through use of priority Sector Lending shortfall, which will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.

### Education

- **District Institutes of Education and Training** to be developed as vibrant institutes of excellence for Teachers' Training.
- A National **Digital Library for Children and Adolescents** to be set-up for facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility.

### Culture

- **'Bharat Shared Repository of Inscriptions'** to be set up in a digital epigraphy museum, with digitisation of one lakh ancient inscriptions in the first stage.

### Finance

- 'Effective Capital Expenditure' of Centre to be Rs. 13.7 lakh crore.
- Continuation of **50-year interest free loan** to state governments for one more year to spur investment in infrastructure and to incentivise them for complementary policy actions.
  - The entire fifty-year interest free loan to states to be spent on **capital expenditure** within 2023-24. Part of the loan is conditional on states increasing actual capital expenditure and parts of outlay will be linked to states undertaking specific loans.
- **National Financial Information Registry** to be set up to serve as the central repository of financial and ancillary information for facilitating efficient flow of credit, promoting financial inclusion, and fostering financial stability. A new legislative framework to be designed in consultation with RBI to govern this credit public infrastructure.

**GIFT IFSC:** To enhance business activities in GIFT IFSC, the following measures to be taken:

- Delegating powers under the SEZ Act to IFSCA to avoid dual regulation.
  - Setting up a single window IT system for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI.
  - Permitting acquisition financing by IFSC Banking Units of foreign bank.
  - Establishing a subsidiary of EXIM Bank for trade re-financing.
  - Amending IFSCA Act for statutory provisions for arbitration, ancillary services, and avoiding dual regulation under SEZ Act.
  - Countries looking for digital continuity solutions would be facilitated for setting up of their Data Embassies in GIFT IFSC.
- Amendments proposed to the Banking Regulation Act, the Banking Companies Act and the Reserve of India Act to improve bank governance and enhance investors' protection.
  - SEBI to be empowered to develop, regulate, maintain and enforce norms and standards for education in the **National Institute of Securities Markets** and to recognise award of degrees, diplomas and certificates.
  - **Integrated IT portal** to be established to enable investors to easily reclaim the unclaimed shares and unpaid dividends from the **Investor Education and Protection Fund Authority**.
  - Fiscal Deficit of 3.5% of GSDP allowed for states of which 0.5% is tied to Power Sector reforms.
  - Targeted Fiscal Deficit to be below 4.5% by 2025-26.

### Governance

- Encouragement to states and cities to undertake **urban planning reforms** and actions to transform our cities into 'sustainable cities of tomorrow'.
- **iGOT Karmayogi**, an integrated online training platform, launched to provide continuous learning opportunities for lakhs of government employees to upgrade their skills and facilitate people-centric approach.
- More than 39,000 compliances reduced, and more than 3,400 legal provisions decriminalised to enhance Ease of Doing Business.
- Jan Vishwas Bill to amend 42 Central Acts have been introduced to further trust-based governance.
- States to be encouraged to set up a **Unity Mall** for promotion and sale of their own and also all others states' **ODOPs (One District, One Product)**, GI products and handicrafts.

### Digital front

- Three centres of excellence for Artificial Intelligence to be set-up in top educational institutions to realise the vision of "**Make AI in India and Make AI work for India**".
- **National Data Governance Policy** to be brought out to unleash innovation and research by start-ups and academia.
- One stop solution for reconciliation and updation of identity and address of individuals to be established using DigiLocker service and Aadhaar as foundational identity.
- PAN will be used as the common identifier for all digital systems of specified government agencies to bring in Ease of Doing Business.
- **Phase-3 of the E-Courts project** to be launched for efficient administration of justice.
- **Entity DigiLocker** to be setup for use by MSMEs, large business and charitable trusts to store and share documents online securely.
- **Central Processing Centre** to be setup for faster response to companies through centralised handling of various forms filed with field offices under the Companies Act.
- 7,400 crore digital payments of ₹126 lakh crore has taken place through UPI in 2022.

### MSME

- 95 per cent of the forfeited amount relating to bid or performance security, will be returned to MSME's by government and government undertakings in cases the MSME's failed to execute contracts during COVID period.
- Revamped credit guarantee scheme for MSMEs to take effect from 1st April 2023 through infusion of Rs 9,000 crore in the corpus. This scheme would enable additional collateral-free guaranteed credit of Rs 2 lakh crore and also reduce the cost of the credit by about 1 per cent.

