

Key Features of

BUDGET

2023 - 2024

February, 2023



Context: The Finance Minister **Nirmala Sitharaman** Presented the Union Budget for the year 2023-2024 in the Parliament.



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PINNACLE OF SUCCESS

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**.

Background

- Union Budget 2023-24 presents a vision for Amrit Kaal-blue print for an empowered and Inclusive Economy
- Indian economy is recognised as a **‘bright star’** as the Economic Growth is estimated at **7 per cent**, which is the highest among all major economies, in spite of the massive global slowdown caused by COVID-19 and Russia-Ukraine War
- This Budget 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.

- **India's Resilience amidst multiple crises:** Several accomplishments like unique World Class Digital Public Infrastructure namely, Aadhaar, Co-Win and UPI; COVID-19 vaccination drive; proactive role in frontier areas such as achieving the climate related goals, mission LiFE, and National Hydrogen Mission rises the India's profile in the global platform.
- **Food and Nutritional security:** To ensure food and nutritional security, from 1st January 2023, Government is implementing a scheme to supply free food grain to all Antyodaya and priority households for the next one year, under PM Garib Kalyan Anna Yojana (PMGKAY)
- **G20 Presidency:** The G20 Presidency gives India a unique opportunity to strengthen its role in the world economic order. With the theme of 'Vasudhaiva Kutumbakam', India is steering an ambitious, people-centric agenda to address global challenges, and to facilitate sustainable economic development.

Achievements since 2014: Leaving no one behind

- Government's efforts since 2014 have ensured for all citizens a better quality of living and a life of dignity
- The per capita income has more than doubled to Rs 1.97 lakh.
- From 2014- 2023, the Indian economy has increased in size from being 10th to 5th largest in the world.
- The economy has become a lot more formalized as reflected in the EPFO membership
- Efficient implementation of many schemes such as Swachh Bharat Mission, LPG connections under Ujjawala, PM Jan Dhan Bank Accounts, etc, with universalization of targeted benefits, has resulted in inclusive development.

