

Budget 2023-2024¹

NIRMALA SITHARAMAN*

Hon'ble Speaker,

I PRESENT THE Budget for 2023-24. This is the first Budget in *Amrit Kaal*.

I. Introduction

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.

Today as Indians stand with their head held high, and the world appreciates India's achievements and successes, we are sure that elders who had fought for India's independence, will with joy, bless us our endeavors going forward.

1.1 Resilience amidst multiple crises

Our focus on wide-ranging reforms and sound policies, implemented through *Sabka Prayas* resulting in *Jan Bhagidari* and targeted support to those in need, helped us perform well in trying times. India's rising global profile is because of several accomplishments: unique world class digital public infrastructure, e.g., Aadhaar, Co-Win and UPI; Covid vaccination drive in unparalleled scale and speed; proactive role in frontier areas such as achieving the climate related goals, mission LiFE, and National Hydrogen Mission.

1 Reproduced from the speech of Finance Minister before the Parliament of India on February 1st, 2023.

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During the Covid-19 pandemic, we ensured that no one goes to bed hungry, with a scheme to supply free food grains to over 80 crore persons for 28 months. Continuing our commitment to ensure food and nutritional security, we are implementing, from 1st January 2023, a scheme to supply free food grain to all Antyodaya and priority households for the next one year, under PM Garib Kalyan Anna Yojana (PMGKAY). The entire expenditure of about ₹ 2 lakh crore will be borne by the Central Government.

1.2 *G20 Presidency: Steering the global agenda through challenges*

In these times of global challenges, the G20 Presidency gives us a unique opportunity to strengthen India's role in the world economic order. With the theme of '*Vasudhaiva Kutumbakam*', we are steering an ambitious, people-centric agenda to address global challenges, and to facilitate sustainable economic development.

1.3 *Achievements since 2014: Leaving no one behind*

The government's efforts since 2014 have ensured for all citizens a better quality of living and a life of dignity. The per capita income has more than doubled to ₹ 1.97 lakh.

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 economy has become a lot more formalised as reflected in the EPFO membership more than doubling to 27 crore, and 7,400 crore digital payments of ₹ 126 lakh crore through UPI in 2022.

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.

1.4 *Vision for Amrit Kaal – an empowered and inclusive economy*

Our vision for the *Amrit Kaal* includes technology-driven and knowledge-based economy with strong public finances, and a robust financial sector. To achieve this, *Jan Bhagidari* through *Sabka Saath Sabka Prayas* is essential.

The economic agenda for achieving this vision focuses on three things: first, facilitating ample opportunities for citizens, especially the youth, to fulfil their aspirations; second, providing strong impetus to growth and job creation; and third, strengthening macro-economic stability.

To service these focus areas in our journey to India@100, we believe that the following four opportunities can be transformative during Amrit Kaal.

1.4.1 *Economic Empowerment of Women*

Deendayal Antyodaya Yojana National Rural Livelihood Mission has achieved remarkable success by mobilizing rural women into 81 lakh Self Help Groups. We will enable these groups to reach the next stage of economic empowerment through formation of large producer enterprises or collectives with each having several thousand members and managed professionally. They will be helped with supply of raw materials and for better design, quality, branding and marketing of their products. Through supporting policies, they will be enabled to scale up their operations to serve the large consumer markets, as has been the case with several start-ups growing into 'Unicorns'.

1.4.2 *PM Vishwakarma Kaushal Samman (PM VIKAS)*

For centuries, traditional artisans and craftspeople, who work with their hands using tools, have brought renown for India. They are generally referred to as Vishwakarma. The art and handicraft created by them represents the true spirit of Atmanirbhar Bharat. 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. The components of the scheme will include not only financial support but also access to advanced skill training, knowledge of modern digital techniques and efficient green technologies, brand promotion, linkage with local and global markets, digital payments, and social security. This will greatly benefit the Scheduled Castes, Scheduled Tribes, OBCs, women and people belonging to the weaker sections.

1.4.3 *Tourism*

The country offers immense attraction for domestic as well as foreign tourists. There is a large potential to be tapped in tourism. The sector holds huge opportunities for jobs and entrepreneurship for youth in particular. Promotion of tourism will be taken up on mission mode, with active participation of states, convergence of government programmes and public-private partnerships.

1.4.4 *Green Growth*

We are implementing many programmes for green fuel, green energy, green farming, green mobility, green buildings, and green equipment, and policies for efficient use of energy across various economic sectors. These green growth efforts help in reducing carbon intensity of the economy and provides for large-scale green job opportunities.

