

Union Budget 2023-24

GOALS OF AMRIT KAAL

Focus on 3 important agenda :

1. Ample opportunities for citizens
2. Strong impetus to growth and job creations.
3. Strengthen macro-Economic stability.

To focus journey to India@100, the 4 opportunities can be transformative through Amrit Kaal.

1. **Economic Empowerment of Women:** Deendayal Antyodaya Yojana National Rural Livelihood Mission has achieved remarkable success by mobilizing rural women into 81 lakh Self Help Groups.
2. **PM Vishwakarma Kaushal Samman (PM VIKAS):** For centuries, traditional artisans and craftspeople, who work with their hands using tools, have brought renown for India. They are generally referred to as Vishwakarma. The new scheme will enable them to improve the quality, scale and reach of their products, integrating them with the MSME value chain.
3. **Tourism:** The country offers immense attraction for domestic as well as foreign tourist.
4. **Green Growth:** We are implementing many programmes for green fuel, green energy, green farming, green mobility, green buildings, and green equipment, and policies for efficient use of energy across various economic sectors.

The Budget adopts the following 7 priorities.

They complement each other and act as the 'Saptarishi' guiding us through the Amrit Kaal.

a. Priority 1: Inclusive Development

The Government's philosophy of Sabka Saath Sabka Vikas has facilitated inclusive development covering in specific, farmers, women, youth, OBCs, Scheduled Castes, Scheduled Tribes, divyangjan and economically weaker sections, and overall priority for the underprivileged (vanchiton ko varyyata).

Digital public infrastructure for agriculture will be built as an open source, open standard and inter operable public good.

An Agriculture Accelerator Fund will be set-up to encourage agristartups by young entrepreneurs in rural areas. The Fund will aim at bringing innovative and affordable solutions for challenges faced by farmers

We will launch an Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of ` 2,200 crore.

Global Hub for Millets: 'Shree Anna' : We are the largest producer and second largest exporter of 'Shree Anna' in the world. We grow several types of 'Shree Anna'

such as jowar, ragi, bajra, kuttu, ramdana, kangni, kutki, kodo, cheena, and sama. 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.

Agriculture Credit : The agriculture credit target will be increased to ` 20 lakh crore with focus on animal husbandry, dairy and fisheries.

Fisheries : We will launch a new sub-scheme of PM Matsya Sampada Yojana with targeted investment of ` 6,000 crore to further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.

Cooperation : A new Ministry of Cooperation was formed with a mandate to realise the vision of ‘Sahakar Se Samridhi’. To realise this vision, the government has already initiated computerisation of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of ` 2,516 crore.

Sickle Cell Anaemia Elimination Mission : A Mission to eliminate Sickle Cell Anaemia by 2047 will be launched. It will entail awareness creation, universal screening of 7 crore people in the age group of 0-40 years in affected tribal areas, and counselling through collaborative efforts of central ministries and state governments.

National Digital Library for Children and Adolescents : A National Digital Library for children and adolescents will be set-up for facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility.

b. Priority 2: Reaching the Last Mile :

Pradhan Mantri PVTG Development Mission : To improve socio-economic conditions of the particularly vulnerable tribal groups (PVTGs), Pradhan Mantri PVTG Development Mission will be launched. This will saturate PVTG families and habitations with basic facilities such as safe housing, clean drinking water and sanitation, improved access to education, health and nutrition, road and telecom connectivity, and sustainable livelihood opportunities. An amount of ` 15,000 crore will be made available to implement the Mission in the next three years under the Development Action Plan for the Scheduled Tribes.

Eklavya Model Residential Schools : In the next three years, centre will recruit 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lakh tribal students.

Water for Drought Prone Region : In the drought prone central region of Karnataka, central assistance of ` 5,300 crore will be given to Upper Bhadra Project to provide sustainable micro irrigation and filling up of surface tanks for drinking water.

Bharat SHRI : ‘Bharat Shared Repository of Inscriptions’ will be set up in a digital epigraphy museum, with digitization of one lakh ancient inscriptions in the first stage.

c. Priority 3: Infrastructure & Investment :

Investments in Infrastructure and productive capacity have a large multiplier impact on growth and employment. After the subdued period of the pandemic, private investments are growing again.

The Budget takes the lead once again to ramp up the virtuous cycle of investment and job creation.

Capital investment outlay is being increased steeply for the third year in a row by 33 per cent to ₹ 10 lakh crore, which would be 3.3 per cent of GDP. This will be almost three times the outlay in 2019-20.

Effective Capital Expenditure : The 'Effective Capital Expenditure' of the Centre is budgeted at ₹ 13.7 lakh crore, which will be 4.5 per cent of GDP.

Railways : A capital outlay of ₹ 2.40 lakh crore has been provided for the Railways. This highest ever outlay is about 9 times the outlay made in 2013-14.