Vision for Amrit Kaal – an empowered and inclusive economy

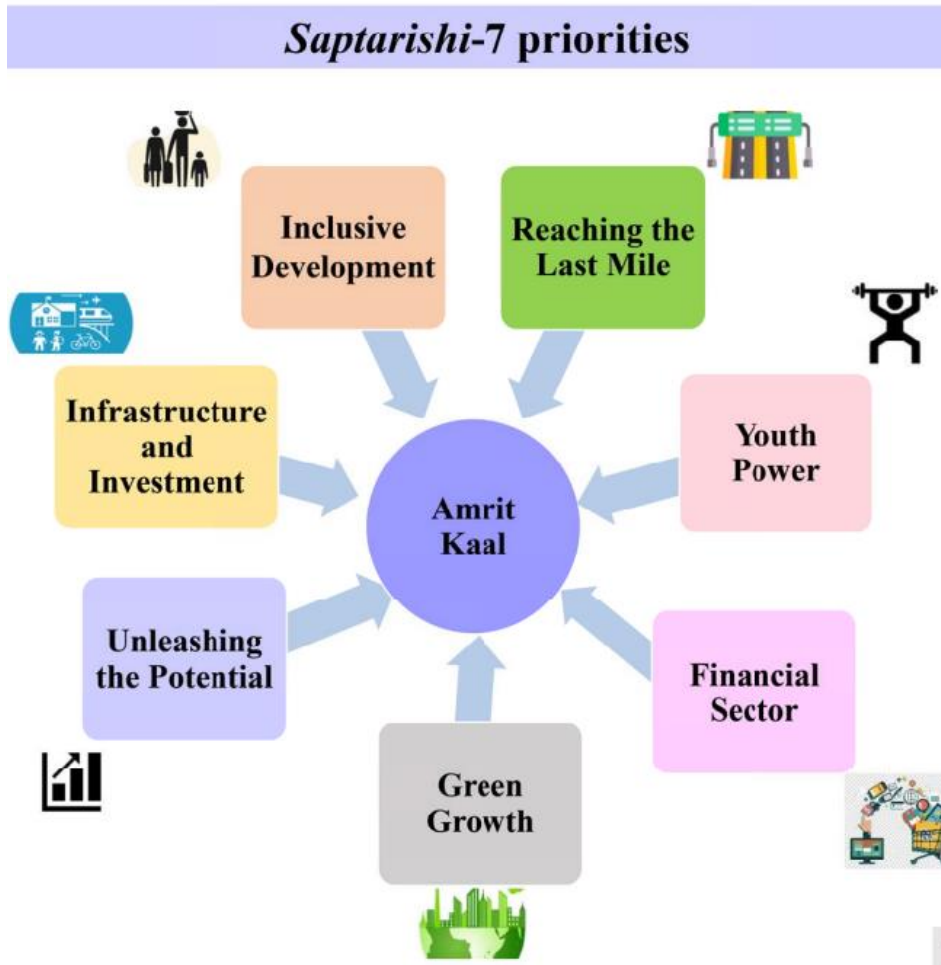


- Vision for the Amrit Kaal includes
 - **Technology-driven and knowledge-based economy with strong public finances, and a robust financial sector**
- To achieve this, Jan Bhagidari through Sabka Saath Sabka Prayas is essential.
- The economic agenda for achieving this vision focuses on three things :
 - Facilitating ample opportunities for citizens, especially the youth, to fulfill their aspirations,
 - Providing strong impetus to growth and job creation and
 - To strengthen macro-economic stability

Four opportunities that are transformative during Amrit kaal are

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 and will enable these groups to reach the next stage of economic empowerment through formation of large producer enterprises or collectives with each having several thousand members and managed professionally.