1.5 *Priorities of this Budget*

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

- i. Inclusive Development
- ii. Reaching the Last Mile
- iii. Infrastructure and Investment
- iv. Unleashing the Potential

- v Green Growth
- vi Youth Power
- vii Financial Sector

II. Priority 1: Inclusive Development

The Government's philosophy of *Sabka Saath Sabka Vikas* has facilitated inclusive development covering in specific, farmers, women, youth, OBCs, Scheduled Castes, Scheduled Tribes, divyangjan and economically weaker sections, and overall priority for the underprivileged (*vanchiton ko variyata*). There has also been a sustained focus on Jammu & Kashmir, Ladakh and the North-East. This Budget builds on those efforts.

2.1 Agriculture and Cooperation

2.1.1 Digital Public Infrastructure for Agriculture

Digital public infrastructure for agriculture will be built as an open source, open standard and inter operable 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 growth of agri-tech industry and start-ups.

2.1.2 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, increase productivity and profitability.

2.1.3 Enhancing 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, state and industry for input supplies, extension services, and market linkages.

2.1.4 Atmanirbhar Horticulture Clean Plant Program

We will launch an Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops at an outlay of ₹ 2,200 crore.

2.1.5 Global Hub for Millets: 'Shree Anna'

"India is at forefront of popularizing Millets, whose consumption furthers nutrition, food security and welfare of farmers," said Hon'ble Prime Minister.

We are the largest producer and second largest exporter of 'Shree Anna' in the world. We grow several types of 'Shree Anna' such as jowar, ragi, bajra, kuttu, ramdana, kangni, kutki, kodo, cheena, and sama. These have a number of health benefits, and have been an integral part of our food for centuries. I acknowledge with pride the huge service done by small farmers in contributing to the health of fellow citizens by growing these '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.

2.2 Agriculture Credit

The agriculture credit target will be increased to ₹ 20 lakh crore with focus on animal husbandry, dairy and fisheries.

2.2.1 Fisheries

We will launch a new sub-scheme of PM Matsya Sampada Yojana 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.

2.2.2 Cooperation

For farmers, especially small and marginal farmers, and other marginalised sections, the government is promoting cooperative-based economic development model. A new Ministry of Cooperation was formed with a mandate to realise the vision of 'Sahakar Se Samriddhi'. To realise this vision, the government has already initiated computerisation of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of ₹ 2,516 crore. 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 country-wide mapping of cooperative societies.

With this backdrop, we will implement a plan to set up massive decentralised storage capacity. This will help farmers store their produce and realize remunerative prices through sale at appropriate times. The government will also 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.

2.3 Health, Education and Skilling

2.3.1 Medical & Nursing Colleges

One hundred and fifty-seven new nursing colleges will be established in co-location with the existing 157 medical colleges established since 2014.

2.3.2 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.

2.3.3 Medical Research

Facilities in select ICMR Labs will be made available for research by public and private medical college faculty and private sector R&D teams for encouraging collaborative research and innovation.

2.3.4 Pharma Innovation

A new programme to promote research and innovation in pharmaceuticals will be taken up through centers of excellence. We shall also encourage industry to invest in research and development in specific priority areas.

2.3.5 *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.

2.3.6 *Teachers' Training*

Teachers' training will be re-envisioned through innovative pedagogy, curriculum transaction, continuous professional development, dipstick surveys, and ICT implementation. The District Institutes of Education and Training will be developed as vibrant institutes of excellence for this purpose.

2.3.7 *National Digital Library for Children and Adolescents*

A National Digital Library for children and adolescents will be set-up for facilitating 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.

Additionally, to build a culture of reading, and to make up for pandemic-time learning loss, the National Book Trust, Children's Book Trust and other sources will be encouraged to provide and replenish non-curricular titles in regional languages and English to these physical libraries. Collaboration with NGOs that work in literacy will also be a part of this initiative. To inculcate financial literacy, financial sector regulators and organizations will be encouraged to provide age-appropriate reading material to these libraries.

III. Priority 2: Reaching the Last Mile

Prime Minister Vajpayee's government had formed the Ministry of Tribal Affairs and the Department of Development of North-Eastern Region. To provide a sharper focus to the objective of "reaching the last mile", our government has formed the ministries of AYUSH, Fisheries, Animal Husbandry and Dairying, Skill Development, Jal Shakti and Cooperation.

3.1 *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.

3.2 *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.

3.3 Eklavya Model Residential Schools

In the next three years, centre will recruit 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lakh tribal students.

3.4 Water for Drought Prone Region

In the drought prone central region of Karnataka, central assistance of ₹ 5,300 crore will be given to Upper Bhadra Project to provide sustainable micro irrigation and filling up of surface tanks for drinking water.

