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Budget 2023-24 Highlights

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Budget 2023 Highlights

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- Finance Minister Nirmala Sitharaman presented the Union Budget 2023, the fifth budget on February 01 (Wednesday). The Finance Minister said that the Union Budget 2023-24 aimed at the overall development of the Indian Economy with respect to the global perspective. She also said that the Budget proposals for the 2023-24 financial year rest on envisioning a prosperous and inclusive India, in which the fruits of development reach all regions and citizens, especially our youth, women, farmers, OBCs, Scheduled Castes and Scheduled Tribes.
- Finance Minister Nirmala Sitharaman said “This Budget hopes to build on the foundation laid in the previous Budget, and the blueprint drawn for **India@100**. We envision a prosperous and inclusive India, in which the fruits of development reach all regions and citizens, especially our youth, women, farmers, OBCs, Scheduled Castes, and Scheduled Tribes.”
- While presenting the Budget 2023-24, the Finance Minister also said “ In these nine years, the Indian economy has increased in size from being 10th to 5th largest in the world. We have significantly improved our position as a well-governed and innovative country with a conducive environment for business as reflected in several global indices. We have made significant progress in many Sustainable Development Goals.”
- The economic agenda for achieving this vision focuses on three things: first, facilitating ample opportunities for citizens, especially the youth, to fulfill their aspirations; second, providing a strong impetus to growth and job creation; and third, strengthening macroeconomic stability.

India Budget 2023 Overview

- **In RE 2022-23, the total expenditure has been estimated at 41,87,232 crore which is more than the Actuals of FY 2021-22 by 3,93,431 crore. The total capital expenditure in RE 2022-23 is estimated at 7,28,274 crore.**
- The total expenditure in BE 2023-24 is estimated at **45,03,097 crore** of which total capital expenditure is **10,00,961 crore**. Budget 2023-24 reflects continuing strong commitment of the Union Government to boost economic growth by investing in infrastructure development leading to an increase in capital expenditure by 37.4 percent over RE 2022-23. Effective Capital Expenditure, at **13,70,949 crore** in BE 2023-24, shows an increase of 30.1 percent over RE 2022-23.



- Total resources being transferred to the States including the devolution of State's share, Grants/Loans and releases under Centrally Sponsored Schemes, etc. in BE 2023-24 is **17,97,537** crore, which shows an increase of 1,43,056 crore over Actuals of FY 2021-22.

Priorities of Budget 2023-24:

- The Budget 2023-24 adopts the following seven priorities. They complement each other and act as the '**Saptarishi**' guiding us through the **Amrit Kaal**.
 - **Inclusive Development**
 - **Reaching the Last Mile**
 - **Infrastructure and Investment**
 - **Unleashing the Potential**
 - **Green Growth**
 - **Youth Power**
 - **Financial Sector**

Budget 2023 Highlights: Top 10 Key Summary

- In the Union Budget 2023-24 there were remarkable changes to the personal income tax structure in a year. Currently, those with income up to Rs. 5 lakhs do not pay any income tax in both old and new tax regimes. **The rebate limit has been increased to Rs. 7 lakhs in the new tax regime. Thus, persons in the new tax regime, with income up to 7 lakhs will not have to pay any tax.**
- The second proposal relates to middle-class individuals and was introduced, in the year 2020. According to the new personal income tax regime with six income slabs starting from Rs.2.5 lakhs. The change in the tax structure in this regime by reducing the number of slabs to five and increasing the tax exemption limit to Rs. 3 lakhs. **The new tax rates are.**

Annual Income	Revised Tax Slab
0-3 lakh	Nil
3-6 lakh	5 percent
6-9 lakh	10 percent
9-12 lakh	15 percent
12-15 lakh	20 percent
Above 15 lakh	30 percent

Budget 2023 Highlights: Union Budget FY 2023-2024 in a Glance

- Per capita income has more than doubled to ₹1.97 lakhs in around nine years
- Indian economy has increased in size from being 10th to 5th largest in the world in the past nine years



- EPFO membership has more than doubled to 27 crores.
- 7,400 crore digital payments of ₹126 lakh crore have taken place through UPI in 2022.
- 11.7 crore household toilets constructed under Swachh Bharat Mission.
- 9.6 crore LPG connections provided under Ujjwala.
- 220 crore covid vaccination 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.
- Seven priorities of the budget 'Saptarishi' are inclusive development, reaching the last mile, infrastructure and investment, unleashing the potential, green growth, youth power, and the financial sector.