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 and they are generally referred to as Vishwakarma. The art and handicraft created by them represents the true spirit of Atmanirbhar Bharat. These new schemes 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 tourists, as there is a large potential to be tapped in tourism. This sector holds huge opportunities for jobs and entrepreneurship for youth in particular and emphasized that promotion of tourism will be taken up on mission mode, with active participation of states, convergence of government programmes and public-private partnerships.
4. **Green Growth:** Dwelling on the subject of Green Growth, the FM said that India is 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. These green growth efforts help in reducing carbon intensity of the economy and provides for largescale green job opportunities,

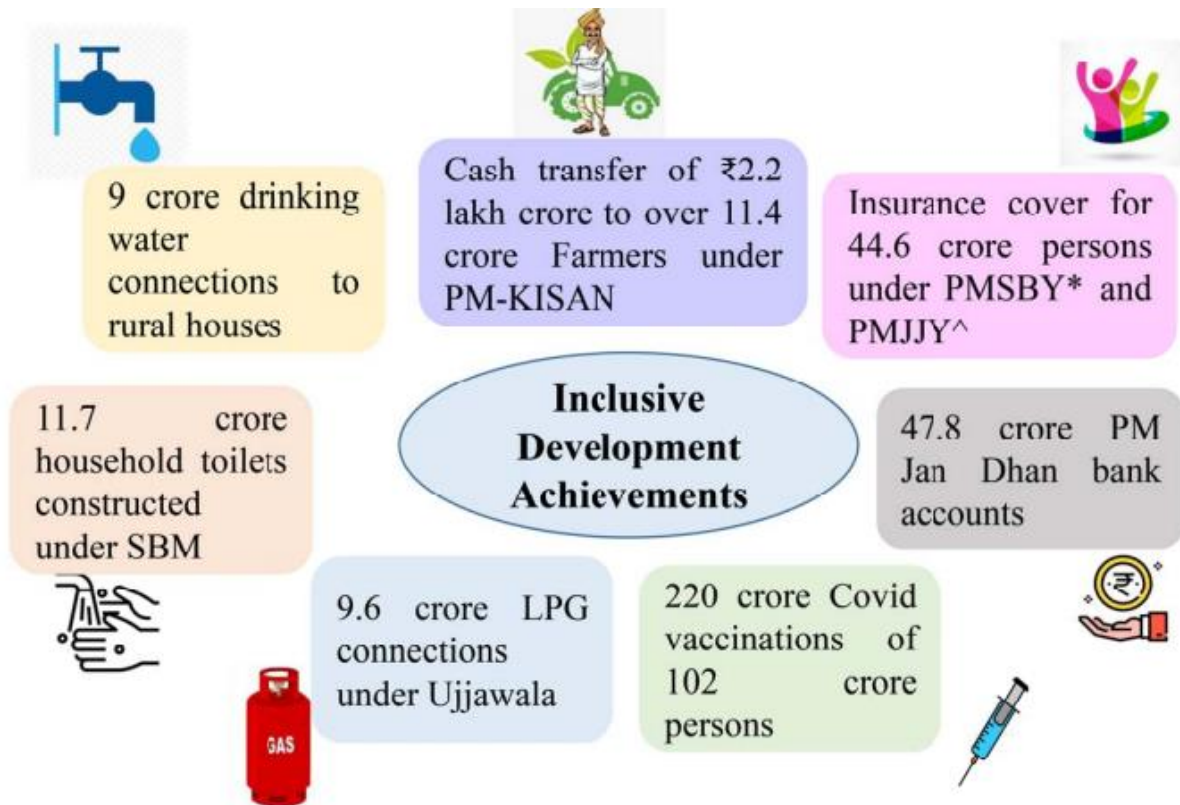
What are the priorities of the budget?