Logistics : One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified. They will be taken up on priority with investment of ₹ 75,000 crore, including ₹ 15,000 crore from private sources.

Urban Infrastructure Development Fund : Like the RIDF, an Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall. This 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.

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. We expect to make available ₹ 10,000 crore per annum for this purpose.

d. Priority 4: Unleashing the Potential :

Vivad se Vishwas I – Relief for MSMEs : In cases of failure by MSMEs to execute contracts during the Covid period, 95 per cent of the forfeited amount relating to bid or performance security, will be returned to them by government and government undertakings. This will provide relief to MSMEs.

Vivad se Vishwas II – Settling Contractual Disputes : To settle contractual disputes of government and government undertakings, wherein arbitral award is under challenge in a court, a voluntary settlement scheme with standardized terms will be introduced. For efficient administration of justice, Phase-3 of the E-Courts project will be launched with an outlay of ₹ 7,000 crore.

Lab Grown Diamonds : Lab Grown Diamonds (LGD) is a technology-and innovation-driven emerging sector with high employment potential. These environment friendly diamonds which have optically and chemically the same properties as natural diamonds. To encourage indigenous production of LGD seeds and machines and to reduce import dependency, a research and development grant will be provided to one of the IITs for five years.

e. **Priority 5: Green Growth :**

Hon'ble Prime Minister has given a vision for "LiFE", or Lifestyle for Environment, to spur a movement of environmentally conscious lifestyle. India is moving forward firmly for the '*panchamrit*' and net-zero carbon emission by 2070 to usher in green industrial and economic transition.

Green Hydrogen : The recently launched National Green Hydrogen Mission, with an outlay of ` 19,700 crores, will facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector. Our target is to reach an annual production of 5 MMT by 2030.

Energy Transition : This Budget provides ` 35,000 crore for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.

Green Credit Programme : This will incentivize environmentally sustainable and responsive actions by companies, individuals and local bodies, and help mobilize additional resources for such activities.

PM-PRANAM : "PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth" will be launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.

GOBARdhan scheme : 500 new 'waste to wealth' plants under GOBARdhan (Galvanizing Organic Bio-Agro Resources Dhan) scheme will be established for promoting circular economy. These will include 200 compressed biogas (CBG) plants, including 75 plants in urban areas, and 300 community or cluster-based plants at total investment of ` 10,000 crore.

Bhartiya Prakritik Kheti Bio-Input Resource Centres : Over the next 3 years, we will facilitate 1 crore farmers to adopt natural farming. For this, 10,000 Bio-Input Resource Centres will be set-up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.

MISHTI : 'Mangrove Initiative for Shoreline Habitats & Tangible Incomes', MISHTI, will be taken up for mangrove plantation along the coastline and on salt pan lands.

Amrit Dharohar : A scheme that will be implemented over the next three years to encourage optimal use of wetlands, and enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.

f. **Priority 6: Youth Power :**

PMKVY 4.0 : Pradhan Mantri Kaushal Vikas Yojana 4.0 will be launched to skill lakhs of youth within the next three years . The scheme will also cover new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills. To skill youth for international opportunities, 30 Skill India International Centres will be set up across different States.

Unity Mall : States will be encouraged to set up a Unity Mall in their state capital or most prominent tourism centre or the financial capital for promotion and sale of their own ODOPs (one district, one product), GI products and other handicraft products, and for providing space for such products of all other States.

g. Priority 7: Financial Sector :

Credit Guarantee for MSMEs : Revised scheme from 1st April 2023 through infusion of ` 9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of ` 2 lakh crore.

Further, the cost of the credit will be reduced by about 1 per cent.

GIFT IFSC : 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, Establishing a subsidiary of EXIM Bank for trade re-financing, Recognizing offshore derivative instruments as valid contracts etc., For countries looking for digital continuity solutions, we will facilitate setting up of their Data Embassies in GIFT IFSC.

A Central Processing Centre will be setup for faster response to companies through centralized handling of various forms filed with field offices under the Companies Act. For investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority with ease, an integrated IT portal will be established.

Mahila Samman Saving Certificate : For commemorating Azadi Ka Amrit Mahotsav, a one-time new small savings scheme is introduced.

Features : -

- 2 year maturity upto March 2025.
- Deposit facility upto ` 2 lakh in the name of women or girls.
- Fixed interest rate of 7.5 per cent with partial withdrawal option.

Senior Citizen : The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from ` 15 lakh to ` 30 lakh and The maximum deposit limit for Monthly Income Account Scheme will be enhanced from ` 4.5 lakh to ` 9 lakh for single account and from ` 9 lakh to ` 15 lakh for joint account.

Fiscal Deficit to states : States will be allowed a fiscal deficit of 3.5 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms.

