

## UNION BUDGET 2023

### *First Budget in Amrit Kaal & Fifth budget for FM*

#### **Economy**

- ❖ World has recognised Indian economy on the right track and as a bright star. Indian economy has increased in size from being 10th to 5th largest in last nine years. Indian economy has become more formalised as witnessed by significant enhancement in digital payments. Per capita income has increased to INR 1.97 lakh.
- ❖ Economy to grow at 7% in the current year. This is the highest among major economies. India is on the right track despite time of challenges. Govt's effort since 2014 have ensured better quality of life. The Government has made a significant progress in many development goals.
- ❖ Finance Minister Nirmala Sitharaman stucked to the advance estimate for current fiscal year growth of 7%. She said India is a bright start in the world economy. As such, the budget will hope to build on the foundation laid in the previous budget and the blueprint drawn for India@100.
- ❖ The vision for the Amrit Kaal includes technology-driven and knowledge-based economy, with strong public finances and a robust financial sector. To achieve this 'Janbhagidari' through 'Sabka Saath, Sabka Prayaas' is essential.
- ❖ In 2023-24, the total receipts other than borrowings and the total expenditure are estimated at INR 27.2 lakh crore and 45 lakh crore respectively. The net tax receipts are estimated at INR 23.3 lakh crore.
- ❖ The fiscal deficit is estimated to be 5.9% per cent of GDP. To finance the fiscal deficit in 2023-24, the net market borrowings from dated securities are estimated at INR 11.8 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at INR 15.4 lakh crore.

#### **Key statements**

- ❖ Under the G20 Presidency and with the theme of 'Vasudhaiva Kutumbakam', India is steering an ambitious, people-centric agenda to address global challenges, and to facilitate sustainable economic development.
- ❖ Indian economy has increased in size from being 10th to 5th largest in the world and significantly improved as a well-governed and innovative country with a conducive environment for business as reflected in several global indices.
- ❖ Made significant progress on Sustainable Development Goals
- ❖ To service these focus areas in our journey to India@100, Government of India believe that the following four opportunities can be transformative during Amrit Kaal:
  - Economic Empowerment of Women
  - PM Vishwakarma KAushal Samman (PM VIKAS)
  - Large potential to be tapped in tourism sector providing opportunities for jobs and entrepreneurship for youth in particular
  - Green Growth

#### **Seven Priorities of the Union Budget**

- |                                 |                    |
|---------------------------------|--------------------|
| ❖ Inclusive Development         | ❖ Green Growth     |
| ❖ Reaching the last mile        | ❖ Youth Power      |
| ❖ Infrastructure and Investment | ❖ Financial Sector |
| ❖ Unleashing the potential      |                    |

## OTHER KEY ANNOUNCEMENTS

### Agriculture, Food, Animal Husbandry, Dairying and Fisheries

#### Agriculture

- ❖ **Agri-tech:** To promote the growth of agri-tech, a **Digital Public Infra for agriculture** will be launched which will provide information services to farmers in a bid to improve crop planning and health. This digital infrastructure will also improve farmers access to farm inputs, credit, and insurance. In addition, it will help in crop estimation & market intelligence. The government is expecting that the initiative will also promote start-ups.
- ❖ **Agri-financing:** An Agriculture Accelerator Fund will be set-up to encourage agri-startups 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, increase productivity and profitability.
- ❖ **Horticultural crops:** An Atmanirbhar Clean Plant Program will be launched to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of INR 2,200 crore.
- ❖ **Agriculture credit:** The agriculture credit target will be increased to INR 20 lakh crore with focus on animal husbandry, dairy and fisheries. In addition, the government has initiated computerization of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of INR 2,516 crore. This will help in increasing income in the rural areas as well and thus may lead towards higher consumption.
- ❖ **Cooperative-based economic development model:** A national cooperative database is being prepared for country-wide mapping of cooperative societies for linking it with initiatives for farmers. The government will 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.
- ❖ **Cotton:** A cluster-based and value chain approach through Public Private Partnerships (PPP) will be adopted to enhance extra-long staple cotton productivity.
- ❖ **Millets:** To make India a global hub for Millets, the Indian Institute of Millet Research, Hyderabad will work as a Centre of Excellence for sharing best practices, research and technologies at the international level.