There are seven priorities of the budget. They are complementing each other and act as the ‘Saptarishi’ guiding us through the Amrit Kaal. They are as follows:

1. Inclusive Development
2. Reaching the Last Mile
3. Infrastructure and Investment
4. Unleashing the Potential
5. Green Growth
6. Youth Power
7. Financial Sector

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 varyata).
- There has also been a sustained focus on Jammu & Kashmir, Ladakh and the North-East. This Budget builds on those efforts.

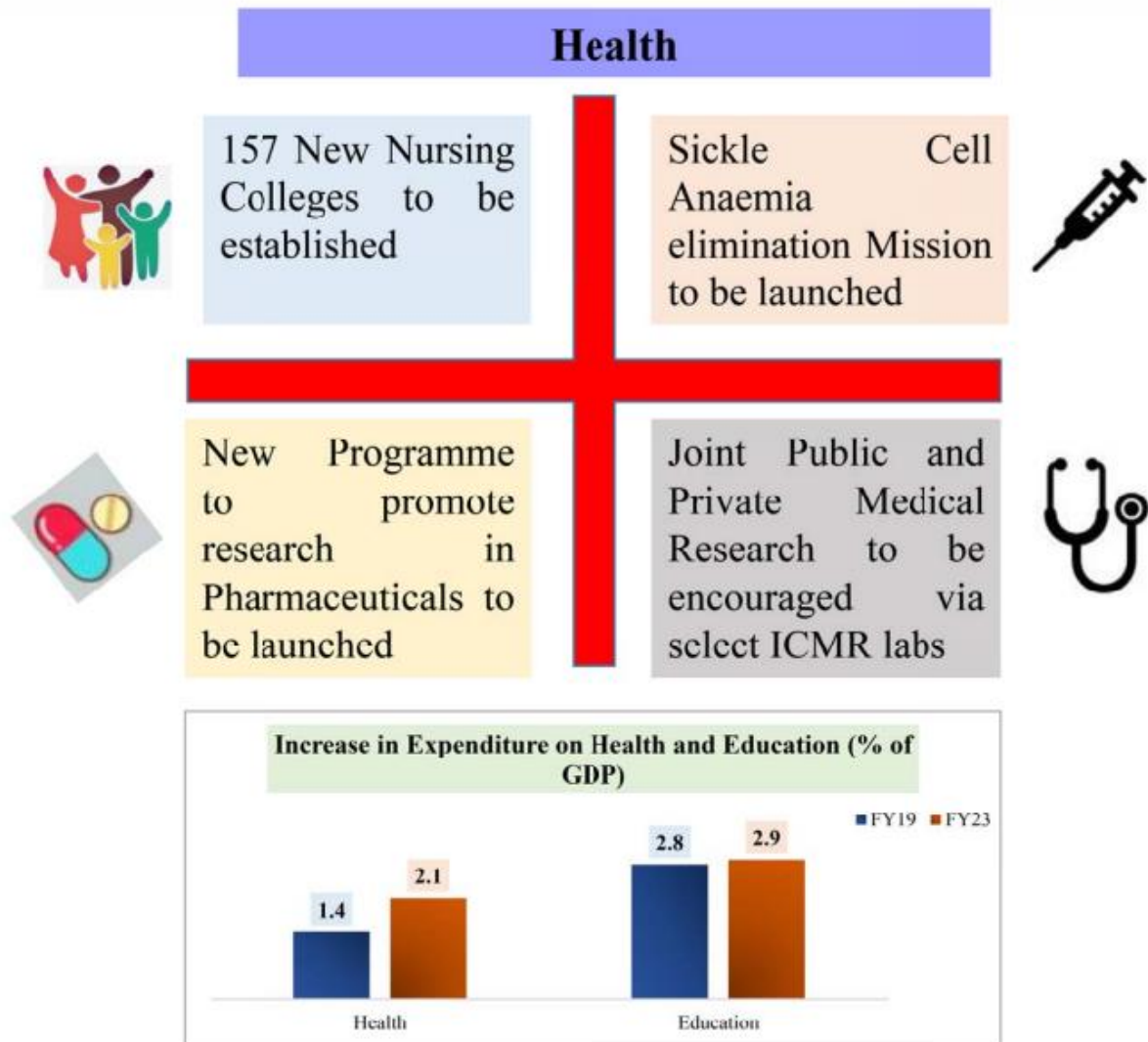
Agriculture Sector

- **Agriculture and Cooperation-** Digital Public infrastructure for agriculture will be built as an open source, open standard and inter operable public good. This 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, and support for growth of agri-tech industry and start-ups.
- **Agriculture Accelerator Fund-** An Agriculture Accelerator Fund will be set-up to encourage agri-startups by young entrepreneurs in rural areas, which will aim at bringing innovative and affordable solutions for challenges faced by farmers. It will also bring in modern technologies to transform agricultural practices, increase productivity and profitability.

- **Enhancing productivity of cotton crop** – To enhance the productivity of extra-long staple cotton, 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.
- **Atmanirbhar Horticulture Clean Plant Programme-** Government will launch an Atmanirbhar Clean Plant Programme to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of Rs 2,200 crore.
- **Global Hub for Millets: ‘Shree Anna’-** India is at the forefront of popularizing Millets, whose consumption furthers nutrition, food security and welfare of farmers. India is the largest producer and second largest exporter of ‘Shree Anna’ in the world as it grows several types of ‘Shree Anna’ such as jowar, ragi, etc., 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.
- **Agriculture Credit-** Dwelling on welfare measures for farmers, the Finance Minister announced that the agriculture credit target will be increased to Rs 20 lakh crore with focus on animal husbandry, dairy and fisheries. The Government will launch a new sub-scheme of PM Matsya Sampada Yojana with targeted investment of Rs 6,000 crore to further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.

Cooperation

- For farmers, especially small and marginal farmers, and other marginalized sections, the government is promoting cooperative-based economic development model.
- A new Ministry of Cooperation was formed with a mandate to realize the vision of ‘Sahakar Se Samridhi’.
- To realise this vision, the government has already initiated computerization of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of Rs 2,516 crore.
- In consultation with all stakeholders and states, model bye-laws for PACS were formulated enabling them to become multipurpose PACS.
- A national cooperative database is being prepared for country-wide mapping of cooperative societies.
- Government will implement a plan to set up massive decentralized storage capacity, which will help farmers store their produce and realize remunerative prices through sale at appropriate times.
- The government will also facilitate setting up of a large number of multipurpose cooperative societies, primary fishery societies and dairy cooperative societies in uncovered panchayats and villages in the next 5 years.

Health, Education and Skilling-***Sabka Saath Sabka Vikas-Inclusive Development***

- One hundred and fifty-seven new nursing colleges will be established in co-location with the existing 157 medical colleges established since 2014.
- Mission to eliminate Sickle Cell Anaemia by 2047 will be launched, which 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.
- On Medical Research, selected ICMR Labs will be made available for research by public and private medical college faculty and private sector R&D teams for encouraging collaborative research and innovation.
- New programme to promote research and innovation in pharmaceuticals will be taken up through centers of excellence. Government will also encourage industry to invest in research and development in specific priority areas.

