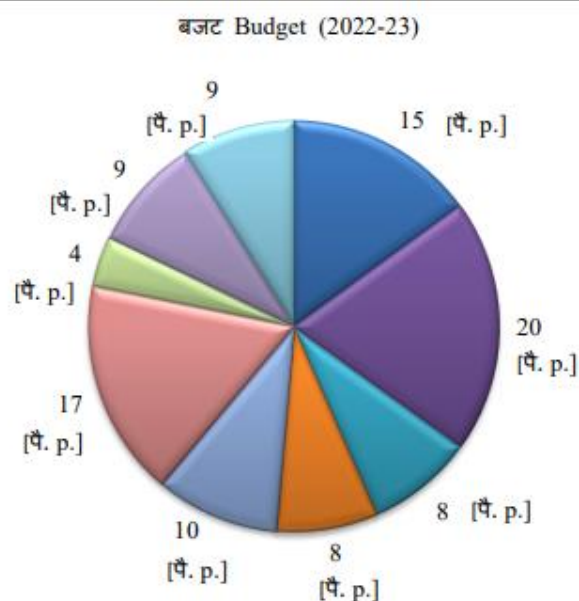


Analysis of Union Budget 2023-24

30th Awareness Program



रुपया कहाँ जाता है Rupee Goes To (बजट Budget 2023-24)



Moderators:

CA. T.V. Mohandas Pai

Chairman Manipal Global Education Services



CA. H. Padamchand Khincha

Leading Corporate & International Tax consultant



Contributors:

Krishnan S, Ravi S, Sivaram R, Shweta D, Arunabh S

Panelists



CA. K. Ullas Kamath

Chairman of FICCI Karnataka State Council
and member of FICCI Start Up Committee,
New Delhi.



Prof. Pulak Ghosh

Professor of Decision Sciences and Center
of Public Policy at the Indian Institute of
Management Bangalore.



Mr. S. S. Naganand

Vice President of the Bar Association of India



Mr. R.K. Misra

Co-Founder at YULU Co-Chair - ASSOCHAM