3.5 PM Awas Yojana

The outlay for PM Awas Yojana is being enhanced by 66 per cent to over ₹ 79,000 crore.

3.6 Bharat Shared Repository of Inscriptions (Bharat SHRI)

'Bharat Shared Repository of Inscriptions' will be set up in a digital epigraphy museum, with digitization of one lakh ancient inscriptions in the first stage.

3.7 Support for poor prisoners

For poor persons who are in prisons and unable to afford the penalty or the bail amount, required financial support will be provided.

IV. Priority 3 : Infrastructure & 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.

4.1 Capital Investment as driver of growth and jobs

Capital investment outlay is being increased steeply for the third year in a row by 33 per cent to ₹ 10 lakh crore, which would be 3.3 per cent of GDP. This will be almost three times the outlay in 2019-20.

This substantial increase in recent years is central to the government's efforts to enhance growth potential and job creation, crowd-in private investments, and provide a cushion against global headwinds.

4.2 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 ₹ 13.7 lakh crore, which will be 4.5 per cent of GDP.

4.3 Support to State Governments for Capital Investment

I have 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, with a significantly enhanced outlay of ₹ 1.3 lakh crore.

4.4 *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.

4.5 *Harmonized Master List of Infrastructure*

The Harmonized Master List of Infrastructure will be reviewed by an expert committee for recommending the classification and financing framework suitable for *Amrit Kaal*.

4.6 *Railways*

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

4.7 *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.

4.8 *Regional Connectivity*

Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.

4.9 *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.

4.9 *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.

4.10 *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. We expect to make available ₹ 10,000 crore per annum for this purpose.

4.11 *Urban Sanitation*

All cities and towns will 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.

V. Priority 4: Unleashing the Potential

“Good Governance is the key to a nation’s progress. Our government is committed to providing a transparent and accountable administration which works for the betterment and welfare of the common citizen,” said Hon’ble Prime Minister.

5.1 *Mission Karmayogi*

Under 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.

For enhancing ease of doing business, more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized. For furthering the trust-based governance, we have introduced the Jan Vishwas Bill to amend 42 Central Acts. This Budget proposes a series of measures to unleash the potential of our economy.

5.2 *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.

5.3 *National Data Governance Policy*

To unleash innovation and research by start-ups and academia, a National Data Governance Policy will be brought out. This will enable access to anonymized data.

5.4 *Simplification of Know Your Customer (KYC) process*

The KYC process will be simplified adopting a ‘risk-based’ instead of ‘one size fits all’ approach. The financial sector regulators will also be encouraged to have a KYC system fully amenable to meet the needs of Digital India.

5.5 *One stop solution for identity and address updating*

A one stop solution for reconciliation and updating of identity and address of individuals maintained by various government agencies, regulators and regulated entities will be established using DigiLocker service and Aadhaar as foundational identity.

5.6 *Common Business Identifier*

For the business establishments required to have a Permanent Account Number (PAN), the PAN will be used as the common identifier for all digital systems of specified government agencies. This will bring ease of doing business; and it will be facilitated through a legal mandate.

5.7 *Unified Filing Process*

For obviating the need for separate submission of same information to different government agencies, a system of "Unified Filing Process" will be set-up. Such filing of information or return in simplified forms on a common portal, will be shared with other agencies as per filer's choice.

5.8 *Vivad se Vishwas I – Relief for MSMEs*

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. This will provide relief to MSMEs.

5.9 *Vivad se Vishwas II – Settling Contractual Disputes*

To settle contractual disputes of government and government undertakings, wherein arbitral award is under challenge in a court, a voluntary settlement scheme with standardized terms will be introduced. This will be done by offering graded settlement terms depending on pendency level of the dispute.

5.10 *State Support Mission*

The State Support Mission of NITI Aayog will be continued for three years for our collective efforts towards national priorities.

5.11 *Result Based Financing*

To better allocate scarce resources for competing development needs, the financing of select schemes will be changed, on a pilot basis, from "input-based" to "result-based".

5.12 *E-Courts*

For efficient administration of justice, Phase-3 of the E-Courts project will be launched with an outlay of ₹ 7,000 crore.

5.13 *Fintech Services*

Fintech services in India have been facilitated by our 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.

5.14 *Entity DigiLocker*

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.

5.15 *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.

5.16 *Lab Grown Diamonds*

Lab Grown Diamonds (LGD) is a technology-and innovation-driven emerging sector with high employment potential. These environment-friendly diamonds which have optically and chemically the same properties as natural diamonds. To encourage indigenous production of LGD seeds and machines and to reduce import dependency, a research and development grant will be provided to one of the IITs for five years.

To reduce the cost of production, a proposal to review the custom duty rate on LGD seeds will be indicated in Part B of the speech.