- *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.

Education and Skilling

- ✓ Revamped Teachers' training via **District Institutes of Education and Training**
- ✓ **National Digital Library** to be set up for children and adolescents
- ✓ States will be encouraged to set up physical libraries at Panchayat and ward levels



Teachers' Training

- Teachers' training will be re-envisioned through innovative pedagogy, curriculum transaction, continuous professional development, dipstick surveys, and ICT implementation.
- District Institutes of Education and Training will be developed as vibrant institutes of excellence for this purpose.
- 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.
- States will be encouraged to set up physical libraries for them at panchayat and ward levels and provide infrastructure for accessing the National Digital Library resources.
- To build a culture of reading, and to make up for pandemic-time learning loss, the National Book Trust, Children's Book Trust and other sources will be encouraged to provide and replenish non-curricular titles in regional languages and English to these physical libraries.

Priority 2: Reaching the Last Mile

- **Aspirational Districts and Blocks Programme**
 - On the success of the Aspirational Districts Programme, the Government has recently launched the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services across multiple domains such as health, nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.

- **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 Rs 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.
 - 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 Rs 5,300 crore will be given to Upper Bhadra Project to provide sustainable micro irrigation and filling up of surface tanks for drinking water.
- **PM Awas Yojana-** The outlay for PM Awas Yojana is being enhanced by 66 per cent to over Rs 79,000 crore. '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.

Priority 3: Infrastructure & Investment

- Investments in Infrastructure and productive capacity have a large multiplier impact on growth and employment and in view of this capital investment outlay is being increased steeply for the third year in a row by 33 per cent to Rs 10 lakh crore, which would be 3.3 per cent of GDP.
- This will be almost three times the outlay in 2019-20.
- The 'Effective Capital Expenditure' of the Centre is budgeted at Rs 13.7 lakh crore, which will be 4.5 per cent of GDP.
- **Support to State Governments for Capital Investment-** 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, with a significantly enhanced outlay of Rs 1.3 lakh crore.

Infrastructure and Investment

Incentives to boost Investment in Infrastructure and productive capacity

Multiplier
Impact →

Rise in growth and employment



Increased capital investment outlay by 33.4% to ₹10 lakh crore



Continuation of 50 year interest free loan to State Governments to incentivize infrastructure investment



Highest ever Capital outlay of ₹2.4 lakh crore for Railways



100 transport infrastructure projects identified for end-to-end connectivity for ports, coal, steel, fertilizer sectors



Creating Urban Infrastructure in Tier 2 and 3 cities via establishment of UIDF**

• Railways

- The Finance Minister announced that a capital outlay of Rs 2.40 lakh crore has been provided for the Railways, which is the highest ever outlay and about 9 times the outlay made in 2013- 14.
- One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified and they will be taken up on priority with investment of Rs 75,000 crore, including Rs 15,000 crore from private sources.
- Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.
- 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.
- 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.

Priority 4: Unleashing the Potential

- For enhancing ease of doing business, more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized.
- For furthering the trust based governance, Government has introduced the Jan Vishwas Bill to amend 42 Central Acts.

- **Centres of Excellence for Artificial Intelligence**
 - For realizing the vision of “Make A-I in India and Make A-I work for India”, three centers of excellence for Artificial Intelligence will be set-up in top educational institutions.
 - Leading industry players will partner in conducting interdisciplinary research, develop cutting-edge applications and scalable problem solutions in the areas of agriculture, health, and sustainable cities, which will galvanize an effective A-I ecosystem and nurture quality human resources in the field.

- **National Data Governance Policy – :**
 - To unleash innovation and research by start-ups and academia, a National Data Governance Policy will be brought out, which will enable access to anonymized data.
 - 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.
 - On 5G Services, one hundred 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.
 - The labs will cover, among others, applications such as smart classrooms, precision farming, intelligent transport systems, and health care applications.

- **Phase-3 of the E-Courts project** to be launched with an outlay of Rs. 7,000 crore for efficient administration of justice.

- **R & D grant for Lab Grown Diamonds (LGD) sector** to encourage indigenous production of LGD seeds and machines and to reduce import dependency.