**Climate**

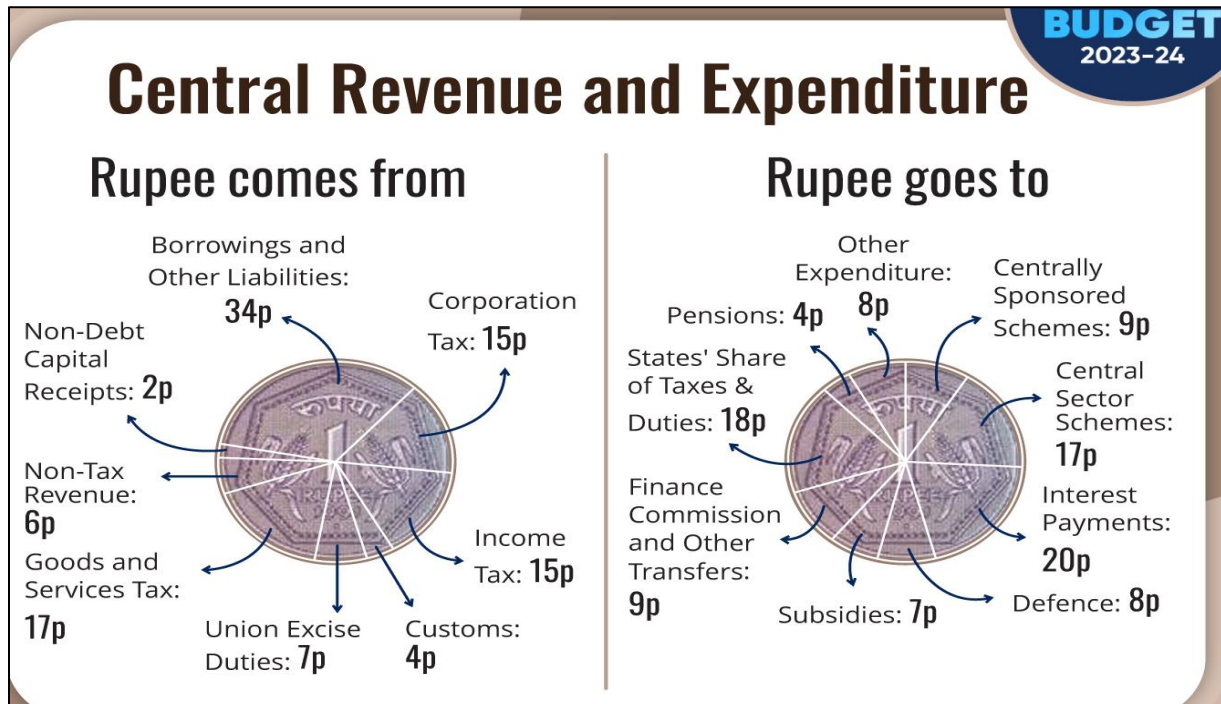
- Annual production of 5 MMT under **Green Hydrogen Mission** to be targeted by 2030 to facilitate transition of the economy to low carbon intensity and to reduce dependence on fossil fuel imports.
- ₹35000 crore outlay for energy security, energy transition and **net zero** objectives.
- Battery energy storage systems to be promoted to steer the economy on the sustainable development path.
- **‘Mangrove Initiative for Shoreline Habitats and Tangible Incomes’, MISHTI**, to be taken up for mangrove plantation along the coastline and on salt pan lands, through convergence between MGNREGS, CAMPA Fund and other sources.
- **Green Credit Programme** to be notified under the Environment (Protection) Act to incentivise and mobilise additional resources for environmentally sustainable and responsive actions.
- **Amrit Dharohar Scheme** to be implemented over the next three years to encourage optimal use of wetlands, enhance biodiversity, carbon stock, eco-tourism opportunities and income generation for local communities.

**Tourism**

- Tourism infrastructure and amenities to be facilitated in border villages through the **Vibrant Villages Programme**.

**PART – B (Deals with direct/Indirect Tax)**

<b>Revised Estimates 2022-23</b>	<b>Budget Estimates 2023-24</b>
<ul style="list-style-type: none"> <li>○ The total receipts other than borrowings is <b>Rs. 24.3 lakh crore</b>, of which the net tax receipts are Rs. 20.9 lakh crore.</li> <li>○ The total expenditure is Rs. 41.9 lakh crore, of which the capital expenditure is about Rs. 7.3 lakh crore.</li> <li>○ The fiscal deficit is 6.4 per cent of GDP, adhering to the Budget Estimate.</li> </ul>	<ul style="list-style-type: none"> <li>• The total receipts other than borrowings is estimated at <b>Rs. 27.2 lakh crore</b> and the total expenditure is estimated at <b>Rs. 45 lakh crore</b>.</li> <li>• The net tax receipts are estimated at Rs. 23.3 lakh crore.</li> <li>• The fiscal deficit is estimated to be <b>5.9 per cent of GDP</b>.</li> <li>• To finance the fiscal deficit in 2023-24, the net market borrowings from dated securities are estimated at Rs. 11.8 lakh crore.</li> <li>• The gross market borrowings are estimated at Rs. 15.4 lakh crore.</li> </ul>



### DIRECT TAXES

- Direct Tax proposals aim to maintain **continuity** and **stability** of taxation, further **simplify and rationalise** various provisions to **reduce the compliance burden**, promote the **entrepreneurial spirit** and provide tax relief to citizens.
- To further improve tax payer services, proposal to roll out a next-generation **Common IT Return Form** for tax payer convenience, along with plans to strengthen the grievance redressal mechanism.
- **Rebate limit** of Personal Income Tax to be **increased to Rs. 7 lakh** from the current Rs. 5 lakh in the new tax regime. Thus, persons in the new tax regime, with income up to Rs. 7 lakh to not pay any tax.
- Tax structure in new personal income tax regime, introduced in 2020 with six income slabs, to change by reducing the **number of slabs to five** and **increasing the tax exemption limit to Rs. 3 lakh**. Change to provide major relief to all tax payers in the new regime.