South Bengaluru, Karnataka, India

India at a glance

Estimates

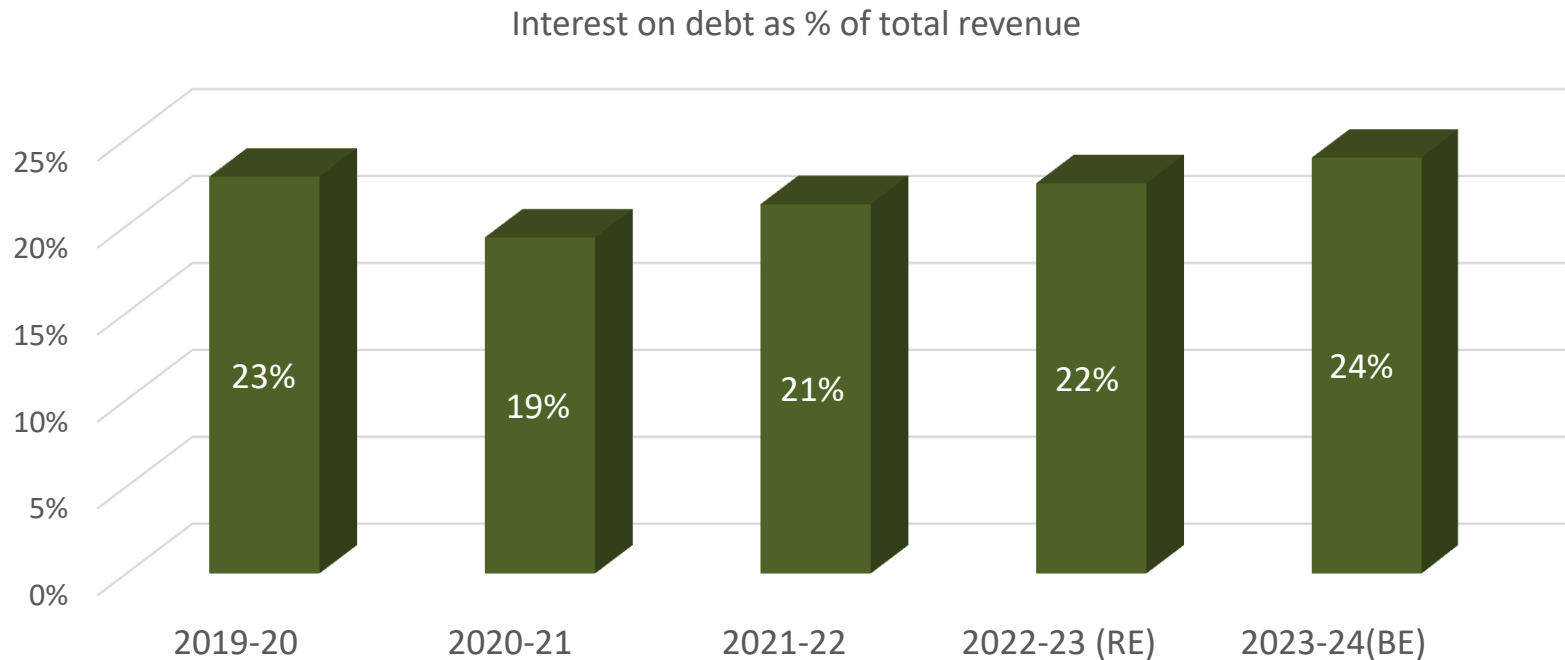
Population	1.415 bn	Jan 2023
Population Growth Rate	1%	Jan 2023
Life Expectancy: Male	68.7 yrs	2021
Life Expectancy: Female	71.5 yrs	2021
Literacy	78%	2022
GDP (at current prices)	US\$ 3,330 bn	Table 1.6 ES
Real GDP growth	7%	2023
GDP (in PPP)	US \$12,192 bn	2023
Per capita Income	US \$2,354	ES 2023
Exports (goods and services)	US \$776 bn	Table 1.6 ES
Imports (goods and services)	US \$ 935 bn	Table 1.6 ES
Foreign Exchange Reserves	US \$ 563 bn	(ES) Dec 2022
Government External Borrowings	US \$ 127.7 bn	(RBI) Jun 2022
External Debt (Govt & Non-Govt)	US \$ 610.5 bn	(ES) Sept 2022
Interest to Gross Revenue	22%	2023 RE (Budget)

