

Union Budget 2023-24

Highlights

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UNION BUDGET 2023-24

PHD Chamber Viewpoint

Demand Sustaining, Investment Inducing and Growth-Oriented Union Budget 2023-24: PHD Chamber

PHD Chamber of Commerce and Industry has congratulated Mrs Nirmala Sitharaman, Honourable Finance Minister, for presenting demand sustaining, investment inducing and growth-oriented union budget 2023-24.

Budget 2023-24 has been announced at a time when India finds itself in the bright spot as the growth of Indian economy is highest among the leading economies.

Inflation has come down with the calibrated efforts of the government. Domestic demand is showing sound signs of recovery. The credit for MSMEs sector has shown around 30% growth.

The Honourable Finance Minister, Smt Nirmala Sitharaman should be praised for reducing tax slabs and furthering economic growth by increasing the budget for infrastructure. The government has presented an ambitious budget that is expected to have a significant impact on various sectors.

The Prime Minister Awas Yojana has seen a remarkable 66% increase in its funding, from 47,500 crores in the previous year to 79,000 crores. This is a major highlight of the budget, as it provides much-needed financial assistance to countless low-income households. The generous fund allotment will allow for the improvement of existing resources and provide improved urban housing options to a large portion of the population.

The Union Finance Minister, Smt Nirmala Sitharaman has made a strong commitment to capital expenditure, which will have a positive effect on the Indian industry and create employment opportunities. In terms of investments, the central capital expenditure has been raised by a remarkable 33% - a total of Rs 10 lakh crore.

To further encourage infrastructure investment and support local industries, the Centre has provided 50-year interest-free loans to state governments for an additional year, totalling ₹1.3 lakh crore.

Additionally, the central government has raised the income tax rebate for salaried class earnings up to Rs 7 lakhs from its previous limit of Rs 5 lakhs, providing substantial relief to millions of individuals. Furthermore, the finance minister has reduced tax rates on all other applicable tax brackets, which is a step in the right direction.

This budget is also striving for inclusive growth, establishing an Agriculture Accelerator Fund to nurture agri-start-ups and promoting digital public infrastructure. This will provide farmer-centric solutions for crop planning and storage.



In addition, ambitious agricultural credit target of up to ₹20 lakh crore by 2024 prioritize animal husbandry, dairy, and fisheries, which has the potential to significantly boost the economy.

Furthermore, the government has introduced a brand-new Rs 9,000 crore loan guarantee plan to assist the MSME sector. According to her budget speech, this revision will bring down the cost of credit by 1% and offer MSMEs an extra Rs 2 lakh crore in collateral-free loans.

As tourism sector holds enough potential to generate revenue for the government and also employment creation for the youth of our economy. So, establishment of new airports and new schemes in this sector are highly appreciable. Dekho Apna Desh Scheme for Tourism has been announced. 50 New Airports will be established in the economy.

It is encouraging that the focus on infrastructure is continued in the present budget. Sufficient financial funds of 2.40 lakh crores have been earmarked for railways. This is nine times more than what was earmarked in 2014. Urban Infra Fund has been announced to ramp up cities. 100 critical infrastructure projects will also be undertaken.

As sustainable energy is the focus for our economy, so, for the energy sector, 19,700 crore outlay has been announced for National Green Hydrogen Mission. Gowardhan Scheme for promoting circular economy with total investment of Rs 10,000 crore is also announced. 10,000 Bio input research centres are also announced.

It is encouraging that the budget 2023-24 has announced number of provisions for the education sector. National digital library for Children and adolescents will be opened to cover-up the reading loss of children during pandemic times. 30 Skill India Centres will be established to make our youth more competitive and ready for market needs. New courses on medical devices will be launched. 157 New nursing colleges will be opened in India. National Educational policy will focus more on job creation and skilling of the youth through Pradhan Mantri Kaushal Vikas Yojna. This will train them to work in Industry 4.0 via training them in AI, robotics and other new age courses.

Union Budget 2023-24

The key highlights of the budget 2023-24:

PART A

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.

