



180Degrees
CONSULTING
— SGGSCC —

ANALYSIS OF

UNION BUDGET

2023-24

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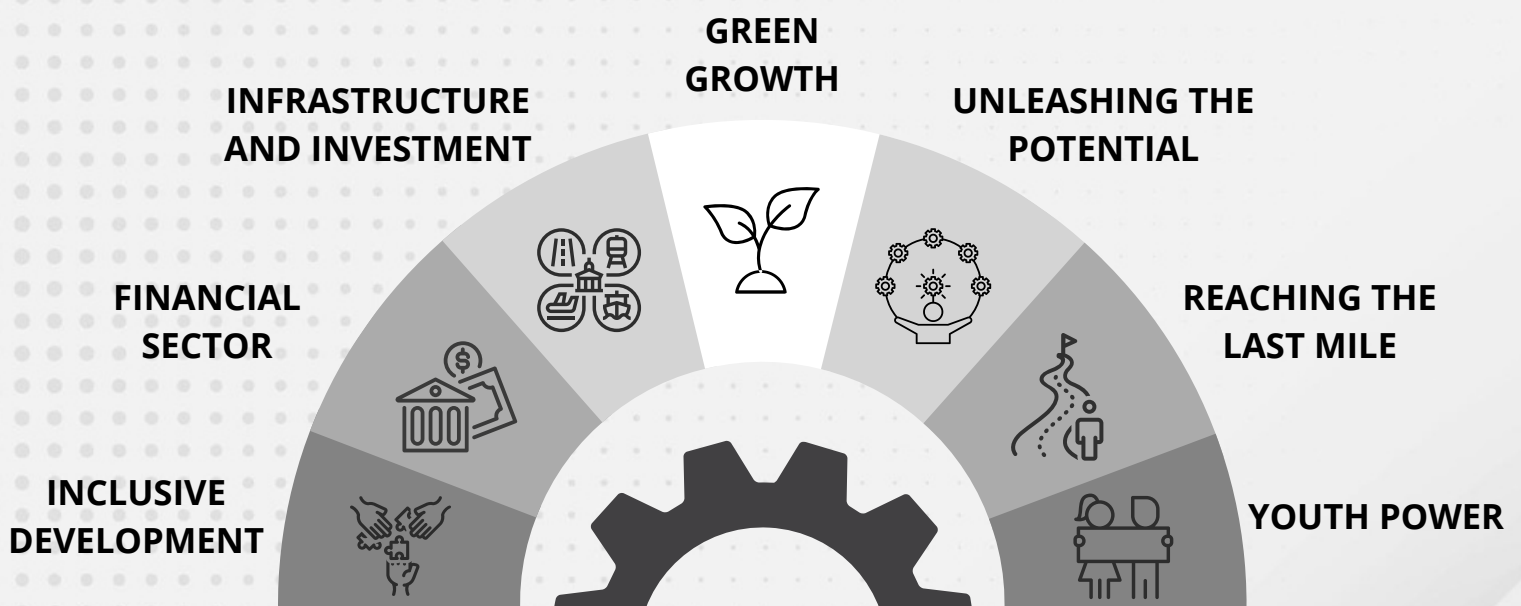
INTRODUCTION

The 2023 Union Budget, presented by Finance Minister Nirmala Sitharaman on 1st February 2023, marks a pivotal moment in India's journey towards becoming a developed nation. In the words of our PM, **“This Budget will fulfill the dreams of an aspirational society including poor people, middle-class people, and farmers”**, and is poised to play a significant role in the lead-up to next year's general elections. By presenting a comprehensive plan for economic growth and development the government is working to create a more prosperous and equitable society for all citizens.