India – Key Economic Indicators 2023 vs. 1991

..... 32 years' snapshot post liberalisation

	2023	1991	CAGR
Population (Bn)	1.415	0.89	1.5%
Life expectancy (Years)	67.2	58.8	0.4%
Literacy rate	78%	52%	1.3%
GDP Growth Rate	7%	5.3%	
GDP (at current prices) – Rs. cr	273.08 lacs	5.32 lakhs	13%
GDP (at current prices) - US\$ Bn	3,330	275	8.2%
Per capita income - US\$	2,354	310	6.6%
Exports (G+S) - US\$ Bn	776	18	12.5%
Imports (G+S) - US\$ Bn	935	24	12.1%
Share in world trade (exports + imports)	3%	1%	
Foreign Currency Reserves - US\$ Bn	563	5.8	15.4%
Exchange Rate (US \$)	80	18	4.8%
Savings Rate (Sep 2022)	26.2%	22.9%	
Investment Rate (Sep 2022)	29.2%	22.5%	

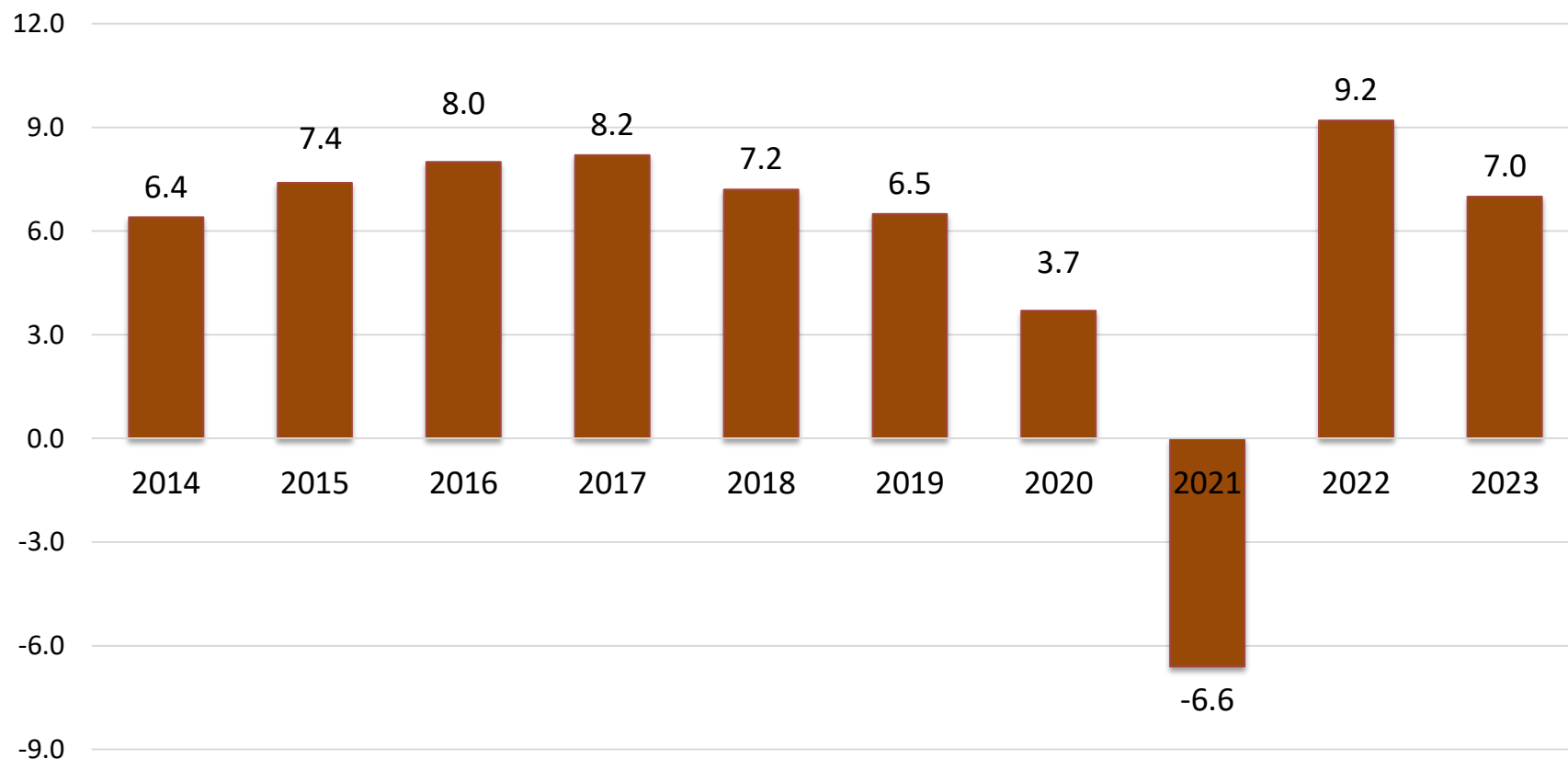
Trend of interest payments



(Rs. cr)

Year	2019-20	2020-21	2021-22	2022-23 (RE)	2023-24 (BE)
Interest	6,12,070	6,79,869	8,05,499	9,40,651	10,79,971
Total revenue (excl. State share)	26,81,360	35,17,025	37,91,258	41,90,474	45,14,884

India's GDP Growth % - Last 10 Years



Real GDP & Nominal GDP expected to grow approximately @ 6.5% & 10.5% respectively in 2023-24 (ES & Budget)