Priority 5: Green Growth



- “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.
- This Budget builds on the focus on green growth. The recently launched National Green Hydrogen Mission, with an outlay of Rs 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. The target is to reach an annual production of 5 MMT by 2030.
- The Budget also provides Rs35,000 crore for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.
- To steer the economy on the sustainable development path, Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap Funding.
- Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed with investment of Rs 20,700 crore including central support of Rs 8,300 crore.

- **“PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth” (PM-PRANAM)** to be launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.
- **‘Mangrove Initiative for Shoreline Habitats & 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 incentivize and mobilize 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 bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.
- **GOBARdhan scheme-**
 - Smt. Nirmala Sitharaman announced that 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 Rs 10,000 crore.
 - In due course, a 5 per cent CBG mandate will be introduced for all organizations marketing natural and bio gas and for collection of bio-mass and distribution of bio-manure, appropriate fiscal support will be provided.
- **Bhartiya Prakritik Kheti Bio-Input Resource Centres**
 - The Finance Minister announced that over the next 3 years, the Centre will facilitate one 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.
 - In furtherance of the vehicle scrapping policy mentioned in Budget 2021-22, she has allocated adequate funds to scrap old vehicles of the Central Government and States will also be supported in replacing old vehicles and ambulances.

Priority 6: Youth Power

- The Finance Minister said that to empower the youth and help the ‘Amrit Peedhi’ realize their dreams, Government has formulated the National Education Policy, focused on skilling, adopted economic policies that facilitate job creation at scale, and have supported business opportunities.
- Pradhan Mantri Kaushal Vikas Yojana 4.0 will be launched to skill lakhs of youth within the next three years. On-job training, industry partnership, and alignment of

courses with needs of industry will be emphasized. 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.
- **National Apprenticeship Promotion Scheme-** To provide stipend support to 47 lakh youth in three years, Direct Benefit Transfer under a pan-India National Apprenticeship Promotion Scheme will be rolled out.
- **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.

Priority 7: Financial Sector

The infographic features a red and blue background with a circular image of three young people (two women and one man) looking at a laptop. At the top, there are logos for Pib, 75 Azadi Ka Amrit Mahotsav, and G20. A central blue circle contains the text 'UNION BUDGET 2023-24'.

Youth Power

Empowering 'Amrit Peedhi'

- **Pradhan Mantri Kaushal Vikas Yojana 4.0**
 - › On-job training, industry partnership, new age courses like AI, robotics, mechatronics, 3D printing, drones, etc
- **Skill India Digital Platform**
 - › Expanding digital ecosystem to enable demand-based formal skilling, linking with employers and facilitating access to entrepreneurship schemes

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Youth Power

Empowering 'Amrit Peedhi'

- **National Apprenticeship Promotion Scheme**
 - › To provide stipend support to 47 lakh youth in three years
- **Boosting Tourism**
 - › 50 destinations to be selected and developed as complete package for domestic & foreign tourists
- **Setting Up Of Unity Malls In State Capitals**
 - › For promotion and sale of ODOPs (One District, One Product), GI and handicraft products

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Financial Sector

Setting up of National Financial Information registry

To enable efficient lending, promote financial inclusion and enhance financial stability

Setting up of a Central Data processing Centre

For faster handling of administrative work under the Companies Act

Credit Guarantee scheme for MSMEs

Expanded corpus under a revamped scheme to enable additional collateral free guaranteed credit of ₹2 lakh crore



Mahila Samman Bachat Patra

One-time new small savings scheme for a 2-year period with a deposit facility of up to ₹2 lakh for women

Benefits for Senior Citizens

Enhanced maximum deposit limit for senior citizens savings scheme from ₹15 lakh to ₹30 lakh

Other Initiatives

- Initiatives to promote business activities in GIFT IFSC
- Create more trained professionals in Securities Markets via award of educational certificates

- **Credit Guarantee for MSMEs** – The revamped scheme of **Credit Guarantee for MSMEs** 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. Further, the cost of the credit will be reduced by about 1 per cent.
- Other Initiatives –
 - 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 will govern this credit public infrastructure, and it will be designed in consultation with the RBI.
 - 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 commemorating 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 for a tenor of 2 years at fixed interest rate of 7.5 per cent with partial withdrawal option.
 - **Senior Citizens** : The finance minister announced that the maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from Rs 15 lakh to

