



# Union Budget 2023-24

## Why in News?

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 1<sup>st</sup> 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, Scheduled Castes, Scheduled Tribes**, Other Backward Classes (**OBCs**), Divyangjan (**PwDs**) and Economically Weaker Sections (**EWS**),
  - Overall **priority for the underprivileged** (vanchiton ko varyata),
  - 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 Samridhi**", 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 Agneepath 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:**

Tax Rate	Current Income Slab	Proposed Income Slab
Nil	Up to Rs 2.5 lakh	Up to Rs 3 lakh

5%	Rs 2.5 lakh to Rs 5 lakh	Rs 3 lakh to Rs 6 lakh
10%	Rs 5 lakh to Rs 7.5 lakh	Rs 6 lakh to Rs 9 lakh
15%	Rs 7.5 lakh to Rs 10 lakh	Rs 9 lakh to Rs 12 lakh
20%	Rs 10 lakh to Rs 12 lakh	Rs 12 lakh to Rs 15 lakh
25%	Rs 12 lakh to Rs 15 lakh	-
30%	Above Rs 15 lakh	Above Rs 15 lakh

## 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 \(ECOs\)](#)**.

## **Where does the Rupee Come from and where does it Go?**

**[Source: Union Budget 2023-24](#)**

PDF Refernece URL: <https://www.drishtias.com/printpdf/union-budget-2023-24>