

2023-2024

UNION BUDGET



UNION ₹
BUDGET



**FINANCE MINISTER
PRESENTED UNION
BUDGET**

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#FINANCE MINISTER PRESENTED UNION BUDGET

The Finance Minister of India introduced the **last full-fledged Union Budget** (for 2023-24) before **the Lok Sabha elections of 2024**.

What are the Constitutional Provisions regarding Budget?



According to **Article 112 of the Indian Constitution**, the Union Budget of a year is referred to as the **Annual Financial Statement (AFS)**.

- It is a statement of the **estimated receipts and expenditure of the Government in a Financial Year** (which begins on 1st April of the current year and ends on 31st March of the following year).
- Overall, the Budget contains:
 - Estimates of **revenue and capital receipts**,
 - Ways and means to raise the **revenue**,
 - Estimates of **expenditure**,
 - Details of the **actual receipts and expenditure of the closing financial year** and the **reasons for any deficit/surplus in that year**, and
 - The **economic and financial policy of the coming year**, i.e., taxation proposals, prospects of revenue, spending programme and introduction of new schemes/projects.
- In Parliament, the Budget goes through **six stages**:
 - **Presentation** of Budget
 - General **discussion**
 - **Scrutiny** by Departmental Committees
 - **Voting** on Demands for Grants
 - Passing an **Appropriation Bill**
 - Passing of **Finance Bill**

The Budget Division of the Department of Economic Affairs in the Ministry of Finance is the **nodal body** responsible for preparing the Budget.

- The **first Budget of Independent India** was presented in **1947**.
- What are the Highlights of Budget 2023-24?

- A key theme of Union Budget 2023-24 is the focus on inclusive development - **Sabka Sath, Sabka Vikas** which specifically covers;
- Farmers, Women, Youth, SC, ST, Other Backward Classes (**OBCs**), Divyangjan (**PwDs**) and Economically Weaker Sections (**EWS**),
- Overall **priority for the underprivileged** (vanchiton ko varyiyata),
- There has also been a sustained focus on **UTs of J&K and Ladakh** and the **Northeast Region (NER)**.
- The Budget is along the lines of the **two-pronged growth strategy** first unveiled in 2019:
- **Incentivising the private sector** thus creating jobs and pushing growth.
- 'Minimum Government, Maximum Governance'; increasing capex and raising more revenues via **disinvestment**.

Key Takeaways of the Budget:

- Changes in the **new income tax regime** (in rebate limit and in tax slabs).
- A **33% increase in capital investment outlay** has been proposed, raising it to Rs 10 lakh crore (the **biggest in the past decade**).
- **Changes in customs duty; reduced on** import of certain inputs for mobile phone manufacturing, shrimp feed etc. and **increased on** cigarettes, gold articles, compounded rubber etc.
- **Capital outlay for the railways increased to the highest ever** – Rs 2.40 lakh crore.

Part – A

What is the Budget's Vision for Amrit Kaal?

- **Amrit Kaal:**
- The Finance Minister of India called it the first Budget in Amrit Kaal. The vision for the Amrit Kaal is an **empowered and inclusive economy** that is **technology-driven and knowledge-based** with a **robust financial sector**.
- **The Budget identifies 4 transformative opportunities to be leveraged before reaching India@100:**
- Economic Empowerment of Women through SHGs
- PM Vishwakarma KAushal Samman (PM VIKAS)
- Tourism Promotion in Mission Mode
- Green Growth

What are the Priorities of Budget 2023-24?

- Saptarishi:

Priority 1: Inclusive Development

- **Agriculture:**
- **Digital Public Infrastructure:** Digital Public Infrastructure for agriculture will be built as an open source, open standard and interoperable public good resulting in:
- Inclusive **farmer-centric solutions**
- Relevant information services for **crop planning/health**
- Better access to **farm inputs, credit, and insurance**
- Growth-support of the **agri-tech industry and start-ups**
- **Funding for Agri-startups:** Agriculture Accelerator Fund will be set-up to **encourage agri-startups by young entrepreneurs** in rural areas.
- **Agri-Credit:** Agriculture credit target to be **increased to Rs 20 lakh crore** with focus on **animal husbandry, dairy and fisheries**.
- A new **sub-scheme of PM Matsya Sampada Yojana** with targeted investment of Rs 6,000 crore to be launched for fishermen, fish vendors and MSMEs.
- **Horticulture:** Atmanirbhar Clean Plant Programme will be launched to boost availability of disease-free, quality planting material **for high value horticultural crops at an outlay of Rs 2,200 crore**.
- **Millets:** To make India a global hub for 'Shree Anna' (Millets), 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.