VI. Priority 5: Green Growth

Hon'ble Prime Minister has given a vision for "LiFE", or Lifestyle for Environment, to spur a movement of environmentally conscious lifestyle. India is moving forward firmly for the '*panchamrit*' and net-zero carbon emission by 2070 to usher in green industrial and economic transition. This Budget builds on our focus on green growth.

6.1 *Green Hydrogen Mission*

The recently launched National Green Hydrogen Mission, with an outlay of ₹ 19,700 crores, will 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. Our target is to reach an annual production of 5 MMT by 2030.

6.2 *Energy Transition*

This Budget provides ₹ 35,000 crore for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.

6.3 *Energy Storage Projects*

To steer the economy on the sustainable development path, Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap Funding. A detailed framework for Pumped Storage Projects will also be formulated.

6.4 *Renewable Energy Evacuation*

The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed with investment of ₹ 20,700 crore including central support of ₹ 8,300 crore.

6.5 *Green Credit Programme*

For encouraging behavioural change, a Green Credit Programme will be notified under the Environment (Protection) Act. This will incentivize environmentally sustainable and responsive actions by companies, individuals and local bodies, and help mobilize additional resources for such activities.

6.6 *PM-Pranam*

"PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth" will be launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.

6.7 GOBARdhan scheme

500 new "waste to wealth" plants under GOBARdhan (Galvanizing Organic Bio-Agro Resources Dhan) scheme will be established for promoting circular economy. These will include 200 compressed biogas (CBG) plants, including 75 plants in urban areas, and 300 community or cluster-based plants at total investment of ₹ 10,000 crore. I will refer to this in Part B. In due course, a 5 per cent CBG mandate will be introduced for all organizations marketing natural and bio gas. For collection of bio-mass and distribution of bio-manure, appropriate fiscal support will be provided.

6.8 Bhartiya Prakritik Khedi Bio-Input Resource Centres

Over the next 3 years, we 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.

6.9 Mishti

Building on India's success in afforestation, "Mangrove Initiative for Shoreline Habitats & Tangible Incomes", MISHTI, will be taken up for mangrove plantation along the coastline and on salt pan lands, wherever feasible, through convergence between MGNREGS, CAMPA Fund and other sources.

6.10 Amrit Dharohar

Wetlands are vital ecosystems which sustain biological diversity. In his latest Mann Ki Baat, the Prime Minister said, "*Now the total number of Ramsar sites in our country has increased to 75. Whereas, before 2014, there were only 26...*" Local communities have always been at the forefront of conservation efforts. The government will promote their unique conservation values through *Amrit Dharohar*, a scheme that will be implemented over the next three years to encourage optimal use of wetlands, and enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.

6.11 Coastal Shipping

Coastal shipping will be promoted as the energy efficient and lower cost mode of transport, both for passengers and freight, through PPP mode with viability gap funding.

6.12 Vehicle Replacement

Replacing old polluting vehicles is an important part of greening our economy. In furtherance of vehicle scrapping policy mentioned in Budget 2021-22, I have allocated adequate funds to scrap old vehicles of Central Government. States will also be supported in replacing old vehicles and ambulances.

VII. Priority 6: Youth Power

To empower our youth and help the "*Amrit Peedhi*" realize their dreams, we have formulated the National Education Policy, focused on skilling, adopted economic policies that facilitate job creation at scale, and have supported business opportunities.

7.1 Pradhan Mantri Kaushal Vikas Yojana 4.0

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. To skill youth for international opportunities, 30 Skill India International Centres will be set up across different States.

7.2 Skill India Digital Platform

The digital ecosystem for skilling will be further expanded with the launch of a unified Skill India Digital platform for (a) enabling demand-based formal skilling; (b) linking with employers including MSMEs, and (c) facilitating access to entrepreneurship schemes.

7.3 National Apprenticeship Promotion Scheme

To provide stipend support to 47 lakh youth in three years, Direct Benefit Transfer under a pan-India National Apprenticeship Promotion Scheme will be rolled out.

7.4 Tourism

With an integrated and innovative approach, at least 50 destinations will be selected through challenge mode. In addition to aspects such as physical connectivity, virtual connectivity, tourist guides, high standards for food streets and tourists' security, all the relevant aspects would be made available on an App to enhance tourist experience. Every destination would be developed as a complete package. The focus of 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. This was launched as an appeal by the Prime Minister to the middle class to prefer domestic tourism over international tourism. 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.

7.5 Unity Mall

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.

VIII. Priority 7: Financial Sector

Our reforms in the financial sector and innovative use of technology have led to financial inclusion at scale, better and faster service delivery, ease of access to credit and participation in financial markets. This Budget proposes to further these measures.