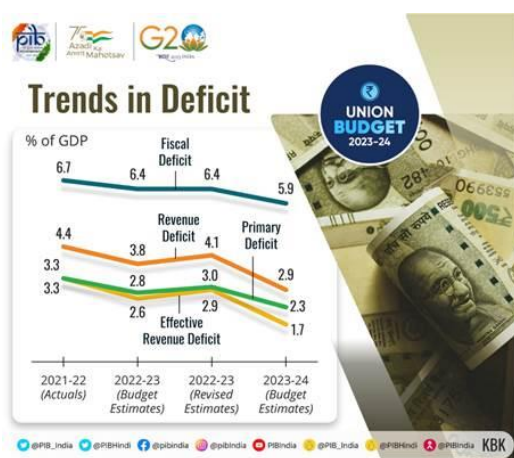
Rs 30 lakh. Also, the maximum deposit limit for Monthly Income Account Scheme will be enhanced from Rs 4.5 lakh to Rs 9 lakh for single account and from Rs 9 lakh to Rs 15 lakh for joint account.

Fiscal Management

- **Fifty-year loan to states** An entire fifty-year loan to states has to be spent on capital expenditure within 2023-24. Most of this will be at the discretion of states, but a part will be conditional on states increasing their actual capital expenditure. Parts of the outlay will also be linked to, or allocated for, the following purposes: like
 - Scrapping old government vehicles,
 - Urban planning reforms and actions,
 - Financing reforms in urban local bodies to make them, creditworthy for municipal bonds
 - Housing for police personnel above or as part of police stations,
 - Constructing Unity Malls,
 - Children and adolescents' libraries and digital infrastructure and
 - State share of capital expenditure of central schemes.

Budget Estimates 2023-24

- The total receipts other than borrowings and the total expenditure are estimated at Rs 27.2 lakh crore and Rs 45 lakh crore respectively. The net tax receipts are estimated at Rs 23.3 lakh crore.
- The fiscal deficit is estimated to be 5.9 per cent of GDP.
- Government plans to continue the path of fiscal consolidation, reaching a fiscal deficit below 4.5 per cent by 2025-26 with a fairly steady decline over the period.



- Government has adhered to this path, and reiterated to bring the fiscal deficit below 4.5 per cent of GDP by 2025-26.

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**, meaning that persons in the new tax regime with income upto ₹ 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 ₹ 3 lakh. This will provide major relief to all taxpayers in the new regime.
 - The benefit of standard deduction has been extended to the salaried class and the pensioners including family pensioner under the new tax regime. Salaried individual will get standard deduction of ₹ 50,000 and pensioner ₹ 15,000 as per the proposal. Each salaried person with an income of ₹ 15.5 lakh or more will thus gain ₹ 52,500, from the above proposals.
 - The highest surcharge rate in personal income tax has been reduced 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 limit of tax exemption on leave encashment on retirement of non-government salaried employees has been increased from ₹3 lakh to ₹25 lakh.
 - The new income tax regime has been made the default tax regime. However, the citizens will continue to have the option to avail the benefit of the old tax regime.

Indirect Tax Proposals

- The indirect tax proposals announced in the budget is emphasized on simplification of tax structure with fewer tax rates so as to help in reducing compliance burden and improving tax administration.
- **Green Mobility** – To avoid cascading of taxes on blended compressed natural gas, excise duty on GST-paid compressed bio-gas contained in it has been exempted from excise duty.
- **Electronics** – To further deepen domestic value addition in manufacture of mobile phones, the Finance Minister announced relief in customs duty on import of certain parts and inputs like camera lens and also open cells on tv panels
- **Electricals** – The Budget also proposes changes in the basic customs duty to rectify inversion of duty structure and encourage manufacturing of electrical kitchen chimneys
- **Chemical and Petrochemicals** – Denatured ethyl alcohol has been exempted from basic customs duty. Basic customs duty has also been reduced on acid grade fluorspar and crude glycerin.