‘The First Budget of Amrit Kaal’ has a strong focus on developing infrastructure and boosting employment through a 33% increase in CapEx. Other sectors like agriculture, tourism, digitalization, and healthcare have also been emphasized. The FM also introduced **Saptarishi**, detailing the 7 focus areas of India's growth amongst many other new policies. With the Government's commitment to building a brighter future for all Indians, it has laid down 3 priorities:

- **Opportunities for Citizens with Focus on Youth**
- **Growth and Job Creation**
- **Strong and Stable Macro-Economic Environment**

7 MANTRAS AMRIT KAAL



KEY HIGHLIGHTS

Rebate limit of Personal Income Tax to be increased to Rs. 7 lakh

Number of tax slabs reduced to 5 from 6

Entity DigiLocker to be setup for use by MSMEs, large business and charitable trusts

100 labs to be setup for 5G services based application development

Outlay for PM Awas Yojana is being enhanced by 66% to over Rs. 79,000 crore.

Pradhan Mantri Kaushal Vikas Yojana 4.0 to be launched to skill lakhs of youth within next three years

30 Skill India International Centres to be set up to skill youth for international opportunities

Central Processing Centre to be setup for faster response to companies

National Data Governance Policy to be brought out to unleash innovation and research

Number of basic customs duty rates on goods reduced to 13 from 21

CGST Act to be amended

Higher limit of Rs. 3 crore for TDS on cash withdrawal to be provided to co-operative societies.

a one-time new small savings scheme Mahila Samman Savings Certificate to be launched

Direct Benefit Transfer to be rolled out to provide stipend support to 47 lakh youth

PM-PRANAM to be launched to incentivise States and UTs to promote alternative fertilisers

Green Credit Programme to incentivise additional resources for environmentally sustainable actions

Unified Skill India Digital Platform to be launched for enabling demand-based formal skilling

Atmanirbhar Clean Plant Program with an outlay of ₹2200 crore to be launched

10,000 Bio-Input Resources Centre to be set-up

Maximum deposit limit for Senior Citizen Savings Scheme to be enhanced from 15 lakh to 30 lakhs

Targeted Fiscal Deficit to be below 4.5% by 2025-26

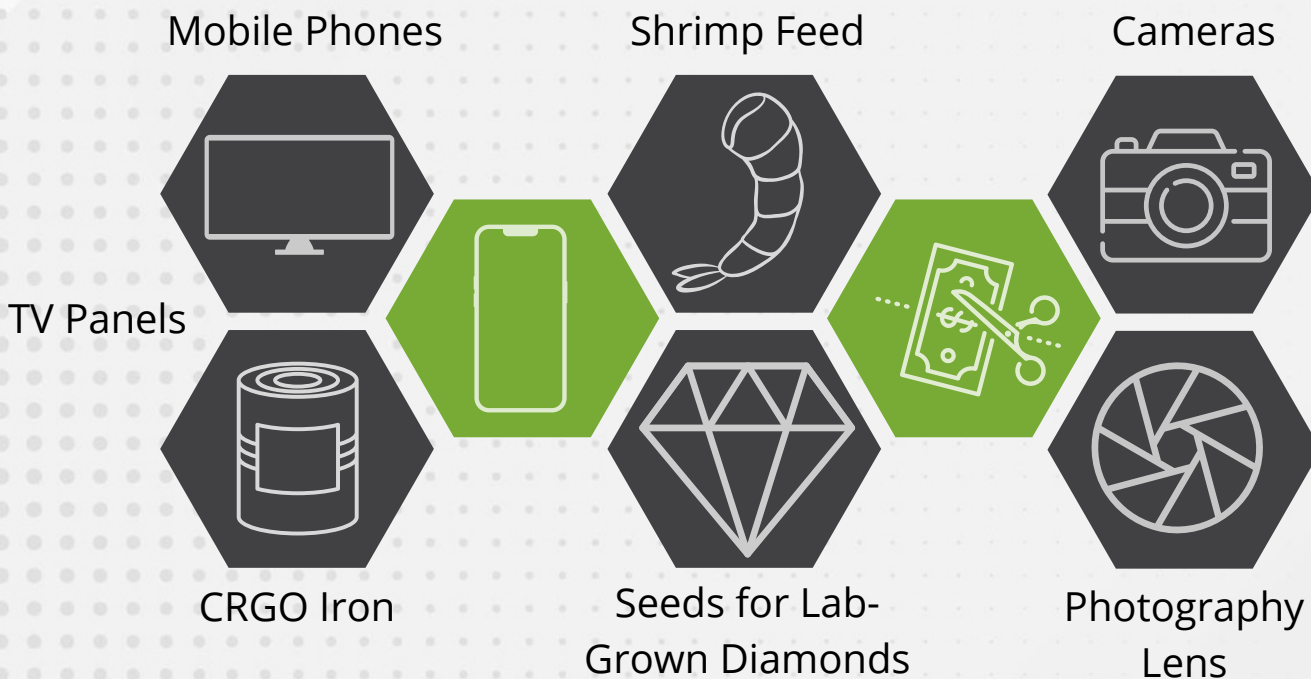
Sub-scheme of PM Matsya Sampada Yojana with targeted investment of ₹6,000 crore to be launched

