

Finance Minister Nirmala Sitharaman on 1st Feb presented the Union Budget 2023. This is the first Budget in Amrit Kaal. India's economic growth in the current year is estimated to be 7%, highest among major economies. Finance Minister added that the economy is on the right track despite challenges. The Finance Minister said that India's G20 presidency provides a unique opportunity to strengthen India's role in the world economic order. The vision for the 'Amrit Kaal' includes a technology-driven and knowledge-based economy, with strong public finances and a robust financial sector. Budget 2023 continues to drive the investment push from the top as the government engages all levers to ensure that the Indian economy remains the fastest growing large economy.

Key Highlights:

Economic Agenda & Budget Priorities: Economic agenda focuses on three things – facilitating ample opportunity for citizens, providing a stronger impetus to growth and job creation, stabilizing the macro-economy. The Budget adopts the following seven priorities. They complement each other and act as the 'Saptarishi' guiding us through the Amrit Kaal. 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.

Capex Boost & Infrastructure: The government has envisaged a massive 33% boost to Capex in FY24. 3 continuous years of large capex spending has resulted in spends now accounting for over 3% of India's GDP a significant improvement in productive expenditure.

- A capital outlay of Rs. 2.40 lakh crore has been provided for railways. The highest ever outlay is about 9 times the outlay made in 2013-2014.
- 100 critical transport infrastructure projects, 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 investment of Rs. 75,000 crore, including Rs. 15,000 crore from private sources.
- 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.
- Capital investment outlay is being increased steeply for the third year in a row by 33% to Rs 10 lakh crore, which would be 3.3% of GDP.
- Effective Capital Expenditure of the Centre is budgeted at Rs 13.7 lakh crore which will be 4.5% of GDP.
- Free loans to state governments has been continued for an additional year to incentivize them for investments in infrastructure.

Fiscal Consolidation:

- India sets Fiscal Deficit target at 5.9% of the GDP for FY24 with gross market borrowing at Rs. 5.43 lakh crore and net market borrowings at Rs. 11.8 lakh crore.
- Central government has laid out a fiscal path that envisages the Central deficit being brought down by ~2% of GDP to 4.5% of GDP by 2025-26 from 6.4% of GDP this year.
- States will be allowed a fiscal deficit of 3.5% of GDP of which 0.5% will be tied to power sector reforms
- 50-year interest free loan will be provided to states, where in it needs to be spent within 2023 – 24 on capital expenditure.

Financial Sector:

- Credit Guarantee for MSMEs will enable additional collateral-free guaranteed credit of Rs 2 lakh crore.
- A national financial information registry will be set up to facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.
- To improve bank governance and enhance investors' protection, certain amendments will be made.
- SEBI will be empowered to develop, regulate, maintain and enforce norms and standards for education in the National Institute of Securities Markets and to recognize award of degrees, diplomas and certificates.
- For investors to reclaim unclaimed shares and unpaid dividends from the IAP fund with ease, an integrated IT portal will be established.
- Mahila Samman Bachat Patra a one-time new small savings scheme will be made available for a two-year period up to March 2025 at fixed interest rate of 7.5 %.
- Senior Citizen Savings Scheme will be enhanced from Rs 15 lakh to Rs 30 lakh.

Healthcare, Education & Skilling Sector:

- 157 new nursing colleges will be established.
- Elimination of Sickle Cell Anaemia by 2047 will be launched
- Research facilities in select ICMR Labs will be made available for private and public teams
- Program to promote research and innovation in pharmaceuticals will be taken up through centers of excellence.
- A National Digital Library for children and adolescents will be set-up for facilitating availability of quality books across geographies and languages with device agnostic accessibility.

Agriculture and Co-operation

- A set up to encourage young agricultural entrepreneurs in rural areas and provide them with relevant information and improved farm inputs and support for growth of agri – tech industry and start-ups.
- Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops.
- Indian Institute of Millet Research, Hyderabad will be supported as the Centre of Excellence in making India a global hub for Shree Anna.
- Agricultural Credit will be increased to Rs 20 lac crores with focus on animal husbandry, dairy and fisheries.

Tax:

- New slabs and Tax rates are as follows:

Total Income (Rs)	Rate (%)
Up to 3,00,000	Nil
From 3,00,001 to 6,00,000	5
From 6,00,001 to 9,00,000	10
From 9,00,001 to 12,00,000	15
From 12,00,001 to 15,00,000	20
Above 15,00,000	30

- Income of up to Rs. 7lakh will not have to pay any tax. Rebate limit raised from Rs. 5 lakh to Rs. 7lakh in the new regime
- The new tax regime will now be the default tax regime, but citizens can still avail of benefits under old tax regime on opt-out basis.
- Surcharge for higher tax-slab reduced to 25% from 37%, this would result in the reduction of the maximum tax rate from 42.7% to 39%.
- Leave Encashment limit increased from Rs. 3lakhs to Rs. 25lakh
- **MSMEs and Professionals:** Enhanced limits of Rs 3 crore and 75 lakhs respectively, to the tax payers whose cash receipts are no more than 5%
- **Cooperation:** New co-operatives that commence manufacturing activities till 31.3.2024 shall get the benefit of a lower tax rate of 15% Higher limit of Rs 2 lakhs per member for deposit in cash by PACs and PCARDBs. Higher limit of Rs 3 crores for TDS on cash withdrawal for co-operative societies.
- **Start-Ups:** Extension of the date of incorporation by one year for income tax benefits to start-ups Benefit of carry forward of losses on change of shareholding of start-ups for 7 years of incorporation to 10 years.
- **Indirect Taxes:** Aims to promote exports, boost domestic manufacturing, enhance domestic value addition, encourage green energy and mobility. Reduction in basic customs duty rates on goods, other than textiles and agriculture, from 21% to 13%.
- **Electronics:** Addition in manufacturing of mobile phones, further deepens domestic value. Electrical: Basic customs duty on electric kitchen chimney is being increased from 7.5% to 15% and heat coils to be reduced from 20% to 15%.
- **Compounded Rubber:** Customs duty on compounded rubber is being increased from 10% to 25% or 30/kg whichever is lower. Cigarettes: To be revised upwards by 16%.

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