- **Agri-Cooperatives:** To fulfil the vision of "**Sahakar Se Samridhhi**", the Government plans to establish decentralized storage capacity and set up **multiple cooperative societies in uncovered villages** over the next 5 years.
- **Education and Skilling:**
- **Health:**
- **157 new nursing colleges will be established** in co-location with the existing 157 medical colleges established since 2014.
- A Mission to **eliminate Sickle Cell Anaemia by 2047** will be launched.

Priority 2: Reaching the Last Mile

- **New 'Aspirational Blocks Programme':**
- Building on the success of the **Aspirational Districts Programme**, the **Aspirational Blocks Programme** was recently launched covering 500 blocks.
- It is aimed at improving the performance of areas across multiple domains such as **health, nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.**
- **PM PVTG Development Mission:**
- To improve socio-economic conditions of the **Particularly Vulnerable Tribal Groups (PVTGs)**, **Pradhan Mantri PVTG Development Mission** will be launched.
- An amount of **Rs 15,000 crore** will be made available to implement the Mission in the next 3 years under the **Development Action Plan for the Scheduled Tribes.**
- The Centre will also **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 **Rs 5,300 crore** will be given to the **Upper Bhadra Project** to provide sustainable micro irrigation and filling up of surface tanks for drinking water.

Other Initiatives:

- The **outlay for PM Awas Yojana** is being enhanced by **66%** to over **Rs 79,000 crore.**
- A **'Bharat Shared Repository of Inscriptions (Bharat SHRI)'** will be set up in a digital epigraphy museum, with **digitization of 1 lakh ancient inscriptions** in the first stage.

Priority 3: Infrastructure and Investment

- **Increase in Capex for Infra:**
- Capital investment outlay increased for the third consecutive year - by **33% to Rs 10 lakh crore** making it **3.3% of GDP.**
- The **'Effective Capital Expenditure'** is budgeted at **Rs 13.7 lakh crore - 4.5% of GDP.**
- **Support to State Govts for Cap-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 and to incentivize them for complementary policy actions.
- The enhanced **outlay for this is Rs 1.3 lakh crore.**
- **Railways:**
- A capital outlay of **Rs 2.40 lakh crore** has been provided for the **Railways** - the highest ever outlay and about 9 times the outlay made in 2013- 14.
- **Aviation:**
- **50 additional airports, heliports, water aerodromes and advanced landing grounds** will be revived for improving regional air connectivity.
- **Other Transportation Projects:**
- **100 critical transport infrastructure projects**, for last and first mile connectivity for ports, coal, steel, fertiliser, and food grains sectors have been identified and **will be taken up on priority with investment of Rs 75,000 crore, including Rs 15,000 crore from private sources.**

- An **Urban Infrastructure Development Fund (UIDF)** will be established through use of **priority sector lending shortfall**.
- UIDF 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**.
- **Rs 10,000 crore on a yearly basis** will be allocated for this purpose.

Priority 4: Unleashing the Potential

- **Reduced Compliances and Jan Vishwas Bill:**
- To enhance ease of doing business, more than **39,000 compliances have been reduced** and **more than 3,400 legal provisions have been decriminalised** under the **amendments to the Companies Act 2013**.
- To further the trust-based governance, the Government introduced the **Jan Vishwas Bill** to amend 42 Central Acts.
- **Centres of Excellence for AI:**
- To realise the vision of “**Make AI in India and Make AI work for India**”, three **centres of excellence for Artificial Intelligence** will be set-up in top educational institutions.
- **National Data Governance Policy:**
- To **facilitate innovation and research by start-ups** and academia, a **National Data Governance Policy** will be brought out, which will enable **access to anonymized data**.
- **Digilocker for Data Sharing:**
- An **Entity DigiLocker** will be set up for use by **MSMEs**, large business and charitable trusts for **storing and sharing documents online securely**, whenever needed, with various authorities, regulators, banks and other business entities.
- **Resolving Disputes:**
- **Vivad se Vishwas:** **Less stringent contract execution** for **MSMEs** (being provided as a relief to the MSMEs affected during the Covid period).
- **Easier and standardised settlement scheme** enabling **faster settlement of contractual disputes** of Govt and Govt undertakings.
- **e-Courts: Phase III of e-courts** will be launched for effective administration of justice.
- **5G Technology:**
- **100 labs for developing applications using 5G services** will be set up in engineering institutions to realise a new range of opportunities, business models, and employment potential.
- The labs will cover, among others, applications such as **smart classrooms, precision farming, intelligent transport systems, and healthcare apps**.