8.1 Credit Guarantee for MSMEs

Last year, I proposed revamping of the credit guarantee scheme for MSMEs. I am happy to announce that the revamped scheme will take effect from 1st April 2023 through infusion of ₹ 9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of ₹ 2 lakh crore. Further, the cost of the credit will be reduced by about 1 per cent.

8.2 *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.

8.3 *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.

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.

8.4 *GIFT IFSC*

To enhance business activities in GIFT IFSC, the following measures will 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 foreign banks,
- Establishing a subsidiary of EXIM Bank for trade re-financing,
- Amending IFSCA Act for statutory provisions for arbitration, ancillary services, and avoiding dual regulation under SEZ Act, and
- Recognizing offshore derivative instruments as valid contracts.

8.5 *Data Embassy*

For countries looking for digital continuity solutions, we will facilitate setting up of their Data Embassies in GIFT IFSC.

8.6 *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.

8.7 *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.

8.8 *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.

8.9 *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.

8.10 *Digital Payments*

Digital payments continue to find wide acceptance. In 2022, they show increase of 76 per cent in transactions and 91 per cent in value. Fiscal support for this digital public infrastructure will continue in 2023-24.

8.11 *Azadi Ka Amrit Mahotsav Mahila Samman Bachat Patra*

For commemorating 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 ₹ 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.

8.12 *Senior Citizens*

The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from ₹ 15 lakh to ₹ 30 lakh.

The maximum deposit limit for Monthly Income Account Scheme will be enhanced from ₹ 4.5 lakh to ₹ 9 lakh for single account and from ₹ 9 lakh to ₹ 15 lakh for joint account.

8.13 *Fiscal Management*

8.13.1 *Fifty-year interest free loan to States*

The entire fifty-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:

- 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.

8.13.2 *Fiscal Deficit of States*

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.

8.13.3 *Revised Estimates 2022-23*

The Revised Estimate of the total receipts other than borrowings is ₹ 24.3 lakh crore, of which the net tax receipts are ₹ 20.9 lakh crore. The Revised Estimate of the total expenditure is ₹ 41.9 lakh crore, of which the capital expenditure is about ₹ 7.3 lakh crore.

The Revised Estimate of the fiscal deficit is 6.4 per cent of GDP, adhering to the Budget Estimate.

8.13.4 Budget Estimates 2023-24

Coming to 2023-24, the total receipts other than borrowings and the total expenditure are estimated at ₹ 27.2 lakh crore and ₹ 45 lakh crore respectively. The net tax receipts are estimated at ₹ 23.3 lakh crore.

The fiscal deficit is estimated to be 5.9 per cent of GDP. In my Budget Speech for 2021-22, I had announced that we plan to continue the path of fiscal consolidation, reaching a fiscal deficit below 4.5 per cent by 2025-26 with a fairly steady decline over the period. We have adhered to this path, and I reiterate my intention to bring the fiscal deficit below 4.5 per cent of GDP by 2025-26.

To finance the fiscal deficit in 2023-24, the net market borrowings from dated securities are estimated at ₹ 11.8 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at ₹ 15.4 lakh crore.

I will, now, move to Part B.

IX. PART B : Indirect Taxes

My indirect tax proposals aim to promote exports, boost domestic manufacturing, enhance domestic value addition, encourage green energy and mobility.

A simplified tax structure with fewer tax rates helps in reducing compliance burden and improving tax administration. I propose to reduce the number of basic customs duty rates on goods, other than textiles and agriculture, from 21 to 13. As a result, there are minor changes in the basic custom duties, cesses and surcharges on some items including toys, bicycles, automobiles and naphtha.

9.1 Green Mobility

To avoid cascading of taxes on blended compressed natural gas, I propose 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.

9.2 Electronics

As a result of various initiatives of the Government, including the Phased Manufacturing programme, mobile phone production in India has increased from 5.8 crore units valued at about ₹ 18,900 crore in 2014-15 to 31 crore units valued at over ₹ 2,75,000 crore in the last financial year. To further deepen domestic value addition in manufacture of mobile phones, I propose to provide relief in customs duty on import of certain parts and inputs like camera lens and continue the concessional duty on lithium-ion cells for batteries for another year.

Similarly, to promote value addition in manufacture of televisions, I propose to reduce the basic customs duty on parts of open cells of TV panels to 2.5 per cent.

9.3 *Electrical*

To rectify inversion of duty structure and encourage manufacturing of electric kitchen chimneys, the basic customs duty on electric kitchen chimney is being increased from 7.5 per cent to 15 per cent and that on heat coils for these is proposed to be reduced from 20 per cent to 15 per cent.