In the 75th year of our Independence, the world has recognised the Indian economy as a 'bright star'. Our current year's economic growth is estimated to be at 7 per cent. It is notable that this is the highest among all the major economies. This is in spite of the massive slowdown globally caused by Covid-19 and a war. The Indian economy is therefore on the right track, and despite a time of challenges, heading towards a bright future.

The efficient implementation of many schemes, with universalisation of targeted benefits, has resulted in inclusive development.

Some of the schemes are:

- i. 11.7 crore household toilets under Swachh Bharat Mission,
- ii. 9.6 crore LPG connections under Ujjawala,
- iii. 220 crore Covid vaccination of 102 crore persons,
- iv. 47.8 crore PM Jan Dhan bank accounts,
- v. Insurance cover for 44.6 crore persons under PM Suraksha Bima and PM Jeevan Jyoti Yojana, and
- vi. Cash transfer of ` 2.2 lakh crore to over 11.4 crore farmers under PM Kisan Samman Nidhi.

The Budget adopts seven priorities. They complement each other and act as the 'Saptarishi' guiding us through the Amrit Kaal.

1. Inclusive Development –

- a) **Agriculture sector-** Digital public infrastructure will be built and an Agriculture Accelerator Fund will be set-up to encourage agri- startups by young entrepreneurs. In addition, the target is to make India a global hub for 'Shree Anna', to increase agriculture credit to Rs. 20 lakh cr.
- b) **Health, Education and Skilling-** New medical colleges, labs for R&D will be provided. National digital library will set up and teacher's training will be re-envisioned.

2. Reaching the last Mile

The vision is to improve basic infrastructure and skill development in domains like health, nutrition, education and agriculture. To improve socio- economic conditions



of vulnerable tribal groups, Rs. 15000 cr is allocated. Outlay for PM Awas Yojana is being enhanced by 66 per cent to over Rs. 79,000 crore.

3. Infrastructure and Investment

Capital investment outlay is very significant driver for the economic growth of the economy due to its multiplier effect. Like the previous budget, this year's budget 2023-24 has also allocated huge funds for capital outlay – an increase of 33% amounting to 10 lakh crore.

In order to strengthen the infrastructure and fully realising its potential, an outlay of Rs 2.40 lakh crore is earmarked for Railways. In addition, 100 critical projects with an outlay of Rs 75000 crore are announced for first and last mile connectivity. 50 additional airports, heliports, water aerodromes will be revived for improving regional air connectivity.

Urban infrastructure Development Fund (UIDF) will be established to create urban infrastructure in Tier 2 and Tier 3 cities with an allocation of Rs 10,000 cr for it every year.

4. Unleashing the Potential

In order to fully exploit the potential of all the sectors, various capacity building measures are announced. Integrated online training program iGOT Karamyogi to upgrade the skills of civil servants is announced.

For capacity expansion of the businesses and to reach their production possibility frontiers, ease of doing business is of utmost significance.

Some provisions in Union Budget 2023-24 related to this are- 39,000 compliances have been reduced, more than 3400 legal provisions have been decriminalized, PAN will be used as a common identifier for all digital systems of specified government agencies and Unified Filing process is announced to fill the information on common portal which will be shared with other portals.

In case of any failure by MSMEs, 95% of the forfeited amount related to bid will be refunded. An entity Digilocker will be set up for use by MSMEs, large business and charitable trusts.

5. Green Growth

An annual production target of 5 MMT has been announced in green hydrogen sector which would curtail our import dependence of fossil fuels. As India moving towards net-zero carbon emission by 2027, an outlay of Rs 35,000 crores for priority capital investments towards energy transitions are announced.

Green Credit Programme is announced in order to incentivize environmentally sustainable actions by companies. Under the newly announced GOBARdhan Scheme, 200 compressed biogas plants and 300 community based plants will be established with total investment of 10,000 crores. To enhance the



adoption of natural farming among 1 crore farmers of the country, 10,000 Bio-Input resource Centres will be set-up.

6. Youth Power

Pradhan Mantri Kaushal Vikas Yojana 4.0 will be launched to skill lakhs of youth within the next three years. Digital ecosystem for skilling will enable formal skilling, linking with employers including MSMEs, and facilitating access to entrepreneurship schemes. Under tourism, 50 tourist destinations will be selected through challenge mode to be developed as a whole package for domestic and international tourism. States will be encouraged to set up a Unity Mall in their state capital.