IMPACT ON PRICES

COSTLIER

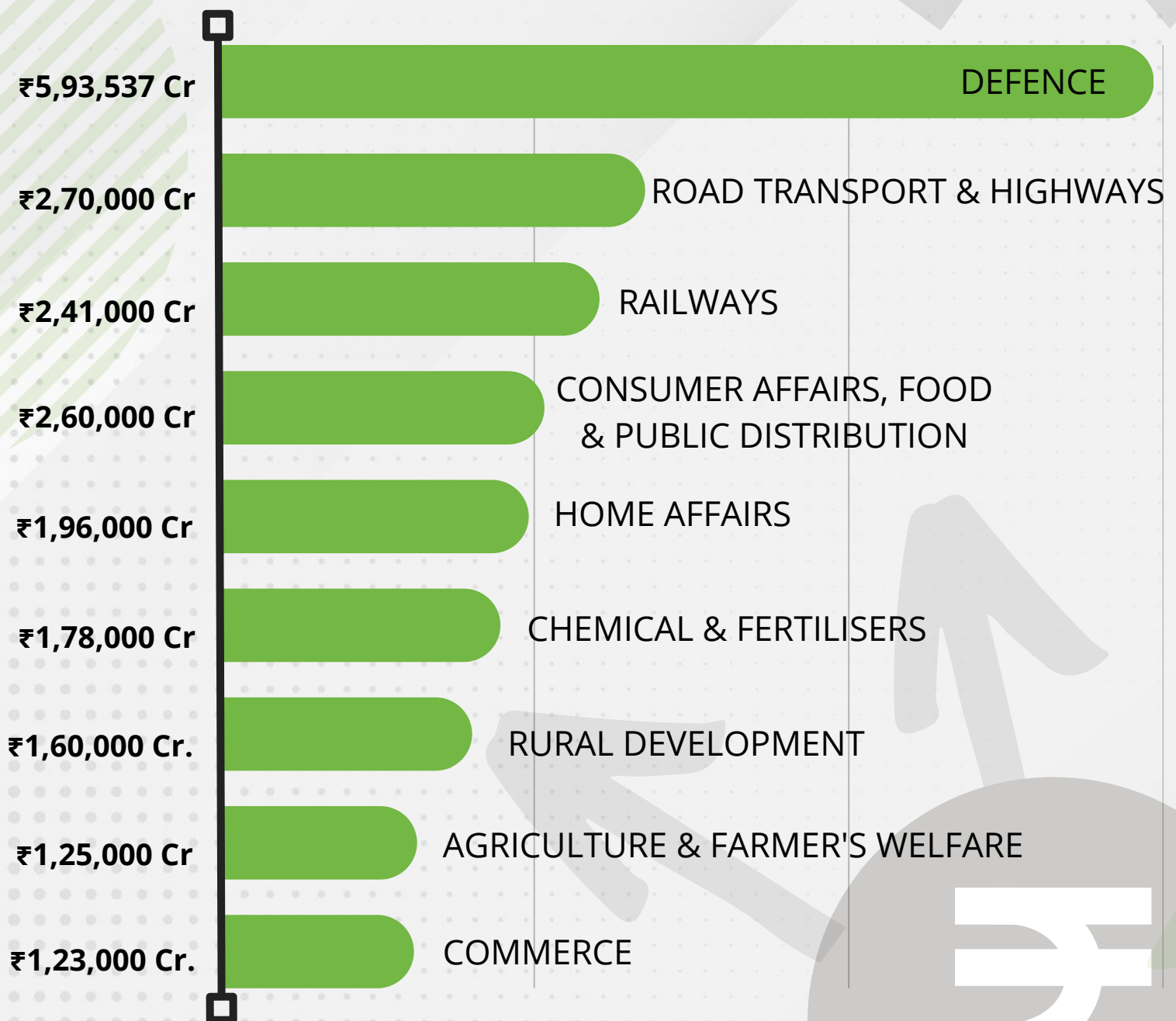


CHEAPER








EXPENDITURE & ALLOCATION



The Government proposes to spend **Rs 45,03,097 crore in 2023-24**, which is an increase of 7.5% over the revised estimate of 2022-23. In 2022-23, total expenditure is estimated to be 6.1% higher than budget estimate.






IMPROVISED TAX REGULATIONS

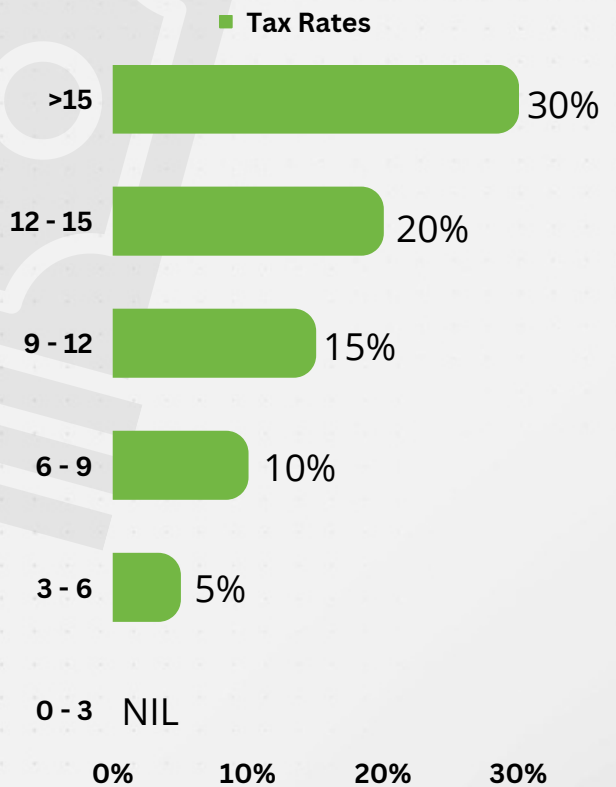


-  To ease the burden of compliance, encourage innovation, and give people tax relief
-  Within 24 hours, 45% of returns on the tax payers' portal were processed. In eight years, the average processing time dropped from 93 to 16 days.
-  The new regime increased the income threshold for an income tax rebate from Rs. 5 Lakh to Rs. 7 Lakh.
-  Under the new regime, the highest surcharge rate on income over Rs. 5 crore will drop from 37% to 25%.
-  Benefits of the standard deduction are being expanded to the new tax system for the salaried class and pensioners.

-  Raising the non-government salaried employee tax exemption threshold to Rs. 25 lakh for leave encashment upon retirement.
-  Simplified indirect tax to increase exports and economic value addition.