Ministry Wise Budget 2023 Key Highlights are as follows:

Road Transport Budget:

- By 2030, the govt aims to produce 5 MMT of green hydrogen. Recently launched National Green Hydrogen with an outlay of Rs 19,700 crore
- To achieve net zero and transition to a sustainable energy system, Rs 35,000 crore has been allocated to the Ministry of petroleum and natural gas.
- 100 critical transport infrastructure project 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 an investment of Rs 75,000 crore, including Rs 15,000 crore from private sources.
- Rs 5,172 crore has been allotted for the FAME II scheme.
- Rs 2.70 lakh crore has been allotted to the Ministry of Road Transport and Highways (MoRTH).

Railways Budget:

- Major push for Railways with Rs. 2.4 lakh crore capital outlay
- Railways plan to refurbish more than 1,000 coaches of premier trains
- Proposed to manufacture 35 hydrogen fuel-based trains, 4,500 newly designed automobile carrier coaches with side entry, 5,000 LHB coaches and 58,000 wagons

Agriculture Budget:

- **Digital Public Infrastructure for Agriculture:** Digital public infrastructure for agriculture will be built as an open source, open standard, and interoperable 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 the growth of the 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. The Fund will aim at bringing innovative and affordable solutions for challenges faced by farmers. It will also bring in modern technologies to transform agricultural practices and increase productivity and profitability.



- **Enhancing the productivity of cotton crop:** To enhance the productivity of extra-long staple cotton, we will adopt a cluster-based and value chain approach through Public Private Partnerships (PPP). This will mean collaboration between farmers, the state, and industry for input supplies, extension services, and market linkages.
- **Atmanirbhar Horticulture Clean Plant Program:** We will launch an Atmanirbhar Clean Plant Program to boost the availability of disease-free, quality planting material for high-value horticultural crops at an outlay of ` 2,200 crores.
- **Global Hub for Millets 'Shree Anna':** Now 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:** The agriculture credit target will be increased to 20 lakh crore with a focus on animal husbandry, dairy, and fisheries.
- **Fisheries:** A new sub-scheme of **PM Matsya Sampada Yojana** with a targeted investment of ` 6,000 crores 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 a cooperative-based economic development model. A new Ministry of Cooperation was formed with a mandate to realize the vision of 'Sahakar Se Samridhi'. To realize this vision, the government has already initiated the computerization of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of 2,516 crores. 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 the country-wide mapping of cooperative societies.

MSME Budget:

- Deduction for expenditure incurred on payments made to MSMEs to be allowed only when payment is actually made in order to support MSMEs in timely receipt of payments.
- Revamped credit guarantee scheme for MSMEs to take effect from 1st April 2023 through the 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 percent.

Skill Development Budget:

- **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.

Education Budget:

- As many as 38,000 teachers and support staff are to be recruited in the next 3 years, for 740 Eklavya Model Residential Schools serving 3.5 lakh tribal students
- **Eklavya Schools: The government will launch Pradhan Mantri Kaushal Vikas Yojana 4.0**
- 100 labs will be set up for developing apps using 5G services in engineering institutions
- Teacher training will be envisioned through innovative pedagogy, continuous professional development, curriculum transaction, and ICT implementation. The district institutes of education and training will be developed into vibrant institutes of excellence for this purpose



- **National Child Trust, Children's Book Trust** and other sources to be encouraged to provide and replenish non-curricular titles in regional languages and English, to these libraries; collaboration with NGOs working in literacy also to be done
- **PM VIKAS (Pradhan Mantri Vishwakarma Kaushal Samman)**, which was announced in Budget 2023, will include skilled people who are engaged in various traditional and skilled professions.
- To skill the youth for international opportunities, 30 Skill India International Centres will be set up across different States
- To provide support to 47 lakh youths in 3 years, a Direct Benefit Transfer under a pan India national apprenticeship scheme will be rolled out
- A National Digital Library for children and adolescents will be set up for facilitating the 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
- 157 new nursing colleges will be established in colocation with the existing 157 medical colleges established since 2014
- Indian Institute of Millet Research will be supported as a centre of excellence
- For realizing the vision of Make AI in India and Make AI work for India, 3 Centres of Excellence for Artificial Intelligence will be set up in top educational institutions.
- Leading industry players will partner in conducting inter-disciplinary research, develop cutting-edge applications & scalable problem solutions in the areas of agriculture, health and sustainable cities