Priority 5: Green Growth

- **National Green Hydrogen Mission:**
- An outlay of **Rs 19,700 crores** has been allocated to the **National Green Hydrogen Mission** to 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.
- The target is to reach an annual production of **5 MMT by 2030**.
- **GOBARDhan Scheme:**
- **500 new ‘waste to wealth’ plants under GOBARDhan scheme** will be established to promote **Circular Economy (200 compressed biogas (CBG) plants and 300 community/cluster-based plants)**. Total Investment - **Rs 10,000 crore**.
- In due course, a **5% CBG mandate** will be introduced for all organizations marketing natural and biogas.
- **Bhartiya Prakritik Kheti Bio-Input Resource Centres:**
- Over the next 3 years, the Centre will facilitate **1 crore farmers to adopt natural farming** by setting up **10,000 Bio-Input Resource Centres**, creating a national-level distributed **micro-fertilizer and pesticide manufacturing network**.
- **Other Investments in Green Energy:**
- **Rs. 35,000 crore for priority capital investments towards energy transition and net zero objectives**, and energy security (Ministry of Petroleum & Natural Gas).
- **Battery Energy Storage Systems** with capacity of **4,000 MWH** to be supported with **Viability Gap Funding**.

- Rs 20,700 crore (central support - Rs 8,300 crore) for **inter-state transmission system** for evacuation and grid integration of 13 GW renewable energy from Ladakh.

Priority 6: Youth Power

Priority 7: Financial Sector

- Credit Guarantee for MSMEs:**
- In 2022, the **credit guarantee scheme for MSMEs** was revamped and will take effect from 1st April 2023 through **infusion of Rs 9,000 crore** in the corpus.
- This will enable **additional collateral-free guaranteed credit of Rs 2 lakh crore**.
- The **cost of the credit** will be **reduced** by about **1%**.
- Financial Information Registry:**
- A National Financial Information Registry will be set up to **serve as the central repository of financial and ancillary information**.
- This will facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.
- A new legislative framework, designed in consultation with the RBI, will govern this credit public infrastructure.
- Small Savings Schemes:**
- To commemorate Azadi Ka Amrit Mahotsav, a **one-time new small savings scheme, Mahila Samman Savings Certificate**, will be made **available for a two-year period up to March 2025**.
- This will offer **deposit facility upto Rs 2 lakh in the name of women or girls** (fixed interest rate of 7.5%) with **partial withdrawal option**.
- The **maximum deposit limit for Senior Citizen Savings Scheme** will be **enhanced from Rs 15 lakh to Rs 30 lakh**.
- The maximum deposit limit for the **Monthly Income Account Scheme** will be **enhanced from Rs 4.5 lakh to Rs 9 lakh** (for single account) and from **Rs 9 lakh to Rs 15 lakh** (for joint account).
- What is the Status of Fiscal Management?
- Utilisation of Funds for Capital Expenditure:**
- The **Indian Finance Minister** stated that **all states must utilise their fifty-year loan for capital expenses** by the end of **2023-24**.
- Most of this will be at the discretion of states**, but a part will be conditional on states designated for specific purposes, such as:
 - Replacing outdated **government vehicles**
 - Improving **urban planning**
 - Making **urban local bodies eligible for obtaining municipal bonds**
 - Building housing for police officers
 - Constructing Unity Malls**
 - Creating libraries and digital infrastructure for children and adolescents**
 - Contributing to the **capital expenses of central schemes**.
- Fiscal Deficit Allowed to States:**
- States are allowed to have a deficit of **3.5% of their Gross State Domestic Product (GSDP)**, with **0.5%** of this amount specifically designated for power sector reforms.
- Revised Estimates 2022-23:**
- Total receipts, (excluding borrowings): Rs 24.3 lakh crore**
- Net tax receipt: Rs 20.9 lakh crore.**
- Total expenditure: Rs 41.9 lakh crore**
- Capital expenditure: Rs 7.3 lakh crore.**
- Fiscal deficit : 6.4% of GDP.**
- Budget Estimates 2023-24:**
- Total estimated receipts (excluding borrowings): Rs 27.2 lakh crore,**
- Total estimated expenditure: Rs 45 lakh crore.**
- Net tax receipts: Rs 23.3 lakh crore.**
- Fiscal deficit: 5.9% of GDP.**
- To **finance the fiscal deficit in 2023-24**, the net market borrowings from dated securities are estimated at **Rs 11.8 lakh crore.**

- The **gross market borrowings** are estimated at **Rs 15.4 lakh crore**.
- Also, the government is committed to sticking to this plan to **reduce the fiscal deficit** to below **4.5% by 2025-26**.