Custom Duty Changes

-  Import of supplies for manufacturing batteries
-  Mobile camera lens imports to increase value addition
-  Denatured ethyl alcohol



LOSERS

Taxpayers

Agriculture

Tourism

Infrastructure

Metal/Cement

Green Energy

EV Mobility

WINNERS

Defence

Tobacco Producers

Jewelers

Oil Refineries

Carmakers

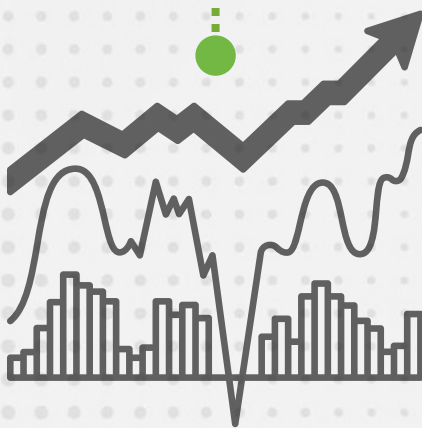
Defence

Defence

KEY HIGHLIGHTS OF THE ECONOMIC SURVEY 2022-23

Capital Markets

- In April December 2022, global stock markets declined because of geopolitical uncertainty. On the contrary, the Indian stock market saw a resilient performance, with the blue chip index Nifty 50 registering a return of 3.7 per cent during the same period.
- The Nifty 50 - US dollar adjusted return also stood at -4.7 per cent, adjusting for the depreciation of the Indian Rupee against the US Dollar.
- No of demat accounts rose sharply, 39% higher by the end of nov 2022 on YoY basis.



Employment

- Labour markets have recovered beyond pre-Covid levels, in both urban and rural areas, with unemployment rates falling from 5.8 per cent in 2018-19 to 4.2 per cent in 2020-21.
- As per usual status¹³, the labour force participation rate (LFPR)¹⁴, worker population ratio (WPR)¹⁵ and unemployment rate (UR)¹⁶ in PLFS 2020-21(July/June)¹⁷ have improved for both males and females in both rural and urban areas compared to PLFS 2019-20 and 2018-19.
- eShram portal developed for creating a National database of unorganised workers, which is verified with Aadhaar.

Social Infrastructure

- More than 220 crore COVID vaccine doses administered as on 06 January, 2023.
- Aadhar, adjudged the most sophisticated ID programme in the world by Paul Romer, a Nobel Laureate and Former World Bank Chief Economist, generated 135.2 crore registrations and 71.1 crore updations as of November 2022.
- JAM (Jan-Dhan, Aadhaar, and Mobile) trinity, combined with the power of DBT, has brought the marginalised sections of society into the formal financial system.



Environment

- With a vision to make India an energy-independent nation, and to de-carbonise critical sectors, the Government approved the National Green Hydrogen Mission on January 4, 2023 with an initial outlay of ₹19,744 crore.
- NITI's report estimates that the cumulative value of the green hydrogen market in India will be US\$ 8 billion by 2030 and US\$ 340 billion by 2050.
- National Green Hydrogen Mission to enable India to be energy independent by 2047.
- 721 km of metro rail network was made operational by August 2022.

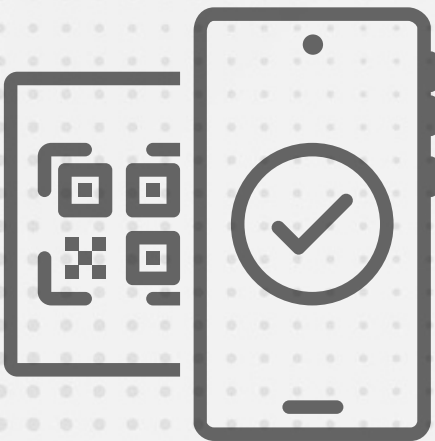
Digital Infrastructure

- In FY22, UPI accounted for 52 per cent of the total 8,840 crore financial digital transactions.
- On average, between FY19-22 (calendar year), growth in UPI-based transactions in value and volume terms have been 121 per cent and 115 per cent, respectively. Recently, in Dec 2022, UPI touched its highest-ever mark with 782 crore transactions worth ₹12.8 lakh crore.
- PM GatiShakti National Master Plan creates comprehensive database for integrated planning and synchronised implementation across Ministries/ Departments.