#### Animal Husbandry, Dairy and Fisheries

- ❖ **PM Matsya Sampada Yojana:** A new sub-scheme of PM Matsya Sampada Yojana will be launched, with targeted investment of ` 6,000 crore to further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market.
- ❖ **Local Production of Shrimp Feed:** To further enhance the export competitiveness of marine products, particularly shrimps, duty is being reduced on key inputs for domestic manufacture of shrimp feed.
- ❖ **Cooperative-based economic development model:** A national cooperative database is being prepared for country-wide mapping of cooperative societies for linking it with initiatives for farmers. The government will 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

### Promotion of Sustainable Agriculture

- ❖ **PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth:** Government will launch this programme to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.
- ❖ **Natural Farming:** Over the next 3 years, government will facilitate 1 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.

### Food and Tourism as an integrated value-chain

- ❖ **Promotion of Food within Tourism Sector:** To enhance tourist experience, high standards for food streets will be made available on an App. In addition, under the Vibrant Villages Programme, amenities (may be such as food) will also be facilitated in border villages.

### Details of basic customs duty changes:

Commodity	From (%)	To (%)
Pecan Nuts	100	30
Fish meal for manufacture of aquatic feed	15	5
Krill meal for manufacture of aquatic feed	15	5
Fish lipid oil for manufacture of aquatic feed	30	15
Algal Prime (flour) for manufacture of aquatic feed	30	15
Mineral and Vitamin Premixes for manufacture of aquatic feed	15	5
Crude glycerin for use in manufacture of Epichlorohydrin	7.5	2.5
Denatured ethyl alcohol for use in manufacture of industrial chemicals.	5	NIL

### Chemicals

- ❖ To incentivize state and UTs “PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth” will be launched to promote alternative fertilizers and balanced use of chemical fertilizer.
- ❖ **Bhartiya Prakritik Kheti Bio-Input Resource Centres:** The government will facilitate 1 crore farmers to adopt natural farming for the next three year. For this, 10,000 Bio-Input Resource Centers will be set up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.
- ❖ Basic customs duty is reduced on acid-grade fluorspar from 5 per cent to 2.5 per cent to make the domestic fluorochemicals industry competitive.
- ❖ Basic customs duty on crude glycerin for use in the manufacture of epichlorohydrin is proposed to be reduced from 7.5 per cent to 2.5 per cent.

## Energy

This sector comes under the government's 5<sup>th</sup> Priority, ie. Green Growth.

- ❖ Hon'ble Prime Minister has given a vision for "LiFE", or Lifestyle for Environment, to spur a movement of an environmentally conscious lifestyle. India is moving forward firmly for the 'Panchamrit' and net-zero carbon emission by 2070 to usher in a green industrial and economic transition. This Budget builds on our focus on green growth.
- ❖ The recently launched National Green Hydrogen Mission, with an outlay of INR19,700 crores, will facilitate the economic transition to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector. With this mission, the target is to reach an annual production of 5 MMT by 2030.
- ❖ The Budget provides priority capital investments of INR 35,000 crore towards energy transition and net zero objectives and energy security by the Ministry of Petroleum & Natural Gas.
- ❖ Battery Energy Storage Systems with a capacity of 4,000 MWH will be supported with Viability Gap Funding to steer the economy on the sustainable development path. A detailed framework for Pumped Storage Projects will also be formulated.
- ❖ The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed with an investment of INR 20,700 crore including central support of INR 8,300 crore.

### Custom Rate

- Excise duty exemption provided on GST paid on compressed bio-gas contained in blended compressed natural gas.
- The customs duty exemption is being extended to the import of capital goods and machinery required for the manufacture of lithium-ion cells for batteries used in electric vehicles.

Exemption of basic customs duty on coal, peat and lignite is being increased to 2.5% but these are being exempted from AIDC (Agriculture Infrastructure & Development Cess).

## Finance

- ❖ **Capital expenditure of the Centre budgeted at INR 13.5 lakh crore:** The effective capital expenditure of the Centre is budgeted at INR 13.5 lakh crore, 4.5% of GDP. Government of India has decided to continue the 50-year interest-free loan to State governments for one year, to incentivise them, with a significantly enhanced outlay of INR 1.3 lakh crore. INR 2.40 lakh crore outlay for railways is highest ever, 9 times more than 2013-14 outlay.
- ❖ **Effective Capital Expenditure:** The direct capital investment by the Centre is complemented by the provision made for creation of capital assets through Grants-in-Aid to States. The 'Effective Capital Expenditure' of the Centre is budgeted at INR 13.7 lakh crore, which will be 4.5% of GDP.
- ❖ **Revamped Credit Guarantee Scheme:** A revamped credit guarantee scheme is being launched for MSMEs through infusion of INR 9,000 crore from April 1. This will enable collateral-free borrowings worth INR 2 lakh crore. The cost of credit will be reduced by about 1%. National Financial Information repository to be set up.