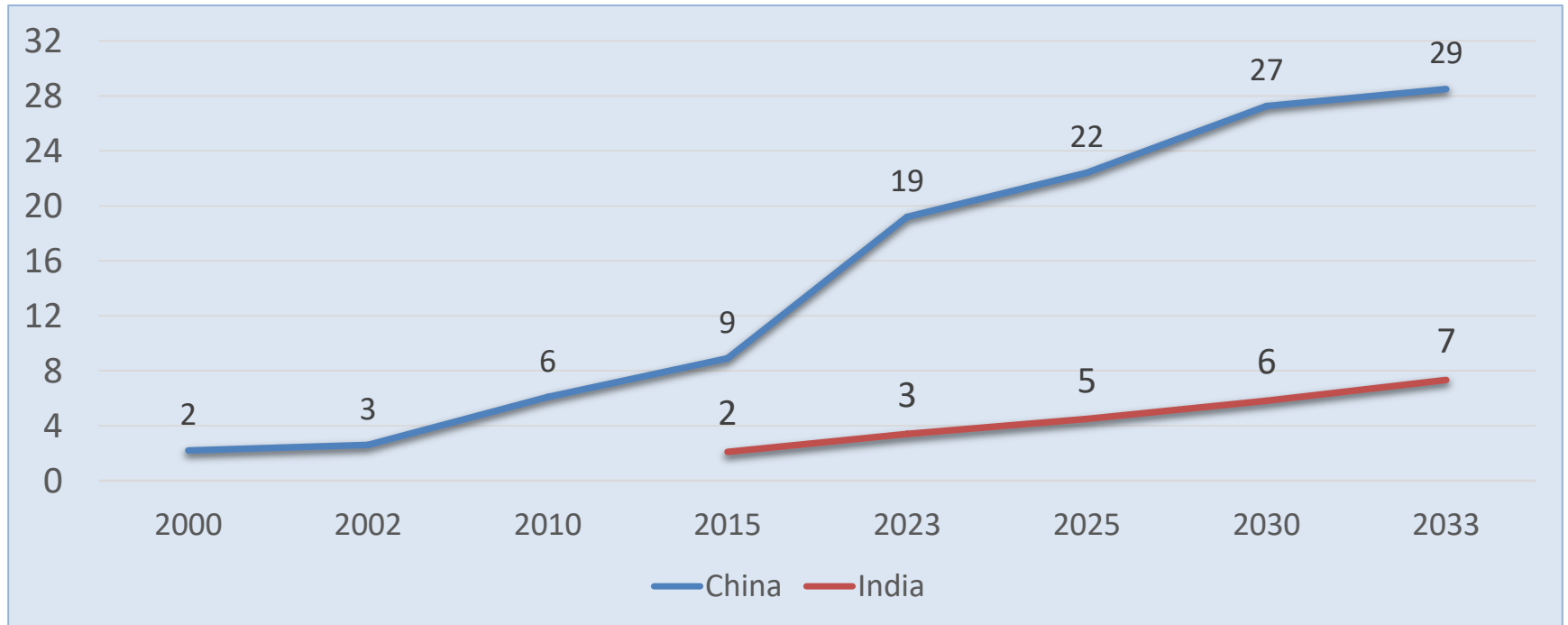
Growth Forecast comparison

	Growth Projections (per cent)		Change from WEO Update (July 2022) (per cent)	
	2022	2023	2022	2023
World	3.2	2.7	0	−0.2
Advanced Economies	2.4	1.1	−0.1	−0.3
United States	1.6	1	−0.7	0
Euro Area	3.1	0.5	0.5	−0.7
UK	3.6	0.3	0.4	−0.2
Japan	1.7	1.6	0	−0.1
Emerging Market Economies	3.7	3.7	0.1	−0.2
China	3.2	4.4	−0.1	−0.2
India*	6.8	6.1	−0.6	0

Source: IMF

India – GDP Projection

We are where China was in 2002



India could achieve a projected GDP of \$ 8T and per capita income of \$5,625 by 2030 on account of India's demographic dividend and a sharp rise in working population. – CBRE

- If India wants to build a \$10T economy by 2030, it needs to grow at 16.7% CAGR (with US\$ at 75)
- To reach the same by 2033, it needs to grow at 11.4% CAGR

The World is Changing ...

GDP In \$ trillion

Regions	2023	2025	2033	CAGR (2023-33)
US	26.2	28.1	33.5	2.5%
EU22	15.9	17.6	18.5	1.5%
Japan	4.4	4.5	4.9	1.0%
Others	15.2	16.8	19.5	2.5%
<u>Total OECD</u>	<u>61.7</u>	<u>67.0</u>	<u>76.4</u>	2.2%
China	19.2	22.4	28.5	4.0%
India	3.4	4.5	7.4	8.0%
Others	20.9	23.2	37.5	6.0%
<u>Total: RoW</u>	<u>43.5</u>	<u>50.1</u>	<u>73.35</u>	5.4%
<u>Total Global</u>	<u>105.2</u>	<u>117.1</u>	<u>149.7</u>	3.6%