Inflation

- The inflation rate in Emerging Markets and Developing Economies (EMDEs) is anticipated to have increased from 5.9 per cent in 2021 to 9.9 per cent in 2022 (WEO, October 2022).
- While India's retail inflation rate peaked at 7.8 per cent in April 2022, above the RBI's upper tolerance limit of 6 per cent.
- RBI projects CPI inflation for Q1 - FY24 at 5.0 per cent and for Q2 -FY24 at 5.4 per cent on the assumption of a normal monsoon.



SAPTARISHI EXPLAINED

INCLUSIVE DEVELOPMENT



- Building Digital Infrastructure for Farmers.
- Setting up Agriculture Accelerator Fund.
- 20 lakh crore targeted agricultural credit

- 157 New Nursing Colleges to be established.
- New programme to promote pharmaceutical research.
- Sickle Cell Anaemia elimination mission to be launched.

- Revamped Teachers' training via District Institutes of Education and Training.
- National Digital Library to be set up for children.

- Pradhan Mantri PVTG Development Mission to be launched

REACHING THE LAST MILE

- Financial assistance to be given for sustainable micro irrigation in drought prone regions of Karnataka.

- More teachers to be recruited for 740 Eklavya Model Residential Schools



Increased Capital investment outlay by 33.4% to Rs.10 lakh crore

- ✓ Continuation of 50 year interest free loan to State Governments to incentivize infrastructure investment.



100 transport infrastructure projects identified for end-to-end connectivity for ports, coal, steel, fertilizer sectors.

- ✓ Highest ever capital outlay of Rs.2.4 lakh crore for railways.

Three specialized AI centres to be set up in educational institutes.

- National Data Governance Policy to be introduced.
- Less stringent contract execution for MSME's
- Phase of E-Courts to be launched.
- Entity Digi Locker to be set-up for use by business enterprises and charitable trusts.



To encourage States/UTs to promote the use of alternative fertilisers, PM-PRANAM will be launched.

In order to encourage sustainable behaviour, the EPA will be notified of the Green Credit Programme.

500 new "Waste to Wealth" facilities will be built under the GOBARdhan programme.

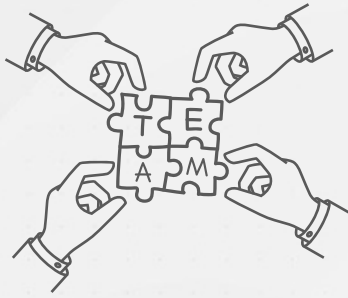


MISHTI project will be used to plant mangroves along the coast.

Establishing 10,000 bio input resource centers to assist farmers in transitioning to organic farming

Funds that will be used to replace old, polluting vehicles.

YOUTH POWER



📍 PMKVY 4.0 will be launched covering courses like coding, AI, Robotics, 3D printing etc.

📍 At least 50 destinations to be selected, through challenge mode, to be developed as a complete package for domestic and foreign tourists.

📍 States will be encouraged to set up Unity Malls for promotion and sale of ODOP (One District-One Product), GI and handcraft products.

- Setting up of National Financial Information registry to enable efficient lending, promote financial inclusion and enhance financial stability.
- Setting up of a central data processing center for faster handling of administrative work under the Companies Act.
- One-time new small savings scheme for a 2-year period with a deposit facility of up to Rs.2 lakh for women.
- Enhanced maximum deposit limit for senior citizens savings scheme from Rs.15 lakh to Rs.30 lakh.

FINANCIAL SECTOR



- Initiative to promote business activities in GIFT IFSC.
- Create more trained professionals in Securities Markets via award of educational certificates.