7. Financial Sector

a) To strengthen Financial sector, Credit Guarantee Scheme will be revamped that will take effect from April 1, 2023, through the infusion of Rs 9,000 crore in the corpus. This will enable additional collateral-free credit of Rs 2 lakh crore to MSMEs. National Financial Information Registry will set up to facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.

b) **GIFT IFSC** - To enhance business activities in GIFT IFSC, the following measures will be taken:

- I. Delegating powers under the SEZ Act to IFSCA to avoid dual regulation
- II. Setting up a single window IT system for registration and approval
- III. Establishing a subsidiary of EXIM Bank for trade re-financing
- IV. Data Embassies in GIFT IFSC for countries looking for digital continuity solutions
- V. Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31.03.2025

c) **Capacity Building in Securities Market**

- I. Financial education in securities market will be empowered by SEBI
- II. An integrated IT portal will be established for reclaiming unclaimed shares and unpaid dividends

d) **Azadi Ka Amrit Mahotsav**

- I. **Mahila Samman Bachat Patra** –Mahila Samman Savings Certificate 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.
- II. Senior Citizen Savings Scheme will be enhanced from Rs.15 lakh to Rs30 lakh.

• Fiscal Management

a) 50 year Interest Free Loan to states has to be spent on capital expenditure for following purposes:

- I. Scrapping old government vehicles,
- II. Urban planning reforms and actions,
- III. Financing reforms in urban local bodies to make them creditworthy for municipal bonds,
- IV. Housing for police personnel above or as part of police stations,



- V. Constructing Unity Malls,
 - VI. Children and adolescents' libraries and digital infrastructure, and
 - VII. State share of capital expenditure of central schemes.
- b) States will be allowed a fiscal deficit of 3.5 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms.
 - c) **Revised Estimates 2022-23** – The total receipts other than borrowings are Rs.24.3 lakh crore. Total expenditure is Rs.41.9 lakh crore, of which the capital expenditure is about Rs 7.3 lakh crore.
 - d) The Revised Estimate of the fiscal deficit in 2022-23 is 6.4 per cent of GDP.
 - e) **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.
 - f) The fiscal deficit is estimated to be 5.9 per cent of GDP in 2023-24.
 - g) To finance the fiscal deficit in 2023-24, the net market borrowings are estimated at Rs.11.8 lakh crore. The gross market borrowings are estimated at Rs15.4 lakh crore.

PART B

Indirect Taxes

- Number of Indirect tax provisions in Union Budget 2023-24 aims to deep manufacturing, exports, enhances the domestic values addition of our Industrial sector. In order to promote the indigenous production in certain sectors and develop the domestic manufacturing capabilities- reduction of custom duty on inputs like camera lens used in mobile manufacturing, parts of open cells of TV panels (reduced to 2.5%), crude glycerine used in manufacture of epichlorhydrin (from 7.5% to 2.5%), grade fluorspar used in the flurochemicals industry (from 5% to 2.5%) is a positive sign for encouraging growth momentum of manufacturing sector.
- Exemption of custom duty is provided on denatured ethyl alcohol used in chemical industry and seeds used in the lab grown diamonds.
- On the other hand, National Calamity contingent duty (NCCD) on specific cigarettes is revised by 15%. Basic custom duty on compounded rubber is increased from 10% to 25%. Custom duties on articles made from dore and bars of gold and platinum is also proposed to increase in Union Budget 2023-24.

Direct Taxes

- **MSMEs** – The turnover limit to avail the benefit of presumptive taxation has been enhanced to Rs. 3cr and certain professionals with turnover of up to Rs 50 lacs is enhanced to Rs. 75 lakhs whose cash receipts are no more than 5 per cent.