- Marine Products -Duty is being reduced on key inputs for domestic manufacture of shrimp feed.
- Lab Grown Diamonds – Basic customs duty on seeds used in the manufacture of Lab Grown Diamonds has also been reduced.
- Precious Metals – The import duty on silver dore, bars and articles has been increased to align them with that on gold and platinum. Increase custom duties on articles from Gold and Platinum
- Compounded Rubber – The basic customs duty rate on compounded rubber has been increased
- Cigarettes – National Calamity Contingent Duty on specified cigarettes has been revised upwards by about 16%.

Common IT Return Form

- The Union Budget also proposes to roll out a next-generation common IT return form for tax payer convenience.
- It also stipulates a plan to strengthen the grievance redressal mechanism for direct taxes.
- Deployment of about 100 Joint Commissioners for disposals of small appeals in direct tax matters.

Better targeting of tax concessions

- For better targeting of tax concessions and exemptions, deduction from capital gains on investment in residential house has been capped at ₹ 10 crore.
- Income tax exemption from proceeds of insurance policies with very high value will also have limit.
- There are a number of proposals relating to rationalization and simplification of direct taxes in the Union Budget.
- Other major proposals in the Budget relate to Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31.03.2025; Decriminalisation under section 276A of the Income Tax Act; Allowing carry forward of losses on strategic disinvestment including that of IDBI Bank; and Providing EEE status to Agniveer Fund.

Proposals relating to MSMEs

- Describing MSMEs as growth engines of our economy, the Budget proposes enhanced limits for micro enterprises and certain professionals for availing the benefit of presumptive taxation.

- To support MSMEs in timely receipt of payments, the Budget allows deduction for expenditure incurred on payments made to them only when payment is actually made.

Cooperation

- The Budget has a slew of proposals for the cooperative sector. New cooperatives that commence manufacturing activities till 31st March next year shall get the benefit of a lower tax rate of 15%.
- The Budget provides an opportunity to sugar cooperatives to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure.
- A higher limit of ₹ 2 lakh per member has been provided for cash deposits to and loans in cash by Primary Agricultural Cooperative Societies and Primary Cooperative Agriculture and Rural Development Banks.
- The Budget proposes a higher limit of ₹ 3 crore for TDS on cash withdrawal for cooperative societies.

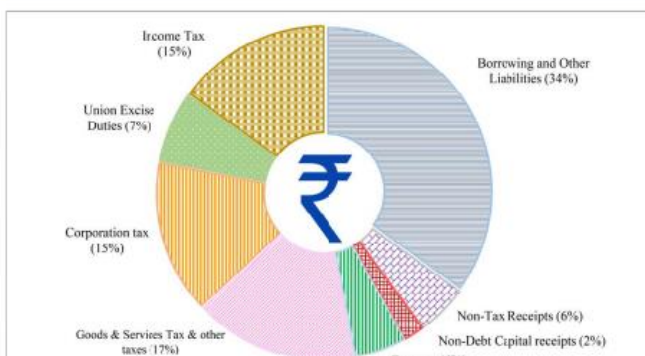
Start-ups

- The Budget proposes to extend the date of incorporation for income tax benefits to start-ups from 31.03.2023 to 31.03.2024.
- It also provides the benefit of carry forward of losses on change of shareholding of start-ups from 7 years of incorporation to 10 years.

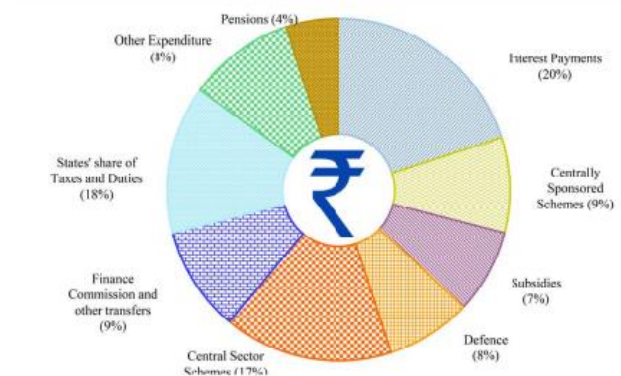
Amendments in CGST Act

- The Budget provides for amending the CGST Act so as 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%. It will also decriminalize certain clauses of the Act 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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