SCHEMES AND POLICY SNAPSHOTS



PM-PRANAM, Program for Restoration, Nourishment and Amelioration of Mother Earth will be launched with the aim of reducing the use of chemical fertilizers in farming. Incentives will be provided to states and Union Territories to promote the usage of alternative fertilizers and to balance the use of chemical fertilizers

Pradhan Mantri Kaushal Vikas Yojana 4.0 is aimed at skilling youth with new age courses like coding, Artificial Intelligence, Robotics, Internet of Things, Drones and other soft skills. It is focused towards on-job training and industry partnerships to upskill the “AMRIT PEEDHI” within the next three years



A PAN-INDIA National Apprenticeship Promotion Scheme will be implemented to provide stipend support to 47 lakh youth over a period of three years through Direct Benefit Transfer (DBT)

An important step towards women empowerment in the form of Mahila Samman Bachat Patra, a one-time small savings scheme has been initiated to offer deposit facilities of upto ₹2,00,000 for two years in the name of girls/women at an interest rate of 7.5%



STOCK MARKET REACTIONS



- Indian stock markets reacted positively to the Union Budget for 2023-24 with benchmark index closing near the **60,000 mark**.
- Except for the Nifty oil and gas Index, all other indices **traded in the green**, National Stock Exchange data showed.
- The market was anticipating further commitment to public capital expenditure across infrastructure, clean energy, and agriculture from the Govt, and it has not disappointed.
- The BSE Sensex rose 158.18 pts or 0.27% to close at 59,708.08 and the Nifty 50 fell 45.85 pts or 0.26% to 17,616.30.
- The top gainers of the BSE Sensex were ITC (up 2.61%), Tata Steel (up 2.05%), ICICI Bank (up 1.80%), TCS (up 1.50%) and HDFC Bank (up 1.47%)
- Bajaj FinServ (down 5.65%), State Bank of India (down 4.80%), IndusInd Bank (down 3.88%), Mahindra & Mahindra (down 1.91%) and Sun Pharma (down 1.75%) were the losers.

POST BUDGET PRESS CONFERENCE

Vande Metro Announced

Vande Metro, a mini version of the Vande Bharat Express trains, will be developed by the Railways for people living around big cities to travel for work

Tax Relief only in the New Regime

In a follow-up statement, the FM announced that increased exemption was only available to people opting for the New Tax Regime.

Emphasis on Fiscal Consolidation

The budget has laid out clear intentions of the GOI to reduce its debt-funded spending to enhance fiscal discipline in the economy.



Azadi Ka Amrit Mahotsav

In the press conference, Sitharaman commemorated the Azadi ka Amrit Mahotsava, a one time new small savings scheme and Mahila Samman Savings certificate available up to March 2025

Industrial Revolution 4.0

On the technology and finance front, the FM announced that the government is looking at a futuristic fintech sector where people will be trained through Industrial Revolution 4.0

"We are trying to unleash digital economy in various walks of life." she said in an address to media.

EXPERTS REVIEW ON THE BUDGET

"The government is pushing towards financialisation. So every asset class is taken care of and every individual has something to take home. Even if you are earning four-five times the pay per capita income of India is Rs.1.92 lakh."

says **Feroze Azeez, deputy CEO, Anand Rathi Private Wealth Management**

"Certainly there is no one kind of answer, but one thing is certain that because of the change in slabs, the tipping point to say whether I am going to be benefitted more by the old regime or by the new regime has shifted more towards the new regime,"

says **Vipul Jhaveri, Partner, Deloitte India**



"Investment in Infrastructure helps create demand for multiple industries, which includes commercial vehicles, cement, steel and many others. It creates employment across the country because infrastructure is built across the country and it helps us because it reduces the cost and logistics which in India is higher than it is in many other countries. So it has a multiple beneficial impact,"

says **TV Narendran, MD and CEO, Tata Steel**

REACH US