- **Co-operative Sector** - Manufacturing activities by new co-operatives till 31.3.2024 shall get the benefit of a lower tax rate of 15 per cent. Also, a higher limit of Rs.3 crore for TDS on cash withdrawal is being provided to co-operative societies.
- **Start-Ups** - The date of incorporation for income tax benefits to start-ups is extended from 31.03.23 to 31.3.24 and the benefit of carry forward of losses on change of shareholding of start-ups is extended from seven years of incorporation to ten years.
- **Personal Income Tax** – Rebate on income up to Rs 7 lakh is a big relief announced in Budget 2023-24. The number of tax-slabs has been reduced to five under new tax-tax regime. Tax exemption limit is now increased from Rs 2.5 lakh to Rs 3 lakh in this budget. Tax relief for middle-income class earning up to annual income of Rs 15 lakh is provided through reduction in tax-rates under new tax-. There has been no relief for the people earning above Rs 15,000 lakh. Also, Highest surcharge rate has reduced from 37% to 25% in new tax regime.

KEY FEATURES

Vision for Amrit Kaal



Opportunities for Citizens with focus on the Youth

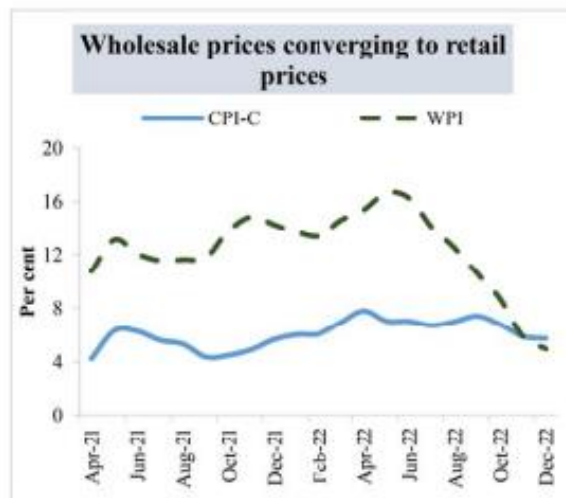
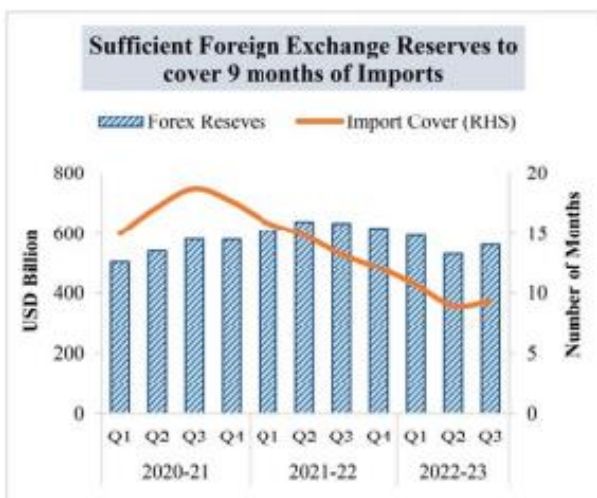
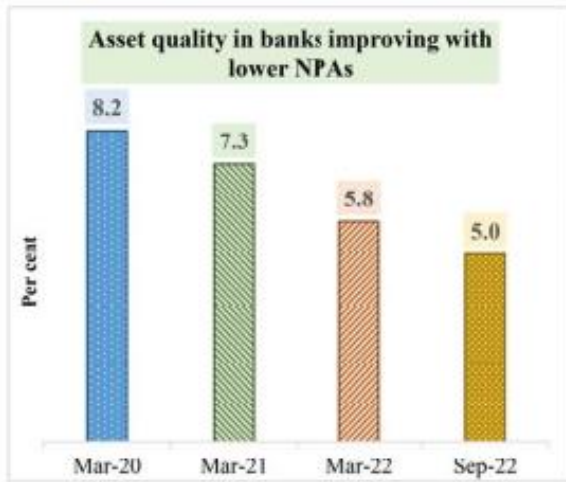
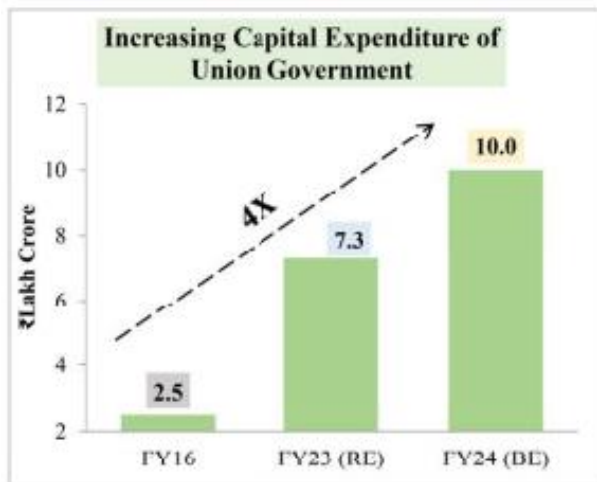
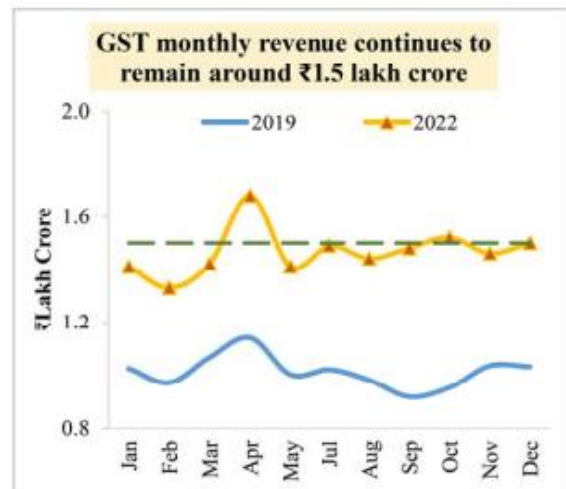
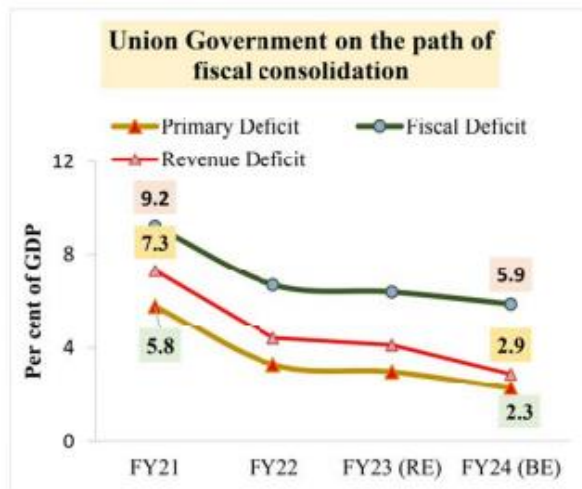
Growth and Job Creation

