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TO : ALL MEMBER TEA COMPANIES

Union Budget 2023-24 : Highlights

The Hon'ble Union Minister for Finance Ms Nirmala Sitharaman placed the Union Budget 2023-24 on 1st February, 2023. The key announcements were as follows :

1. General

- The Union Budget 2023-24 prioritises seven principles :
 - a. Inclusive development
 - b. Reaching the last mile
 - c. Infrastructure & investment
 - d. Unleashing the potential
 - e. Green growth
 - f. Youth Power
 - g. Financial sector
- Capital Expenditure increased by 33% to Rs 10 lakh crore, which would be 3.3% of GDP.

2. Agriculture

- An Agriculture Accelerator Fund will be set up to encourage agri-startups by young entrepreneurs;
- PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth" (PM-PRANAM) to be launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers;
- Digital public infrastructure to be developed for the agriculture sector;
- Agricultural credit target to be increased to Rs 20 lakh crore with a focus on animal husbandry, dairy and fisheries;
- One crore farmers will get assistance to adopt natural farming. 10,000 bio input resource centres to be set up over the next three years;
- Atmanirbhar Clean Plant Program with an outlay of Rs. 2200 crore to be launched to boost availability of disease-free, quality planting material for high value horticultural crops.

3. Skill Development

- Pradhan Mantri Kaushal Vikas Yojana 4.0, to be launched to skill youths within the next three years covering new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills;

- 30 Skill India International Centres to be set up across different States to skill youth for international opportunities.

4. Social Issues

- Pradhan Mantri Primitive Vulnerable Tribal Group (PMPVTGS) mission to be launched to improve socio-economic condition. Rs 15,000 crore to be made available to implement the scheme in next three years;
- 157 new nursing colleges to be established in co-location with the existing 157 medical colleges established since 2014;
- Eklavya Model Residential Schools to be set up in the next three years;
- Government to recruit 38,800 teachers and support staff for 740 schools serving 3.5 lakh tribal students;
- Sickle Cell Anaemia elimination Mission to be launched;
- Outlay for PM Awas Yojana enhanced 66% to over Rs 79,000 crore;
- Free food grain to be supplied to all Antyodaya and priority households for one year under PM Garib Kalyan Ann Yojana effective from 1st January, 2023.

5. Infrastructure

- 50 additional airports, helipads, water aero drones, advanced landing grounds will be revived to improve regional air connectivity;
- An outlay of Rs 2.4 lakh crore provided for railways in FY24;
- Centre to continue 50-year interest-free loan to state governments for one more year to incentivize infrastructure investment;
- Govt to spend Rs 10,000 crore per year for urban infra development fund;
- Cities to be incentivised to improve creditworthiness for municipal bonds;
- Aim for 100% mechanical desludging of septic tanks and sewers in all cities and towns.

6. Digitization

- Three specialized AI centres to be set up in educational institutions;
- National Data Governance Policy to be introduced;
- Scope of services in DigiLocker to be expanded;
- 100 labs for developing applications to use 5G services to be set up in engineering institutions;
- Labs will cover smart classrooms, precision farming, and healthcare applications;
- Phase 3 of E-courts projects to be launched with outlay of Rs 7,000 crore;
- One stop solution for reconciliation and updating identity maintained by various agencies to be established using digi locker and Aadhaar as foundational identity;
- Central Processing Centre to be set up for faster response to companies filing forms under Companies Act;
- PAN will be common identifier for all digital systems of govt agencies.

7. Green Growth

- Annual production of 5 MMT under Green Hydrogen Mission to be targeted by 2030 to facilitate transition of the economy to low carbon intensity and to reduce dependence on fossil fuel imports;

- 35000 crore outlay for energy security, energy transition and net zero objectives. Battery energy storage systems to be promoted;
- 20,700 crore outlay provided for renewable energy grid integration and evacuation from Ladakh;
- Green Credit Programme to be notified under the Environment (Protection) Act to incentivize and mobilize additional resources for environmentally sustainable and responsive actions;
- Amrit Dharohar scheme to be implemented over the next three years to encourage optimal use of wetlands, enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.

8. Tourism

- Promotion of tourism will be taken up on mission mode with active participation of states, the convergence of Govt programs & public-private partnerships;
- 50 tourist destinations will be selected through challenge mode to be developed as a whole package for domestic and international tourism;
- States to be encouraged to set up a Unity Mall for promotion and sale of their own and also all others states' ODOPs (One District, One Product), GI products and handicrafts.

9. Finance

- Revamped credit guarantee scheme for MSMEs to take effect from 1st April 2023 through infusion of Rs 9,000 crore in the corpus. This scheme would enable additional collateral-free guaranteed credit of Rs 2 lakh crore;
- Maximum deposit limit for Senior Citizen Savings Scheme to be enhanced to Rs 30 lakh from Rs 15 lakh;
- Monthly Income Scheme limit doubled to Rs 9 lakh and Rs 15 lakh for joint accounts;
- One-time new saving scheme Mahila Samman Saving Certificate for women to be made available for two years up to 2025.

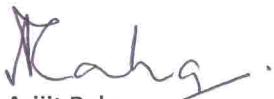
10. Direct Taxes

- Rebate limit of personal income tax to be increased to Rs 7 lakh from the present Rs 5 lakh in the new tax regime;
- Proposal to extend the benefit of standard deduction of Rs. 50,000 to salaried individual, and deduction from family pension up to Rs. 15,000, in the new tax regime;
- Highest surcharge rate to reduce from 37% to 25% in the new tax regime;
- The limit for tax exemption on leave encashment on retirement of non-government salaried employees to increase to Rs. 25 lakh;
- The new income tax regime to be made the default tax regime. However, citizens will continue to have the option to avail the benefit of the old tax regime;
- New co-operatives that commence manufacturing activities till 31.3.2024 to get the benefit of a lower tax rate of 15% as presently available to new manufacturing companies;
- Date of incorporation for income tax benefits to start-ups to be extended from 31.03.2023 to 31.03.2024;
- Proposal to provide the benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years;
- Deduction from capital gains on investment in residential house under sections 54 and 54F to be capped at Rs. 10 crore;

- Proposal to limit income tax exemption from proceeds of insurance policies with very high value. Where aggregate of premium for life insurance policies (other than ULIP) issued on or after 1st April, 2023 is above Rs. 5 lakh, income from only those policies with aggregate premium up to Rs. 5 lakh shall be exempt;
- Certain acts of omission of liquidators under section 276A of the Income Tax Act to be decriminalized with effect from 1st April, 2023;
- No tax for income up to Rs 3 lakh; 5% tax on Rs 3-6 lakh; highest tax rate of 30% on income above Rs 15 lakh under new Income Tax regime;
- Income from Market linked debentures to be taxed.

11. Indirect Taxes:

- Excise Duty exempted on GST-paid compressed bio-gas contained in blended compressed natural gas;
- Customs Act, 1962 to be amended to specify a time limit of nine months from date of filing application for passing final order by Settlement Commission;
- Customs Duty exemption on specified capital goods/machinery for manufacture of lithium-ion cell for use in battery of electrically operated vehicle (EVs) extended to 31.03.2024;
- Basic customs duty on crude, glycerine is proposed to be reduced to 2.5%;
- Proposal to increase import duty on silver bars to align it with gold, platinum;
- Extension of customs duty cut on imports of parts of mobile phones by 1 year;
- To promote value addition in the manufacturing of TVs, customs duty on open cells of TV panels reduced to 2.5%;
- Input Tax Credit cannot be availed for such goods and services used for fulfilling CSR obligations.


 Arijit Raha
 Secretary General