9.4 *Chemicals and Petrochemicals*

Denatured ethyl alcohol is used in chemical industry. I propose to exempt basic customs duty on it. This will also support the Ethanol Blending Programme and facilitate our endeavour for energy transition. Basic customs duty is also being reduced on acid grade fluorspar from 5 per cent to 2.5 per cent to make the domestic fluorochemicals industry competitive. Further, the basic customs duty on crude glycerin for use in manufacture of epichlorohydrin is proposed to be reduced from 7.5 per cent to 2.5 per cent.

9.5 *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.

9.6 *Lab Grown Diamonds*

India is a global leader in cutting and polishing of natural diamonds, contributing about three-fourths of the global turnover by value. With the depletion in deposits of natural diamonds, the industry is moving towards Lab Grown Diamonds (LGDs) and it holds huge promise. To seize this opportunity, I propose to reduce basic customs duty on seeds used in their manufacture.

9.7 *Precious Metals*

Customs Duties on dore and bars of gold and platinum were increased earlier this fiscal. I now propose to increase the duties on articles made therefrom to enhance the duty differential. I also propose to increase the import duty on silver dore, bars and articles to align them with that on gold and platinum.

9.8 *Metals*

To facilitate availability of raw materials for the steel sector, exemption from Basic Customs Duty on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode is being continued.

Similarly, 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.

9.9 *Compounded Rubber*

The basic customs duty rate on compounded rubber is being increased from 10 per cent to "25 per cent or ₹ 30/kg whichever is lower", at par with that on natural rubber other than latex, to curb circumvention of duty.

9.10 *Cigarettes*

National Calamity Contingent Duty (NCCD) on specified cigarettes was last revised three years ago. This is proposed to be revised upwards by about 16 per cent.

X. PART B : Direct Taxes

I now come to my direct tax proposals. These proposals aim to maintain continuity and stability of taxation, further simplify and rationalise various provisions to reduce the compliance burden, promote the entrepreneurial spirit and provide tax relief to citizens.

It has been the constant endeavour of the Income Tax Department to improve Tax Payers Services by making compliance easy and smooth. Our tax payers' portal received a maximum of 72 lakh returns in a day; processed more than 6.5 crore returns this year; average processing period reduced from 93 days in financial year 13-14 to 16 days now; and 45 per cent of the returns were processed within 24 hours. We intend to further improve this, roll out a next-generation Common IT Return Form for tax payer convenience, and also plan to strengthen the grievance redressal mechanism.

10.1 MSMEs and Professionals

MSMEs are growth engines of our economy. Micro enterprises with turnover up to ₹ 2 crore and certain professionals with turnover of up to ₹ 50 lakh can avail the benefit of presumptive taxation. I propose to provide enhanced limits of ₹ 3 crore and ₹ 75 lakh respectively, to the tax payers whose cash receipts are no more than 5 per cent. Moreover, to support MSMEs in timely receipt of payments, I propose to allow deduction for expenditure incurred on payments made to them only when payment is actually made.

10.2 Cooperation

Cooperation is a value to be cherished. In realizing our Prime Minister's goal of "*Sahkar se Samriddhi*", and his resolve to "connect the spirit of cooperation with the spirit of *Amrit Kaal*", in addition to the measures proposed in Part A, I have a slew of proposals for the co-operative sector.

First, new co-operatives that commence manufacturing activities till 31.3.2024 shall get the benefit of a lower tax rate of 15 per cent, as is presently available to new manufacturing companies.

Secondly, I propose to provide an opportunity to sugar co-operatives to 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 ₹ 10,000 crore.

Thirdly, I am providing a higher limit of ₹ 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).

Similarly, a higher limit of ₹ 3 crore for TDS on cash withdrawal is being provided to co-operative societies.

10.3 Start-Ups

Entrepreneurship is vital for a country's economic development. We have taken a number of measures for start-ups and they have borne results. India is now the third largest ecosystem for start-ups globally, and ranks second in

innovation quality among middle-income countries. I propose to extend the date of incorporation for income tax benefits to start-ups from 31.03.23 to 31.3.24. I further propose to provide the benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.

10.4 Appeals

To reduce the pendency of appeals at Commissioner level, I propose to deploy about 100 Joint Commissioners for disposal of small appeals. We shall also be more selective in taking up cases for scrutiny of returns already received this year.

10.5 Better targeting of tax concessions

For better targeting of tax concessions and exemptions, I propose to cap deduction from capital gains on investment in residential house under sections 54 and 54F to ₹ 10 crore. Another proposal with similar intent is to limit income tax exemption from proceeds of insurance policies with very high value.