Health Budget:

- The Union health and family welfare ministry has been allocated Rs 89, 155 crore in the Union budget FY24
- For the upcoming financial year, Rs 86,175 crore has been allocated to the department of health and family welfare while Rs 2,980 crore has been allocated to the department of health research.
- In the ongoing fiscal, the budget spent on the department of health and family welfare is Rs 76, 370 while Rs 2,775 crore had been marked for the department of health research.

Banking Budget:

- **National Financial Information Registry** to be set up to serve as the central repository of financial and ancillary information for facilitating the efficient flow of credit, promoting financial inclusion, and fostering financial stability. A new legislative framework is to be designed in consultation with RBI to govern this credit public infrastructure.
- Financial sector regulators to carry out a comprehensive review of existing regulations in consultation with public and regulated entities. Time limits to decide the applications under various regulations would also be laid down.
- 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 a foreign bank.
- Establishing a subsidiary of EXIM Bank for trade refinancing.



- Amending IFSCA Act for statutory provisions for arbitration, and ancillary services, and avoiding dual regulation under SEZ Act
- Recognizing offshore derivative instruments as valid contracts.
- 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.
- Countries looking for digital continuity solutions would be facilitated for setting up their Data Embassies in GIFT IFSC.
- SEBI to be empowered to develop, regulate, maintain and enforce norms and standards for education in the National Institute of Securities Markets and to recognize the award of degrees, diplomas and certificates

Urban Planning Budget:

- Urban Infrastructure Development Fund (UIDF) will be established through the 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.
- Encouragement to states and cities to undertake urban planning reforms and actions to transform our cities into 'sustainable cities of tomorrow'.

Fiscal Management Budget:

The key highlights of the Budget 2023-24 Direct Taxes (Part B) are as follows:

- Direct Tax proposals aim to maintain continuity and stability of taxation, further simplify and rationalize various provisions to reduce the compliance burden, promote the entrepreneurial spirit and provide tax relief to citizens.
- The constant endeavor of the Income Tax Department to improve Tax Payers Services by making compliance easy and smooth.
- To further improve taxpayer services, a proposal to roll out a next-generation Common IT Return Form for taxpayer convenience, along with plans to strengthen the grievance redressal mechanism.
- Rebate limit of Personal Income Tax to be increased to Rs. 7 lakhs from the current Rs. 5 lakhs in the new tax regime. Thus, persons in the new tax regime, with income up to Rs. 7 lakhs do not pay any tax.
- Tax structure in the 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 lakhs. Change to provide major relief to all taxpayers in the new regime.
- Proposal to extend the benefit of a standard deduction of Rs. 50,000 to salaried individuals, and deduction from family pensions up to Rs. 15,000, in the new tax regime.
- Highest surcharge rate to reduce from 37 percent to 25 percent in the new tax regime. This to further result in the reduction of the maximum personal income tax rate to 39 percent.
- The limit for tax exemption on leave encashment on the retirement of non-government salaried employees to increase to Rs. 25 lakhs.
- The new income tax regime is to be made the default tax regime. However, citizens will continue to have the option to avail the benefit of the old tax regime.