Financial sectors regulators will be requested to carry review of existing regulations. To meet the needs of Amrit Kaal and facilitate optimal regulation of financial sector, public consultation process will be introduced. A comprehensive review of existing regulations will be done and time limits to decide on applications will also be laid down.

- ❖ **Agriculture Credit:** The agriculture credit target will be increased to INR 20 lakh crore with focus on animal husbandry, dairy and fisheries.
- ❖ **Fintech Services:** Fintech services in India have been facilitated by digital public infrastructure including Aadhaar, PM Jan Dhan Yojana, Video KYC, India Stack and UPI. To enable more Fintech innovative services, the scope of documents available in DigiLocker for individuals will be expanded.
- ❖ **National 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 will govern this credit public infrastructure, and it will be designed in consultation with the RBI.
- ❖ **Financial Sector Regulations:** To meet the needs of *Amrit Kaal* and to facilitate optimum regulation in the financial sector, public consultation, as necessary and feasible, will be brought to the process of regulation-making and issuing subsidiary directions.
- ❖ **Simplify, Ease and Reduce Cost of Compliance:** To simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations. For this, they will consider suggestions from public and regulated entities. Time limits to decide the applications under various regulations will also be laid down.
- ❖ **Improving Governance and Investor Protection in Banking Sector:** To improve bank governance and enhance investors' protection, certain amendments to the Banking Regulation Act, the Banking Companies Act and the Reserve Bank of India Act are proposed.
- ❖ **Capacity Building in Securities Market:** To build capacity of functionaries and professionals in the securities market, 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.
- ❖ **Central Data Processing Centre:** A 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.
- ❖ **Reclaiming of shares and dividends:** For investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority with ease, an integrated IT portal will be established.
- ❖ **Digital Payments:** Digital payments continue to find wide acceptance. In 2022, they show increase of 76% in transactions and 91% in value. Fiscal support for this digital public infrastructure will continue in 2023-24.

### Healthcare, Pharma and Nutrition

- ❖ **Nursing Colleges:** 157 (One hundred and fifty-seven) new nursing colleges will be established in co-location with the existing 157 medical colleges established since 2014.

- ❖ **Sickle Cell Anaemia Elimination Mission:** A Mission to eliminate Sickle Cell Anaemia by 2047 will be launched. It 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. The government is on a mission to eradicate the disease.
- ❖ **Medical Research:** Facilities in select ICMR Labs will be made available for research by public and private medical college faculty and private sector Research and Development (R&D) teams for encouraging collaborative research and innovation.
- ❖ **Pharma Innovation:** The pharmaceutical industry has been asking for incentives to promote R&D investments. A new programme to promote research and innovation in pharmaceuticals will be taken up through centers of excellence. Industry to invest in research and development in specific priority areas will be encouraged. If these include tax or other significant incentives, it could boost pharma stocks.
- ❖ **Multidisciplinary courses for medical devices:** Dedicated multidisciplinary courses for medical devices will be supported in existing institutions to ensure availability of skilled manpower for futuristic medical technologies, high-end manufacturing and research.
- ❖ **Covid Vaccines:** 220 crore Covid vaccines for 102 crore people have been given in the country.
- ❖ **Centres of Excellence for Artificial Intelligence:** For realizing the vision of “Make AI in India and Make AI work for India”, three Centres of Excellence for Artificial Intelligence (AI) 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. This will galvanize an effective AI ecosystem and nurture quality human resources in the field.
- ❖ **Aspirational Districts and Blocks Programme:** Building 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 ` 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.
- ❖ **5G Services:** One hundred 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 **health care applications**.