10.6 Rationalisation

There are a number of proposals relating to rationalisation and simplification. 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 ₹ 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 per cent to 20 per cent on taxable portion of EPF withdrawal in non-PAN cases; and
- Taxation on income from Market Linked Debentures.

10.7 Others

Other major proposals in the Finance Bill relate to the following

- Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31.03.2025;
- Decriminalisation under section 276A of the Income Tax Act;
- Allowing carry forward of losses on strategic disinvestment including that of IDBI Bank; and
- Providing EEE status to Agniveer Fund.

10.8 Personal Income Tax

Now, I come to what everyone is waiting for – personal income tax. I have five major announcements to make in this regard. These primarily benefit our hard-working middle class.

The first one concerns rebate. Currently, those with income up to ₹ 5 lakh do not pay any income tax in both old and new tax regimes. I propose to increase the rebate limit to ₹ 7 lakh in the new tax regime. Thus, persons in the new tax regime, with income up to ₹ 7 lakh will not have to pay any tax.

The second proposal relates to middle-class individuals. I had introduced, in the year 2020, the new personal income tax regime with six income slabs starting from ₹ 2.5 lakh. I propose to change the tax structure in this regime by reducing the number of slabs to five and increasing the tax exemption limit to ₹ 3 lakh. The new tax rates are given in Table I.

Table I
Personal Income Tax Slabs

₹ 0-3 lakh	Nil
₹ 3-6 lakh	5 per cent
₹ 6-9 lakh	10 per cent
₹ 9-12 lakh	15 per cent
₹ 12-15 lakh	20 per cent
Above ₹ 15 lakh	30 per cent

Source : Union Budget 2023-24 Speech

This will provide major relief to all tax payers in the new regime. An individual with an annual income of ₹ 9 lakh will be required to pay only ₹ 45,000. This is only 5 per cent of his or her income. It is a reduction of 25 per cent on what he or she is required to pay now, ie, ₹ 60,000. Similarly, an individual with an income of ₹ 15 lakh would be required to pay only ₹ 1.5 lakh or 10 per cent of his or her income, a reduction of 20 per cent from the existing liability of ₹ 1,87,500.

My third proposal is for the salaried class and the pensioners including family pensioners, for whom I propose to extend the benefit of standard deduction to the new tax regime. Each salaried person with an income of ₹ 15.5 lakh or more will thus stand to benefit by ₹ 52,500.

My fourth announcement in personal income tax is regarding the highest tax rate which in our country is 42.74 per cent. This is among the highest in the world. I propose to reduce the highest surcharge rate from 37 per cent to 25 per cent in the new tax regime. This would result in reduction of the maximum tax rate to 39 per cent.

Lastly, the limit of ₹ 3 lakh for tax exemption on leave encashment on retirement of non-government salaried employees was last fixed in the year 2002, when the highest basic pay in the government was ₹ 30,000 pm. In line with the increase in government salaries, I am proposing to increase this limit to ₹ 25 lakh.

We are also making the new income tax regime as the default tax regime. However, citizens will continue to have the option to avail the benefit of the old tax regime.

Apart from these, I am also making some other changes as given in annexure.

As a result of these proposals, revenue of about ₹ 38,000 crore – ₹ 37,000 crore in direct taxes and ₹ 1,000 crore in indirect taxes – will be forgone while revenue of about ₹ 3,000 crore will be additionally mobilized. Thus, the total revenue forgone is about ₹ 35,000 crore annually.

Mr. Speaker Sir, with these words, I commend the Budget to this august House.

References

Sitharaman, Nirmala, "Union Budget 2023-24", Ministry of Finance, Government of India, 1st February 2023.

Sitharaman, Nirmala, "Economic Survey 2022-23", Ministry of Finance, Government of India, 31st January 2023.

Annexure
Table A1
Budget at a Glance

(in ₹ Crores)

	2020-21 Actuals	2021-22 Budget Estimates	2021-22 Revised Estimates	2022-23 Budget Estimates
1. Revenue Receipts	2169905	2204422	2348413	2632281
2. Tax Revenue (Net to Centre)	1804793	1934771	2086662	2330631
3. Non Tax Revenue	365112	269651	261751	301650
4. Capital Receipts	1623896	1740487	1838819	1870816
5. Recovery of Loans	24737	14291	23500	23000
6. Other Receipts	14638	65000	60000	61000
7. Borrowings and Other Liabilities ¹	1584521	1661196	1755319	1786816
8. Total Receipts (1+4)	3793801	3944909	4187232	4503097
9. Total Expenditure (10+13)	3793801	3944909	4187232	4503097
10. On Revenue Account of which	3200926	3194663	3458959	3502136
11. Interest Payments	805499	940651	940651	1079971
12. Grants in Aid for creation of capital assests	242646	317643	325588	369988
13. On Capital Account ²	592874	750246	728274	1000961
14. Effective Capital Expenditure (12+13) ³	835520	1067889	1053862	1370949
15. Revenue Deficit (10-1)	1031021	990241	1110546	869855
	(4.4)	(3.8)	(4.1)	(2.9)
16. Effective Revenue Deficit (15-12)	788375	672598	784958	499867
	(3.3)	(2.6)	(2.9)	(1.7)
17. Fiscal Deficit [9-(1+5+6)]	1584521	1661196	1755319	1786816
	(6.7)	(6.4)	(6.4)	(5.9)
18. Primary Deficit (17-11)	779022	720545	814668	706845
	(3.3)	(2.8)	(3.0)	(2.3)