Part – B

What are the Reforms Proposed in Direct Taxation?

- **Personal Income Tax:**
- There are five major announcements relating to the personal income tax. The **rebate limit in the new tax regime has been increased to ₹ 7 lakh**.
- It means that persons in the new tax regime with **income up to ₹ 7 lakh will not have to pay any tax**.
- The tax structure in the new personal tax regime has been changed by **reducing the number of slabs to five and increasing the tax exemption limit to ₹ 3 lakh**.
- **Other Tax Reforms:**
- **Standard Deduction:**
- The new tax regime has proposed to **increase the standard deduction for salaried individuals to 50,000 rupees** and the deduction for family pension up to **15,000 rupees**.
- **MSMEs:**
- The limits for **presumptive taxation have been increased for micro enterprises and certain professionals** as long as the amount received in cash does not exceed **5% of the total gross receipts/turnover**.
- The **deduction for payments made to MSMEs** will only be allowed when payment is actually made to support their timely receipt of payments.
- **Cooperatives:**
- New **manufacturing co-operatives** that start manufacturing before 31.3.2024 will have a **lower tax rate of 15%**.
- The limit for cash deposits and loans by **Primary Agricultural Co-operative Societies and Primary Co-operative Agriculture** and Rural Development Banks has been increased to **2 lakh rupees per member**.
- **Tax Deduction at Source (TDS)** on cash withdrawals for co-operative societies has been increased to **3 crore rupees**.
- **Startups:**
- The date for **start-ups** to receive income tax benefits has been **extended to 31.3.2024**. The carry forward of losses for start-ups has been increased from **7 years of incorporation to 10 years**.
- **Online Gaming: Taxability on online gaming** will be clarified with TDS and taxability on **net winnings at the time of withdrawal** or at the end of the financial year.
- **Gold:**
- **Conversion of gold** into electronic gold receipt and vice versa will **not be treated as capital gains**.
- **Exception from Income Tax:**
- **Income of authorities, boards and commissions set up by Union or State laws** for housing, town and village development, and regulation, will be **exempt from income tax**.
- **Agniveer Fund** has been given **Exempt-Exempt-Exempt (EEE) status**. Payments received by Agniveers enrolled in Agniveer Scheme, 2022 will be **exempt from taxes**.
- Deduction in total income will be allowed for **contributions to the Agniveer Seva Nidhi** account by the Agniveer or the Central Government.
- **Common IT Return Form:**
- To improve taxpayer services, the government **rolled out a proposal for next-generation Common IT Return Form** for taxpayer convenience, along with plans to strengthen the grievance redressal mechanism.
- **Current and Proposed Tax Slabs:**

What are the Reforms Proposed in Indirect Taxation?

- **Custom Duties:**
- The number of **basic customs duty rates** for goods **other than textiles and agriculture** has been decreased to **13 from 21**.

- **National Calamity Contingent Duty (NCCD)** on specified **cigarettes** revised upwards by about **16%**
- **Increased Duties:**
 - Articles made from gold and platinum
 - Import duties on silver dore, bars, and articles
- **Exception from Duties:**
 - **Compressed biogas** contained in blended compressed natural gas.
 - Testing agencies that import **vehicles, automobile parts/components, sub-systems,** and tires for testing and/or certification purposes.
- Also, the **deadline for the customs duty on specified machinery for lithium-ion cell manufacturing for EV batteries** has been extended to 31.03.2024.
- **Denatured ethyl alcohol** used in the chemical industry.
- **Legislative Changes in Customs Laws:**
 - The **Customs Act, 1962** is going to be revised to set a **nine-month deadline for the Settlement Commission** to make a final decision after an application has been filed.
 - The **Customs Tariff Act** will be revised to make the purpose and scope of **Anti-Dumping Duty (ADD), Countervailing Duty (CVD),** and Safeguard Measures clearer.
- Changes will also be made to the **Central Goods and Service Tax Act:**
 - The minimum amount of tax for starting a **prosecution under GST will be raised from 1 crore to 2 crore.**
 - The **compounding amount for tax will be reduced from 50-150% to 25-100%** of the tax amount.
 - Certain offences will be decriminalised.
 - The **filing of returns or statements will be limited to a maximum of three years** from the due date.
 - Unregistered suppliers and composition taxpayers will be allowed to make **intra-state supply of goods through E-Commerce Operators (ECOs).**

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