Important Announcements (Indirect Tax):

1. Exempt excise duty on GST-paid compressed bio gas.
2. Customs duty exemption is being extended to import of capital goods and machinery required for
3. manufacture of lithium-ion cells for batteries used in electric vehicles.
4. Relief in customs duty on import of certain parts and inputs like camera lens and continue the concessional duty on lithium-ion cells for batteries for another year.
5. Reduce the basic customs duty on parts of open cells of TV panels to 2.5 per cent.
6. The basic customs duty on electric kitchen chimney is being increased from to 15 per cent.
7. To facilitate availability of raw materials for the steel sector, exemption from Basic Customs Duty on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode is being continued.
8. The basic customs duty rate on compounded rubber is being increased to '25 per cent or ` 30/kg whichever is lower.

Important Announcements (Direct Tax):

1. New co-operatives that commence manufacturing activities till 31.3.2024 shall get the benefit of a lower tax rate of 15 per cent.
2. A higher limit of ` 3 crore for TDS on cash withdrawal is being provided to co-operative societies.
3. A higher limit of ` 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
4. (PCARDBs).
5. Reducing the TDS rate from 30 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases.
6. Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31.03.2025.
7. Decriminalization under section 276A of the Income Tax Act.

New Income tax Rates :

₹ 0-3 lakh	Nil
₹ 3-6 lakh	5 per cent
₹ 6-9 lakh	10 per cent
₹ 9-12 lakh	15 per cent
₹ 12-15 lakh	20 per cent
Above ₹ 15 lakh	30 per cent

Key features :-

- It is proposed to increase the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to ` 7,00,000.
- Standard deduction of ` 50,000 to salaried individual, and deduction from family pension up to ` 15,000, is currently allowed only under the old regime. It is proposed to allow these two deductions under the new regime also.
- Surcharge on income-tax under both old regime and new regime is 10 per cent if income is above ` 50 lakh and up to ` 1 crore, 15 percent if income is above ` 1 crore and up to ` 2 crore, 25 per cent if income is above ` 2 crore.
- Encashment of earned leave up to 10 months of average salary, at the time of retirement in case of an employee (other than an employee of the Central Government or State Government), is exempt under sub-clause (ii) of clause (10AA) of section 10 of the Income-tax Act (“the Act”) to the extent notified. The limit of ` 3 lakh for tax exemption on leave encashment on retirement of non-government salaried employees was last fixed in the year 2002. Increase this limit to ` 25 lakh.

Other Important Announcements :-

- It is proposed to enable co-operatives to withdraw cash up to Rs.3 crore in a year without being subjected to TDS on such withdrawal.
- It is proposed to amend section 269SS of the Act to provide that where a deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member or a loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member in cash, no penal consequence would arise, if the amount of such loan or deposit in cash is less than Rs.2 lakh.
- The period of incorporation of such eligible start-ups is proposed to be extended by one year to before 1st April, 2024.
- In order to promote the growth of manufacturing in co-operative sector, a new co-operative society formed on or after 01.04.2023, which commences manufacturing or production by 31.03.2024 and do not avail of any specified incentive or deduction, is proposed to be allowed an option to pay tax at a concessional rate of 15 per cent similar to what is available to new manufacturing companies.
- For online games, it is proposed to provide for TDS and taxability on net winnings at the time of withdrawal or at the end of the financial year. Moreover, TDS would be without the threshold of Rs 10,000. For lottery, crossword puzzles games, etc threshold limit Rs 10,000 for TDS shall continue but shall apply to aggregate winnings during a financial year.
- Tax on capital gains can be avoided by investing proceeds of such gains in residential property. This is proposed to be capped at Rs 10 crore.
- It is proposed to provide that where aggregate of premium for life insurance policies (other than ULIP) issued on or after 1st April, 2023 is above Rs 5 lakh,

income from only those policies with aggregate premium up to Rs 5 lakh shall be exempt.

- It is proposed to amend section 132 of the Act, dealing with search and seizure, to allow the authorised officer to take assistance of specific domain experts like digital forensic professionals, valuers and services of other professionals like locksmiths, carpenters etc. during the course of search and also to aid in accurate estimation of undisclosed income held in the form of property by the assessee.
- It is proposed to provide a penalty of Rs 5,000 if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution due to false or inaccurate information submitted by the account holder.
- An additional period of fifteen days shall be allowed for issuance of notice, for assessment /reassessments etc, under section 148 of the Act. It is proposed to amend the time period for filing of appeal against the order of the Adjudicating authority under Benami Act within a period of 45 days from the date when such order is received by the Initiating Officer or the aggrieved person.
- TDS on payment of certain income to a non-resident is currently at the rate of 20 per cent, but the tax rate in treaties may be lower.
- Higher TDS/TCS rate applies, if the recipient is a non-filer i.e. who has not furnished his return of income of preceding previous year and has aggregate of TDS and TCS of Rs 50,000 or more.