Summary and Key Highlights of Budget 2023-24

BUDGET 2023-2024

- A budget is an estimation of revenue and expenses over a specified future period of time.
- In the Constitution of India, the budget is referred as the **Annual Financial Statement (Article 112).**
- **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
- The Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2023-24 in Parliament.
- She stated "In the 75th year of India's Independence, the Indian economy is hailed as a 'bright star' as the growth is estimated at **7%,** the highest among all major economies, in spite of COVID-19 and Russia-Ukraine War".

PART A

SCOPE FOR INDIA

- **Achievements since 2014**
  - The per capita income has more than doubled to Rs 1.97 lakh.
  - Indian economy has increased in size to **5th largest** in the world.
  - Formalisation of economy is reflected in the EPFO membership and digital payments crossing Rs 126 lakh crore through UPI in 2022.
  - Promotion of inclusive development through schemes such as Swachh Bharat Mission, Ujjawala, PM Jan Dhan Bank Accounts, PM Jeevan Jyoti Yojana, PM Kisan Samman Nidhi, etc.
- **G20 Presidency -** With the theme of '**Vasudhaiva Kutumbakam'**, the G20 Presidency gives India a unique opportunity to strengthen its role in the world economic order.

AMRIT KAAL

- Amrit Kaal describes the critical time slot available to all for achieving highest human potential.
- It is the roadmap for India for the next 25 years.

PRIORITY 1: INCLUSIVE DEVELOPMENT

A. AGRICULTURE AND COOPERATION

- The Government's philosophy of **Sabka Saath Sabka Vikas** (Everyone's support, everyone's development) has facilitated inclusive development.
- **Digital Public Infrastructure for Agriculture** - It will be built as an open source, open standard, inter operable public good to enable inclusive farmer-centric solutions through information services.
- **Agriculture Accelerator Fund –** It will be set-up to encourage agri-startups by young entrepreneurs in rural areas.
- **Productivity of cotton** – The government will adopt a cluster-based and value chain approach through Public Private Partnerships (PPP) to enhance the productivity of extra-long staple cotton (ELS cotton).
- **Atmanirbhar Horticulture Clean Plant Programme –** It will be launched to boost availability of disease-free, quality planting material for high value horticultural crops.
- **Fisheries -** Government will launch a new sub-scheme of PM Matsya Sampada Yojana to further enable activities of fishermen, fish vendors, and micro & small enterprises.
- **Shree Anna (Millets) -** The Indian Institute of Millet Research, Hyderabad will be supported as the Centre of Excellence to make India a global hub for Shree Anna.

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

- **Cooperation** - A new Ministry of Cooperation was formed to realize the vision of **Sahakar Se Samriddhi** (Prosperity through Cooperation).
- Government will implement a plan to set up massive decentralized storage capacity for farmers to store their produce and realize remunerative prices through sale at appropriate times.
- **MGNREGA** - The Budget allocated only Rs 60,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme for 2023-24.
- This is 33% lower than the Rs 89,000 crore revised estimates for the scheme.

B. HEALTH, EDUCATION AND SKILLING

- **Medical education -** 157 new nursing colleges will be established in co-location with the existing 157 medical colleges.
- **Health** - A Mission to eliminate Sickle Cell Anaemia by 2047 will be launched.
- **Medical research -** Facilities in select ICMR Labs will be made available for research by public and private medical college faculty and private sector R&D teams.
- **Pharma innovation -** A new programme to promote research and innovation in pharma will be taken up through centers of excellence.
- **Education -** National Digital Library for Children and Adolescents will be set-up for facilitating availability of quality books.

PRIORITY 2: REACHING THE LAST MILE

- **Aspirational Blocks Programme -** Based on the success of Aspirational Districts

Programme, the Aspirational Blocks Programme was launched covering 500 blocks for saturation of essential government services.