## Infrastructure and Investment

- ❖ Investments in Infrastructure and productive capacity have a large multiplier impact on growth and employment. After the subdued period of the pandemic, private investments are growing again. The Budget takes the lead once again to ramp up the virtuous cycle of investment and job creation.
- ❖ The capital expenditure outlay is being raised again for the third year in a row, by 33% to INR 10 lakh crores, which would be 3.3% of GDP. The outlay was increased 35.4% to INR 7.50 lakh crore in FY 2022-23. It stood at INR 5.54 lakh crore in the prior year. This will almost be three times the outlay made in 2019-20.
- ❖ **Support to State Governments for Capital Investment:** 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 INR 1.3 lakh crore.
- ❖ **Enhancing opportunities for private investment in Infrastructure:** The newly established Infrastructure Finance Secretariat will assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure and power, which are predominantly dependent on public resources.
- ❖ **Regional Connectivity:** Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.
- ❖ **Sustainable Cities of Tomorrow:** States and cities will be encouraged to undertake urban planning reforms and actions to transform our cities into 'sustainable cities of tomorrow'. This means efficient use of land resources, adequate resources for urban infrastructure, transit-oriented development, enhanced availability and affordability of urban land, and opportunities for all.
- ❖ **Making Cities ready for Municipal Bonds:** Through property tax governance reforms and ring-fencing user charges on urban infrastructure, cities will be incentivized to improve their credit worthiness for municipal bonds.
- ❖ **Urban Infrastructure Development Fund:** Like the RIDF, an Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall. This 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 of India expects to make available INR 10,000 crore per annum for this purpose.
- ❖ **Urban Sanitation:** All cities and towns will be enabled for 100% mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode. Enhanced focus will be provided for scientific management of dry and wet waste.

## Logistics

- ❖ One hundred 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 ` 75,000 crore, including ` 15,000 crore from private sources.

## Luxury Goods

- ❖ To encourage indigenous production of Lab Grown Diamond seeds and machines and to reduce import dependency, a research and development grant will be provided to one of the IITs for five years.
  - With the depletion in deposits of natural diamonds, the industry is moving towards LGDs and it holds huge promise. To seize this opportunity, the government is reducing the basic customs duty on seeds used in their manufacture.
- ❖ Increase in the custom duties on dore and bars of gold and platinum articles made therefrom to enhance the duty differential. Also, there is increase in the import duty on silver dore, bars and articles to align them with that on gold and platinum.
- ❖ The conversion of physical gold to Electronic Gold Receipt and vice versa is proposed not to be treated as a transfer and not to attract any capital gains. This would promote investments in electronic equivalent of gold.

## Metal

- ❖ The exemption from Basic Customs Duty on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode is being continued which is to facilitate the availability of raw materials for the steel sector.
- ❖ The concessional BCD of 2.5 per cent on copper scrap is also being continued to ensure the availability of raw materials for secondary copper producers who are mainly in the MSME sector.

## MSME

- ❖ **PM Vishwakarma KAushal Samman (PM VIKAS):** the scheme is for traditional artisans and craftspeople, who work with their hands using tools, For the first time, a package of assistance for them has been conceptualized. The new scheme will enable them to improve the quality, scale and reach of their products, integrating them with the MSME value chain.
- ❖ **Vivad se Vishwas I:** In cases of failure by MSMEs to execute contracts during the Covid period, 95 per cent of the forfeited amount relating to bid or performance security, will be returned to them by government and government undertakings providing relief to MSMEs.
- ❖ An **Entity DigiLocker** will be set up for use by MSMEs, large business and charitable trusts. This will be towards storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.
- ❖ The digital ecosystem for skilling will be further expanded with the launch of a unified Skill India Digital platform for:
  - enabling demand-based formal skilling,
  - linking with employers including MSMEs, and
  - facilitating access to entrepreneurship schemes
- ❖ Micro enterprises with turnover up to INR 2 crore and certain professionals with turnover of up to INR 50 lakh can avail the benefit of presumptive taxation. Enhanced limits of INR 3 crore, to the tax payers whose cash receipts are no more than 5 per cent. Moreover, to support MSMEs in timely receipt of payments, there is allowed



deduction for expenditure incurred on payments made to them only when payment is actually made.

- ❖ In order to promote timely payments to micro and small enterprises, it is proposed to include payments made to such enterprises within the ambit of section 43B of the Act. Thus, deduction for such payments would be allowed only when actually paid. It will be allowed on accrual basis only if the payment is within the time mandated under the Micro, Small and Medium Enterprises Development Act.

### Real Estate

- ❖ The government will be spending INR 10,000 crore per year on Urban Infrastructure Development Fund.
- ❖ Cities will also be encouraged to increase creditworthiness for municipal bonds through property tax governance reforms and ring-fencing user charges on urban infrastructure.