Strong and Stable Macro-Economic Environment

Saptarishi-7 priorities

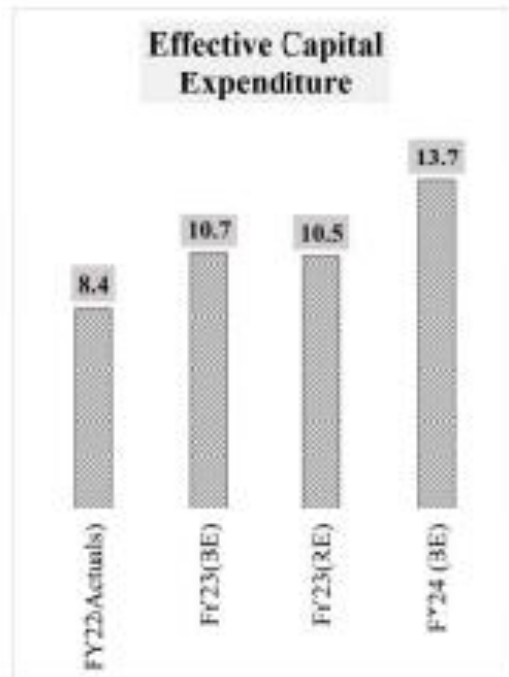
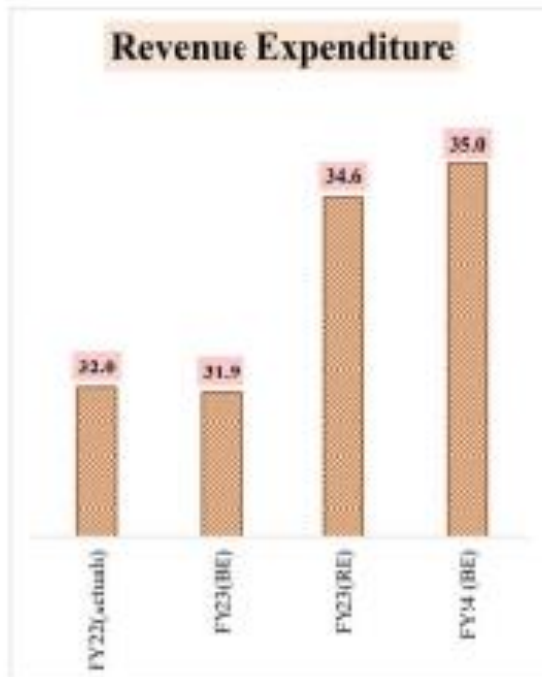
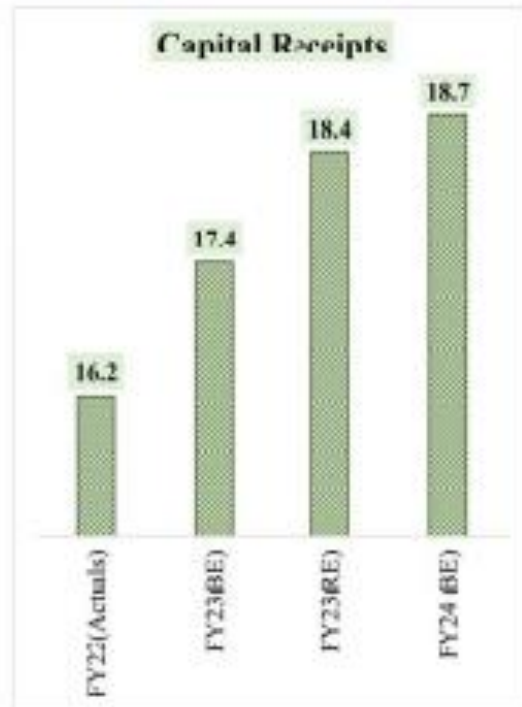
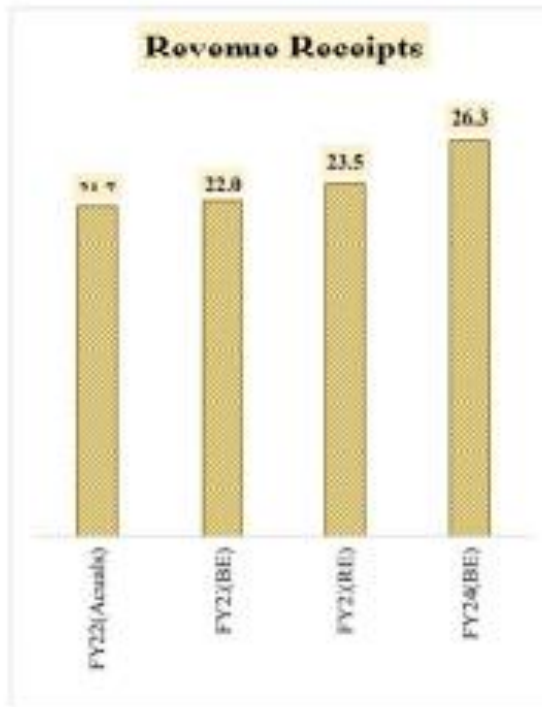


Indian Economy backed by strong macroeconomic fundamentals



BUDGET AT A GLANCE

Receipts and Expenditure (₹Lakh Crore)





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PHD Chamber of Commerce and Industry (PHDCCI) has been working as a catalyst for the promotion of Indian industry, trade and entrepreneurship for the past 116 years. It is a forward looking, proactive and dynamic PAN-India apex organization. As a partner in progress with industry and government, PHDCCI works at the grass roots level with strong national and international linkages for propelling progress, harmony and integrated development of the Indian economy.

PHDCCI, acting as the "Voice of Industry & Trade" with a large membership base of 1,50,000 direct and indirect members consisting of large, medium and small industries, has forged ahead leveraging its legacy with the industry knowledge across multiple sectors to take Indian Economy to the next level.

At the global level, we have been working with the Embassies and High Commissions in India and overseas to bring in the International Best Practices and Business Opportunities.

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