- **Pradhan Mantri PVTG Development Mission –** It will be launched to saturate Particularly Vulnerable Tribal Group (PVTG) families and habitations with basic facilities.
- The Mission will be implemented in the next 3 years under the Development Action Plan for the Scheduled Tribes.
- **Upper Bhadra Project -** In the central Karnataka, central assistance will be given to Upper Bhadra Project for irrigation and drinking water.
- **Bharat Shared Repository of Inscriptions (Bharat SHRI) –** It will be set up in a digital epigraphy museum, with digitization of 1 lakh ancient inscriptions in the first stage.

PRIORITY 3: INFRASTRUCTURE & INVESTMENT

- The effective capital expenditure of the Centre is budgeted at Rs 13.7 lakh crore, which will be **4.5%** of GDP.
- **Capital investment** - The Government has decided to continue the 50-year interest free loan to state governments for one more year to spur investment in infrastructure.
- **Urban Infrastructure Development Fund (UIDF)** - An UIDF will be established through use of priority sector lending shortfall, and will be managed by the National Housing Bank.
- It will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.
- **Transport** - 100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified.
- **Air connectivity** – 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived.
- **Railways -** A capital outlay of Rs 2.40 lakh crore has been provided for the Railways, about 9 times the outlay made in 2013- 14.
- Operating ratio has stabilised at **98.22%** against 107.39% in 2021-22.

> *Operating ratio is the amount of money the railways has to spend to earn Rs 100. A lower operating ratio implies better financial health*

PRIORITY 4: UNLEASHING THE POTENTIAL

- **Ease of doing business** - Compliances have been reduced and many legal provisions have been decriminalized.
- The Government's **Jan Vishwas Bill** aimed at decriminalizing a large number of minor offences by replacing them with monetary penalties has amended 42 Central Acts.
- **Artificial Intelligence -** For realizing the vision of "Make A-I in India and Make A-I work for India", 3 centers of excellence for Artificial Intelligence will be set-up in top educational institutions.
- **Data Governance -** A National Data Governance Policy will be brought out to enable

access to anonymized data and to spur innovation and research by start-ups and academia.
- **Entity DigiLocker** - An Entity DigiLocker will be set up for use by MSMEs, large business and charitable trusts for storing and sharing documents online securely.
- **5G Services** - 100 labs for developing applications using 5G services will be set up in engineering institutions to realize a new range of opportunities, business models, and employment potential.
- **PAN as common identifier** - The government has proposed to use Permanent Account Number (PAN) as common identifier for all business establishments.

PRIORITY 5: GREEN GROWTH

- LiFE or Lifestyle for Environment aims to spur a movement of environmentally conscious lifestyle.
- India is moving forward firmly for the **panchamrit** (5 nectar elements of India's climate action) and **net-zero carbon emission by 2070**.
- **Green growth** - The recently launched National Green Hydrogen Mission will facilitate transition of the economy to low carbon intensity and reduce dependence on fossil fuel imports.
- **Mangrove Initiative for Shoreline Habitats & Tangible Incomes (MISHTI)** - It is a new programme that will facilitate mangrove plantation along India’s coastline and on salt pan lands.
- It will operate through convergence between MGNREGS, Campa Fund and other sources.
- **Pradhan Mantri Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth (PMPRANAM)** - It seeks to incentivise states promoting alternative fertilisers and balanced use of chemical fertilisers.
- **Amrit Dharohar** – It 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.
- **Galvanizing Organic Bio-Agro Resources Dhan (GOBARdhan) -** 500 waste to wealth plants will be established for promoting circular economy.
- **Bhartiya Prakritik Kheti Bio-Input Resource Centres -** Over the next 3 years, 10,000 Bio-Input Resource Centres will be set-up to create a national-level distributed micro-fertilizer and pesticide manufacturing network and to adopt natural farming.
- **Vehicle scrapping** - Adequate funds will be allocated to further the vehicle scrapping policy mentioned in Budget 2021-22.