### Railways

- ❖ A capital outlay of INR 2.40 lakh crore has been provided for the Railways. This highest ever outlay, about 9 times the outlay made in 2013-14.

### Tourism

- ❖ With an integrated and innovative approach, at least 50 destinations will be selected through challenge mode. In addition, all relevant aspects such as physical connectivity, virtual connectivity, tourist guides, high standards for food streets and tourists' security, would be made available on an App to enhance the tourist experience. Every destination would be developed as a complete package. The focus of the development of tourism would be on domestic as well as foreign tourists.
- ❖ Sector-specific skilling and entrepreneurship development will be dovetailed to achieve the objectives of the 'Dekho Apna Desh' initiative.
- ❖ For integrated development of theme-based tourist circuits, the 'Swadesh Darshan Scheme' was also launched. Under the Vibrant Villages Programme, tourism infrastructure and amenities will also be facilitated in border villages.

### Technology and Digitalization

- ❖ Government aims to achieve technology driven and knowledge-based development with strong public finances and a robust financial sector. To achieve this, 'Sabka-Saath-Sabka-Vikas-' is essential tool and focus will mainly be on three priority areas:
  - Facilitate ample opportunities for citizens especially youth
  - Strong impetus to growth and job creation
  - Strengthening macroeconomic stability
- ❖ Focus on Start-ups:
  - **Digital Public Infra for agriculture:** This public good will provide information services to farmers in a bid to improve crop planning and health. It will also improve farmers access to farm inputs, credit, and insurance. In addition, it will

help in crop estimation & market intelligence. The Public good is expected to result in growth of Agri-tech industry and start-ups.

- **National Data Governance Policy:** The Policy will enable access to anonymized data for promoting research and innovation by startups and academia.
- ❖ Data to become more structured
  - **Data Secure and Sharing Services:** An Entity DigiLocker will be set up for use by MSMEs, large business and charitable trusts. This will be towards storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.
  - **Data Embassy:** For countries looking for digital continuity solutions, government will facilitate setting up of their Data Embassies in GIFT IFSC.
  - **Central Data Processing Centre:** A 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.
  - **National cooperative database:** To promote a cooperative-based economic development model, a national cooperative database is being prepared for country-wide mapping of cooperative societies. With this backdrop, the government plans to implement a massive decentralised storage capacity. In addition, to realise setting-up of a cooperative-based economic development model, the government has already initiated computerization of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of INR 2,516 crore.
- ❖ India Embraces AI
  - **Centres of Excellence for Artificial Intelligence:** For realizing 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. 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. This will galvanize an effective AI ecosystem and nurture quality human resources in the field.
- ❖ Digital Education & Training
  - **Industry demand-based workforce skills:** 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.
  - **Unified Skill India Digital platform:** To be launched
  - **Skill India International Centres:** To skill youth for international opportunities, 30 Skill India International Centres will be set up across different States.
  - **National Digital Library:** A library will be set-up to provide e-learning opportunities for youth and adolescents.
  - **Digital Epigraphy Museum:** A ‘Bharat Shared Repository of Inscriptions’ will be set up and about one lakh ancient inscriptions will be digitalized in the first stage.
  - **iGOT Karmayogi:** The platform will provide online training for capacity-building of civil servants, under Mission Karmayogi.

- **KYC process:** The process of KYC will be simplified adopting a ‘risk-based’ instead of ‘one size fits all’ approach
- **DigiLocker service:** The service will be used as a One stop solution for identity (based on Aadhaar) and address updating. In addition, the scope of documents available in DigiLocker for individuals will be expanded to enable more Fintech innovative services.
- **Govt to bring in legal mandate for use of PAN for identification of businesses:** PAN of business establishments will be used as the common identifier for all digital systems of specified government agencies. This will bring ease of doing business.
- **E-Courts:** For efficient administration of justice, Phase-3 of the E-Courts project will be launched with an outlay of INR 7,000 crore.
- **Government applications:** One hundred labs for developing applications using 5G services will be set up in engineering institutions. The labs will cover, among others, applications such as smart classrooms, precision farming, intelligent transport systems, and health care applications.