- Enhanced limits for micro-enterprises and certain professionals for availing the benefit of presumptive taxation proposed. Increased limit to apply only in case the amount or aggregate of the amounts received during the year, in cash, does not exceed five percent of the total gross receipts/turnover.
- Deduction for expenditure incurred on payments made to MSMEs to be allowed only when payment is actually made in order to support MSMEs in timely receipt of payments.
- New co-operatives that commence manufacturing activities till 31.3.2024 to get the benefit of a lower tax rate of 15 percent, as presently available to new manufacturing companies.
- Opportunity provided to sugar co-operatives to claim payments made to sugarcane farmers for the period prior to the assessment year 2016-17 as an expenditure. This is expected to provide them relief of almost Rs. 10,000 crores.
- 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).
- A higher limit of Rs. 3 crores for TDS on cash withdrawal is to be provided to cooperative societies.
- 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 carrying forward losses on change of shareholding of start-ups from seven years of incorporation to ten years.
- Deduction from capital gains on investment in residential houses under sections 54 and 54F to be capped at Rs. 10 crores for better targeting of tax concessions and exemptions.
- Proposal to limit income tax exemption from proceeds of insurance policies with very high value. Where the aggregate premium for life insurance policies (other than ULIP) issued on or after 1st April 2023 is above Rs. 5 lakhs, income from only those policies with aggregate premiums up to Rs. 5 lakhs shall be exempt.
- 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 the electronic gold receipt and vice versa is not to be treated as a capital gain.
- TDS rate to be reduced from 30 percent to 20 percent on the taxable portion of EPF withdrawal in non-PAN cases.
- Income from Market Linked Debentures to be taxed.
- Deployment of about 100 Joint Commissioners for disposal of small appeals in order to reduce the pendency of appeals at the Commissioner level.
- Increased selectivity in taking up appeal cases for scrutiny of returns already received this year.
- Period of tax benefits to funds relocating to IFSC, GIFT City extended till 31.03.2025.
- Certain acts of omission of liquidators under section 276A of the Income Tax Act to be decriminalized with effect from 1st April, 2023.
- Carry forward 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.



The key highlights of the Budget 2023-24 Indirect Taxes are as follows:

- The key highlights of the Budget 2023-24 Sector-Specific are as follows:
- Number of basic customs duty rates on goods, other than textiles and agriculture, reduced to 13 from 21.
- Minor changes in the basic customs duties, cesses, and surcharges on some items including toys, bicycles, automobiles, and naphtha.
- Excise duty exempted on GST-paid compressed biogas contained in blended compressed natural gas.
- Customs Duty on specified capital goods/machinery for the manufacture of the lithium-ion cell for use in batteries of electrically operated vehicles (EVs) extended to 31.03.2024
- Customs duty exempted on vehicles, specified automobile parts/components, sub-systems, and tyres when imported by notified testing agencies, for the purpose of testing and/ or certification, subject to conditions.
- Customs duty on the camera lens and its inputs/parts for use in the manufacture of the camera module of cellular mobile phones was reduced to zero and concessional duty on lithium-ion cells for batteries was extended for another year.
- Basic customs duty reduced on parts of open cells of TV panels to 2.5 percent.
- Basic customs duty on electric kitchen chimneys increased to 15 percent from 7.5 percent.
- Basic customs duty on heat coil for the manufacture of electric kitchen chimneys reduced to 15 percent from 20 percent.
- Denatured ethyl alcohol used in the chemical industry is exempted from basic customs duty.
- Basic customs duty reduced on acid grade fluorspar (containing by weight more than 97 percent of calcium fluoride) to 2.5 percent from 5 percent.
- Basic customs duty on crude glycerin for use in the manufacture of epichlorohydrin reduced to 2.5 percent from 7.5 percent.
- 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.
- Duties on articles made from dore and bars of gold and platinum increased.
- Import duty on silver dore, bars, and articles increased.
- Basic Customs Duty exemption on raw materials for the manufacture of CRGO Steel, ferrous scrap, and nickel cathode continued.
- Concessional BCD of 2.5 percent on copper scrap is continued.
- Basic customs duty rate on compounded rubber increased to 25 percent from 10 percent or 30 per kg whichever is lower.
- National Calamity Contingent Duty (NCCD) on specified cigarettes revised upwards by about 16 percent.
- Legislative Changes in Customs Laws
- Customs Act, 1962 to be amended to specify a time limit of nine months from the date of filing the application for passing the final order by the 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 crores



- to reduce the compounding amount from the present range of 50 to 150 percent of tax amount to the range of 25 to 100 percent;
- decriminalize certain offenses;
- to restrict the 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 the intra-state supply of goods through E-Commerce Operators (ECOs).

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