### New Tax Rates

Total Income (Rs.)	Rate (%)
Up to 3,00,000	Nil
From 3,00,001 to 6,00,000	5



From 6,00,001 to 9,00,000	10
From 9,00,001 to 12,00,000	15
From 12,00,001 to 15,00,000	20
Above 15,00,000	30

- Proposal to **extend the benefit of standard deduction** of Rs. 50,000 to salaried individual, and deduction from family pension up to Rs. 15,000, in the new tax regime.
- **Highest surcharge rate to reduce** from 37 per cent to **25 per cent** in the new tax regime. This is to further result in reduction of the maximum personal

income tax rate to 39 per cent.

- The limit for tax exemption on **leave encashment** on retirement of non-government salaried employees to increase to **Rs. 25 lakh**.
- The new income tax regime to be made the **default tax regime**. However, citizens will continue to have the option to avail the benefit of the old tax regime.
- **New co-operatives** that commence manufacturing activities till 31.3.2024 to get the **benefit of a lower tax rate** of 15 per cent, as presently available to new manufacturing companies.
- 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).
- **Date of incorporation** for income tax benefits to start-ups to be **extended** from 31.03.23 to 31.3.24.
- Proposal to provide the benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.
- Deduction from capital gains on investment in residential house under sections 54 and 54F to be capped at Rs. 10 crore for better targeting of tax concessions and exemptions.
- Income of authorities, boards and commissions set up by statutes of the Union or State for the purpose of housing, development of cities, towns and villages, and regulating, or regulating and developing an activity or matter, proposed to be exempted from income tax.
- **Minimum threshold** of Rs. 10,000/- for **TDS to be removed** and taxability relating to online gaming to be clarified. Proposal to provide for TDS and taxability on **net winnings at the time of withdrawal or at the end of the financial year**.
- Conversion of gold into electronic gold receipt and vice versa not to be treated as capital gain.
- TDS rate to be reduced from 30 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases.
- Period of **tax benefits** to funds relocating to **IFSC, GIFT City** extended till 31.03.2025.
- Carry forward of losses on **strategic disinvestment** including that of IDBI Bank to be allowed.
- **Agniveer Fund** to be provided **EEE status**. The payment received from the Agniveer Corpus Fund by the Agniveers enrolled in Agnipath Scheme, 2022 proposed to be exempt from taxes. Deduction in the computation of total income is proposed to be allowed to the Agniveer on the contribution made by him or the Central Government to his Seva Nidhi account.

### INDIRECT TAXES

- Number of basic customs duty rates on goods, other than textiles and agriculture, reduced to 13 from 21.
- Excise duty exempted on **GST-paid compressed bio gas** contained in blended compressed natural gas.
- Customs Duty on specified capital goods/machinery for manufacture of **lithium-ion cell for use in battery of electrically operated vehicle (EVs)** extended to 31.03.2024.



- Customs duty on **camera lens and its inputs/parts** for use in manufacture of camera module of cellular mobile phone **reduced to zero** and concessional duty on lithium-ion cells for batteries extended for another year.
- **Denatured ethyl alcohol** used in chemical industry exempted from basic customs duty.
- Duty reduced on key inputs for domestic manufacture of **shrimp feed**.
- Basic customs duty reduced on seeds used in the manufacture of **lab grown diamonds**.
- National Calamity Contingent Duty (NCCD) on **specified cigarettes** revised upwards by about 16 per cent.

### Legislative Changes in Customs Laws

- **Customs Act, 1962** to be amended to specify a time limit of nine months from date of filing application for passing final order by Settlement Commission.
- Customs Tariff Act to be amended to clarify the intent and scope of provisions relating to Anti-Dumping Duty (ADD), Countervailing Duty (CVD), and Safeguard Measures.
- CGST Act to be amended:
  - to raise the **minimum threshold of tax amount** for launching prosecution under GST from one crore to two crore;
  - to reduce the **compounding amount** from the present range of 50 to 150 per cent of tax amount to the range of 25 to 100 per cent;
  - **decriminalise certain offences**;
  - to **restrict filing of returns/statements** to a maximum period of three years from the due date of filing of the relevant return/statement; and
  - to enable unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators (ECOs).

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<https://pib.gov.in/PressReleasePage.aspx?PRID=1895320#:~:text=Budget%20Estimates%202023%2D24,at%20Rs%2023.3%20lakh%20crore>

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