### State Schemes and Initiatives / Announcements

- ❖ Extension of 1 more year to the 50-year interest free loan to state governments for spurring investment in infrastructure and to incentivize them for complementary policy actions, with a significantly enhanced outlay of INR 1.3 lakh crore.
- ❖ The entire 50-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:
  - 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
- ❖ **Mission Karmayogi:** Centre, States and Union Territories are making and implementing capacity-building plans for civil servants. The government has also launched an integrated online training platform, iGOT Karmayogi, to provide continuous learning opportunities for lakhs of government employees to upgrade their skills and facilitate people-centric approach.
- ❖ Ministry of Tribal Affairs and the Department of Development of North-Eastern Region is to provide a sharper focus to the objective of ‘reaching the last mile’, thru the ministries of AYUSH, Fisheries, Animal Husbandry and Dairying, Skill Development, Jal Shakti and Cooperation.
- ❖ Recently launched the **Aspirational District and Blocks Programme** cover’s 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.

- ❖ To improve socio-economic conditions of the particularly vulnerable tribal groups (PVTGs), **Pradhan Mantri PVTG Development Mission** will be launched. The mission 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 INR 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.
- ❖ INR 5,300 crore centre aid to drought prone central region of Karnataka for providing sustainable micro irrigation and filling up of surface tanks for drinking water.
- ❖ Enhancing opportunities for private investment in Infrastructure The newly established Infrastructure Finance Secretariat will assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure and power, which are predominantly dependent on public resources.
- ❖ States and cities will be encouraged to undertake urban planning reforms and actions to transform our cities into 'sustainable cities of tomorrow'. This means efficient use of land resources, adequate resources for urban infrastructure, transit-oriented development, enhanced availability and affordability of urban land, and opportunities for all.
- ❖ All cities and towns to be enabled for 100 per cent mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode. Enhanced focus will be provided for scientific management of dry and wet waste.
- ❖ The State Support Mission of NITI Aayog will be continued for three years for collective efforts towards national priorities.
- ❖ For better allocation of scarce resources for competing development needs, the financing of select schemes to be changed, on a pilot basis, from 'input-based' to 'result-based'.
- ❖ 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.
- ❖ Revamped credit guarantee scheme will take effect from 1st April 2023 through infusion of INR 9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of INR 2 lakh crore. Further, the cost of the credit will be reduced by about 1 per cent.
- ❖ 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.
- ❖ Amendments are being made in section 10 and section 122 of the CGST Act to enable unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators (ECOs), subject to certain conditions.

### **Taxes (Indirect Taxes)**

- ❖ To avoid cascading of taxes on blended compressed natural gas, Government of India to exempt excise duty on GST-paid compressed bio gas contained in it. To further provide impetus to green mobility, customs duty exemption is being extended to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles.

- ❖ New co-operatives that commence manufacturing activities till 31.3.2024 shall get the benefit of a lower tax rate of 15%, as is presently available to new manufacturing companies.
- ❖ Sugar co-operatives can claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure. This is expected to provide them with a relief of almost INR 10,000 crore.
- ❖ To reduce the pendency of appeals at Commissioner level, Government of India proposes to deploy about 100 Joint Commissioners for disposal of small appeals.
- ❖ For better targeting of tax concessions and exemptions, Government of India proposes to cap deduction from capital gains on investment in residential house under sections 54 and 54F to INR 10 crore.
- ❖ Another proposal with similar intent is to limit income tax exemption from proceeds of insurance policies with very high value.
- ❖ 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, is proposed to be exempted from income tax.
- ❖ Other major measures in this direction are:
  - Removing the minimum threshold of INR 10,000/- for TDS and clarifying taxability relating to online gaming;
  - Not treating conversion of gold into electronic gold receipt and vice versa as capital gain;
  - Reducing the TDS rate from 30% to 20% on taxable portion of EPF withdrawal in non-PAN cases; and
  - Taxation on income from Market Linked Debentures.
- ❖ In order to promote green fuel, central excise duty exemption is being provided to blended Compressed Natural Gas from so much of the amount as is equal to the GST paid on Bio Gas/Compressed Bio Gas contained in the blended CNG.
- ❖ Denatured ethyl alcohol is used in chemical industry: To exempt basic customs duty to support the Ethanol Blending Programme and facilitate the endeavour for energy transition. Basic customs duty is also being reduced on acid grade fluorspar from 5% to 2.5% to make the domestic fluorochemicals industry competitive. Further, the basic customs duty on crude glycerin for use in manufacture of epichlorhydrin is proposed to be reduced from 7.5% to 2.5%.
- ❖ Marine products: In the last financial year, marine products recorded the highest export growth benefitting farmers in the coastal states of the country. To further enhance the export competitiveness of marine products, particularly shrimps, duty is being reduced on key inputs for domestic manufacture of shrimp feed.
- ❖ National Calamity Contingent Duty (NCCD) on specified cigarettes is proposed to be revised upwards by about 16%.