Notes:

- 1 RE 2022-23 is reduced by ₹ 32,607 crore on account of net amount payable by Centre for prior years. Growth in BE 202324 over RE 2022-23 is 10% excluding prior year adjustments..
- 2 Includes drawdown of cash Balance.
- i. Nominal GDP for BE 2023-2024 has been projected at ₹ 3,01,75,065 crore assuming 10.5 % growth over the estimated Nominal GDP of ₹ 2,73,07,751 crore as per the First Advance Estimates of FY 2022-23.
- ii. Individual items in this document may not sum up to the totals due to rounding off.
- iii. Figures in parenthesis are as a percentage of GDP

Source: Budget 2022-23

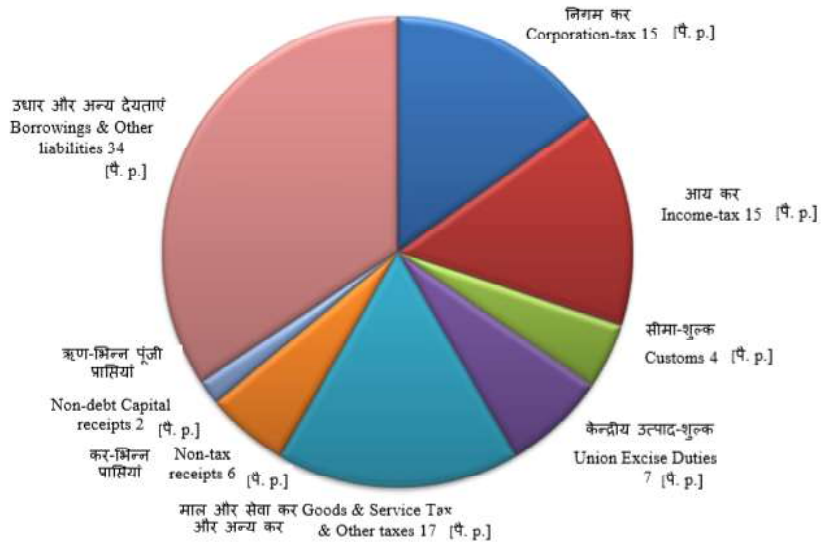


Figure 1
Rupee Comes From

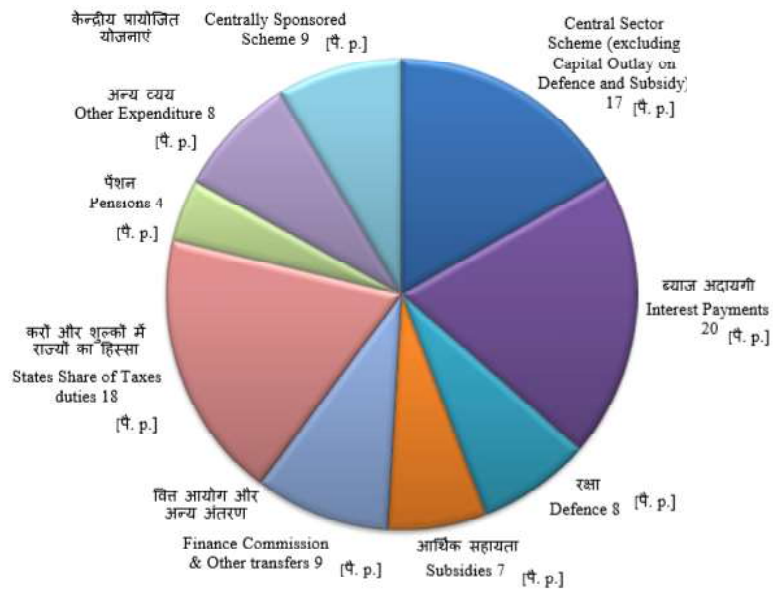


Figure 2
Rupee Goes to