Source: IMF, WEO Database & projections

India & China – at a glance

.....China has grown faster

	Estimates as of	India	China
Population	2023 (E)	1.415 bn	1.454 bn
Population Growth Rate	2022 (E)	1%	-0.34%
Life Expectancy: Male	2021 (E)	68.7 yrs	74.2 yrs
Life Expectancy: Female	2021 (E)	71.5 yrs	78.6 yrs
Literacy	2018 (E)	78%	96.8%
GDP (current)	2023 (E)	US\$ 3,330 bn	US \$ 17,940 bn
GDP growth (Real)	2023 (E)	7%	5.2%
GDP (in PPP)	2022 (E)	US \$ 12,192 bn	US \$ 31,031 bn
Per capita Income (current)	2023 (E)	US \$ 2,354	US \$ 12,343
Exports (Goods & Services)	2023 (E)	US \$ 776 bn	US \$ 3,950 bn
Imports (Goods & Services)	2023 (E)	US \$ 935 bn	US \$ 2,700 bn
Foreign Currency Reserves	Dec 2022 (E)	US \$ 563 bn	US \$3,128 bn
External Debt	Sep 2022 (E)	US \$ 611 bn	US \$2,482 bn
Debt / GDP ratio	2022 (E)	84%	275%

Formal jobs are growing

Financial Year	Net new EPF subscribers		Net new ESI subscribers	
	Ages 18-25	Women	Ages 18-25	Women
2018-19	1,12,50,214		1,49,65,972	
	50.10%	21.00%	48.20%	16.60%
2019-20	94,72,468		1,51,45,261	
	53.40%	22.80%	48.60%	17.90%
2020-21	94,54,119		1,15,05,302	
	51.40%	22.80%	48.40%	16.30%
2021-22	1,38,20,141		1,49,12,698	
	52.40%	25.40%	48.20%	18.50%
2022-23 (Apr'22-Nov'22)	1,12,15,403		1,00,97,326 (Oct'22)	
	51.00%	26.50%	47.90%	19.10%

Source: EPF, MOSPI

Video 1

FM Speech – Para 2, 3

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 stands 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.

Resilience amidst multiple crises

- India's global profile has significantly improved due to 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
- During the Covid-19 pandemic, supplied free food grains to over 80 crore persons for 28 months

Resilience amidst multiple crises

- Your views on the above statements
- What is your assessment of the impact of the Budgets for the past 5 years?

Video 2

FM Speech – Para 9, 10

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. Vision for Amrit Kaal – an empowered and inclusive economy

Achievements since 2014

- Per capita income of Indians has more than doubled to Rs. 1.97 lakhs since 2014, improving their quality of living
- During this period, the Indian economy has increased in size, from being 10th to 5th largest in the world
- India has improved its position as a well-governed and innovative country with a conducive environment for business as reflected in several global indices
- Made significant progress in many Sustainable Development Goals

Achievements since 2014

- Government of India has focused on providing necessities of life to all Indians such as Cash Benefit Transfers, food, water, electricity, LPG, sanitation through toilets, health, education, housing, roads, etc., over the past 9 years
- There has been huge focus on infrastructure
- Have these measures transformed India?

Video 3

- **Agriculture**

FM Speech – Para 16, 17

Digital public infrastructure for agriculture will be built as an open source, open standard and inter operable public good. This will enable 6 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.

An Agriculture Accelerator Fund will be set-up to encourage agristartups 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.

Strong Agricultural Base



	Food Grains	Milk	Cotton	Horticulture	Sugar	Spices	Cropland	Livestock
	Production (Mn tonnes)	Production (Mn tonnes)	Production (Mn bales)	Production (Mn tonnes)	Production (Mn tonnes)	Exports (in USD Bn)	(Mn hectares)	Population (Mn)
INDIA	314.5 (2nd largest)	210 (Largest)	35.3 (Largest)	333.2 (2nd largest)	32.6 (2nd largest)	4.2 (Largest)	179.8 (Largest)	536 (Largest)

- Major producer of agrochemicals, tea, cashew, jute, oilseeds, etc.
- Largest exporter of cereal products, cotton, bovine meat, sugar, etc.
- All 15 major climates in the world; 46 of the 60 soil types in the world
- Largest manufacturers of farm equipment
- Proximity to food importing nations

Agriculture and Cooperation

- An Agriculture Accelerator Fund to be set-up to encourage agri-startups by young entrepreneurs in rural areas
- To increase agriculture credit target to Rs. 20 lakh crs with focus on animal husbandry, dairy and fisheries
- To launch a new sub-scheme of “PM Matsya Sampada Yojana” with targeted investment of Rs. 6,000 crsto further enable activities of fishermen, fish vendors, and micro & small enterprises, improve value chain efficiencies, and expand the market
- To launch an Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticultural crops at outlay of Rs. 2,200 crs

Agriculture and Cooperation

- To enhance the productivity of extra-long staple cotton crop, govt to adopt a cluster-based and value chain approach through Public Private Partnerships (PPP)
- 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
- To promote co-operative-based economic development model for farmers, especially small and marginal farmers, and other marginalized sections
- Government to implement a plan to set up massive decentralized storage capacity, to help farmers store their produce and realize remunerative prices through sale at appropriate times

Agriculture

- Are these measures comprehensive to improve agriculture productivity?
- Will the situation in the rural sector improve?
- Do these measures address the bottom of the pyramid?
- Are any other measures required to improve the rural sector?