**ECONOMIC SURVEY 2022-23**

***Key Takeaways***

- ❖ Private consumption highest since FY15
- ❖ CPI Inflation back within RBI's target range
- ❖ Indian Rupee performed well compared to other EMEs
- ❖ Broad - based recovery across sectors
- ❖ Gross Fixed Capital Formation highest since FY15 across H1
- ❖ Enhanced capacity utilisation
- ❖ Direct Tax collections for the period April-November remains buoyant
- ❖ India paid its growth dues in the previous decade
- ❖ Improvements in physical infrastructure
- ❖ Structural shift in the Gross FDI/GDP
- ❖ Growth magnets for the coming decade
  - Healthy and re-capitalised banking and corporate sector
  - Digital technology based economic reforms leading to efficiency gains through financial inclusion, formalisation.
  - As the one-off shocks dissipate, India is prepared to grow at its potential in the medium term
- ❖ Rising share of Capital Expenditure in Centre's Total Expenditure
- ❖ Government measures to contain Inflation
- ❖ Phase wise reduction in excise duty of petrol and diesel
- ❖ Reduction in basic duty on crude and refined palm oil, crude soyabean oil and crude sunflower oil
- ❖ Waived customs duty on cotton imports w.e.f 14 April 2022, until 30 September 2022
- ❖ Import duty on major inputs-ferronickel, coking coal, PCI coal cut were brought to zero while tax on export of iron ores and concentrates increased from 30 to 50 per cent
- ❖ Prohibition on the export of wheat products under HS Code 1101 and imposition of export duty on rice
- ❖ Enhanced Government Expenditure for better quality of life: Multidimensional initiatives have been undertaken by the Government for the provision of quality health facilities to all its citizens making it one of the largest healthcare networks in the world
- ❖ Reduce emissions intensity of its GDP by 45% by 2030 from 2005 levels
- ❖ A mass movement for 'LIFE' - 'Lifestyle for Environment
- ❖ About 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030
- ❖ Rising share of non-fossil fuel sources in installed electricity capacity
- ❖ Agriculture and Food Management: From Food Security to Nutritional Security
- ❖ Rising Private Investment in Manufacturing Sector
- ❖ Credit growth in Industry driven by MSMEs
- ❖ FDI Flows into Pharma Industry
- ❖ Electronics Exports up by ~3x
- ❖ Enhancing Ease of Doing Business
- ❖ Services sector witnessed strong growth in FY23
- ❖ PMI Services witnessed strongest expansion since July 22
- ❖ Broad based growth in credit to services sector

- ❖ The Economic Survey said that India's economic recovery from the Covid pandemic is complete and the economy is expected to grow in the range of 6% to 6.8% in the coming financial year 2023-24. This is in comparison to 7% this fiscal and 8.7% in 2021-22.
- ❖ The India Monetary Fund (IMF) in its World Economic Outlook Update, has maintained India's GDP forecast for current Fiscal Year at 6.8 per cent, the next Fiscal Year at 6.1 per cent and for 2024-25 at 6.8 per cent. RBI projects 6.8 per cent inflation this fiscal outside the upper target limit, which the Economic Survey says is "not high enough to deter private consumption, also not too low to weaken inducement to invest."
- ❖ The growth projection is broadly comparable to the estimates provided by multilateral agencies such as the World Bank, the IMF, the Asian Development Bank and the Reserve Bank of India.
- ❖ India remains the fastest-growing major economy in the world. GDP in nominal terms has been projected at 11 per cent in next fiscal.
- ❖ A return of migrant workers to construction activities helped housing market witnessing a significant decline in inventory overhang to 33 months in Q3 of FY 23 from 42 months last year.
- ❖ A surge in growth of exports in FY22 and the first half of FY23 induced a shift in the gears of the production process from mild acceleration to cruise mode.
- ❖ Private Consumption as a percentage of GDP stood at 58.4% in the second quarter of FY23, the highest among the second quarters of all the years since 2013-14 supported by a rebound in contact -intensive services such as trade, hotel and transport survey points to the lower forecast for growth in global trade by the World Trade Organisation from 3.5% in 2022 to 1% in 2023.