PRIORITY 6: YOUTH POWER

- Government has formulated the National Education Policy to empower the youth and help the **‘Amrit Peedhi’** (Youth Power) realize their dreams.
- **National Apprenticeship Promotion Scheme –** It will be rolled out to provide stipend support to 47 lakh youth in three years.
- **Unity Mall -** The States will be encouraged to set up a Unity Mall in their state capital or most prominent tourism centre or the financial capital.
- It will aid in the promotion of their own ODOPs (one district, one product), GI products

and other handicraft products.

- **Pradhan Mantri Kaushal Vikas Yojana 4.0** - It will be launched to skill lakhs of youth in new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills.within the next 3 years.
- *To know about PMKVY 3.O, click here*

PRIORITY 7: FINANCIAL SECTOR

- **Credit Guarantee for MSMEs -** The revamped credit guarantee scheme for MSMEs will take effect from 1st April 2023 to enable additional collateral-free guaranteed credit of Rs 2 lakh crore.
- Further, the cost of the credit will be reduced by about 1 %.
- **National Financial Information Registry** - It will be set up as the central repository of financial and ancillary information to facilitate efficient flow of credit, promote financial inclusion and foster financial stability.
- **Central Processing Centre** – It will be setup for faster response to companies through centralized handling of various forms filed with field offices under the Companies Act.
- **Mahila Samman Savings Certificate** – It is a one-time small savings scheme that offers deposit facility upto Rs 2 lakh for women/ girls for a tenor of 2 years at fixed interest rate of 7.5% with partial withdrawal option.
- **Senior Citizens** - The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from Rs 15 lakh to Rs 30 lakh.
- **Fiscal Management -** The entire fifty-year loan to states has to be spent on capital expenditure within 2023-24.
- Fiscal deficit of **3.5% of GSDP** is allowed for the States.

PART B

PERSONAL INCOME TAX

- The rebate limit in the new tax regime has been increased to Rs 7 lakh, meaning that individuals in the new tax regime with income upto Rs 7 lakh will not have to pay any tax.
- The tax structure in the new personal tax regime has been changed by reducing number of slabs to five and increasing the tax exemption limit to Rs 3 lakh.
- The benefit of standard deduction has been extended to the salaried class and the pensioners including family pensioner under the new tax regime.
- The highest surcharge rate in personal income tax has been reduced from 37% to 25% in the new tax regime for income above Rs 2 crore.
- The new income tax regime has been made the default tax regime but the citizens will continue to have the option to avail the benefit of the old tax regime.

INDIRECT TAX

- The number of basic customs duty rates on goods, other than textiles and agriculture, has been reduced from 21 to 13.

- Customs duty exemption has been extended to import of capital goods and machinery required for manufacture of lithium-ion cells, denatured ethyl alcohol, etc.
- The Budget has reduced the basic customs duty (from 5% to nil) on seeds used in the manufacture of Laboratory Grown Diamonds (LGDs).

OTHERS

- **Common IT Return Form -** The Union Budget proposes to roll out a next-generation common IT return form for tax payer convenience.
- **Disposal of appeals -** About 100 Joint Commissioners will be deployed for disposals of small appeals in direct tax matters.
- **Cooperation** - New cooperatives that commence manufacturing activities till 31st March next year shall get the benefit of a lower tax rate of 15%.
- **Start-ups** - The Budget proposes to extend the date of incorporation for income tax benefits to start-ups till March 2024.
- **Proposals relating to MSMEs –** The Budget proposes enhanced limits for micro enterprises and certain professionals for availing the benefit of presumptive taxation.

Presumptive Taxation Scheme (PTS)
Under the presumptive taxation scheme (PTS), a taxpayer is exempt from maintaining books of accounts as small taxpayers had to bear additional costs in maintain them. It is defined under three different sections—44AD, 44ADA and 44AE—of the Income-tax Act.

- **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 Rs 1 crore to Rs 2 crore, with certain exceptions.
- It will decriminalize certain clauses like obstruction and preventing of any officer from discharge of his duties, deliberate tempering of evidence or failure to supply the information

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