Video 4

- **Capital investment**

FM Speech – Para 44, 45

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

Capital investment

- Capital investment outlay is increased steeply for the 3rd year in a row by 33% to Rs. 10 lakh crs, which would be 3.3% of GDP. This will be almost 3 times the outlay in 2019-20
- A capital outlay of Rs. 2.40 lakh crore has been provided for the Railways. This highest ever outlay is about 9 times the outlay made in 2013-14.
- Enhanced outlay of Rs. 1.3 lakh crs and continuation of 50-year interest free loan to States for one more year to spur infrastructure investment
- One Hundred critical transport infrastructure projects have been identified, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors. They will be taken up on priority with investment of Rs. 75,000 crs, including Rs. 15,000 crs from private sources
- Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity

Capital investment

- Does India have adequate capital to meet its investment needs?
- Will this increased capital investment enhance growth potential, create jobs and attract private investment?
- Will this capital investment provide a cushion against global headwinds?

Video 5

- ***Urban infrastructure***

FM Speech – Para 54, 55

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.

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.

Infrastructure Investment

... India is spending much below its need and China, way above

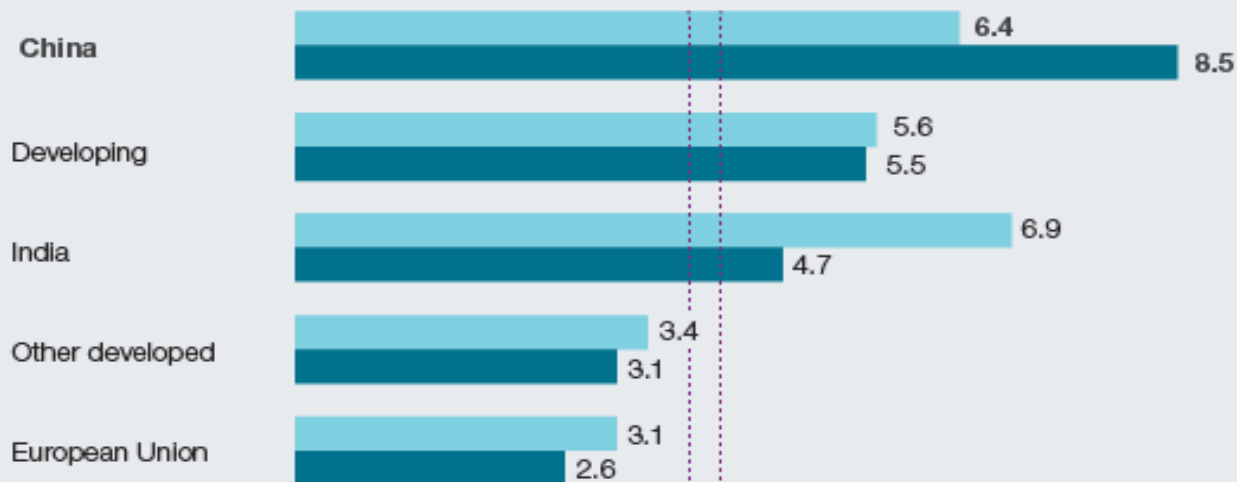
China could reduce future infrastructure investments from historical levels and still maintain a comfortable ratio of infrastructure stock to GDP.

home

Infrastructure spending, % of GDP

Estimated need¹

Historical spending²



Historical global spending = 3.8%

Estimated global need = 4.1%

¹Based on projected growth, 2013–30.

²Weighted average annual expenditure over years of available data, 1992–2011.

Source: IHS Global Insight; Global Water Intelligence; International Transport Forum, Organisation for Economic Co-operation and Development (OECD); OECD's perpetual inventory method; McKinsey Global Institute analysis

Strong Industrial & Infrastructural Base



	Coal	Iron Ore	Aviation	Railway	Roadway	Ports	Electricity	Textile
	Production (Mn MT)	Production (Mn tonnes)	Passenger Traffic (Mn)	Network ('000 Kms)	Network (Mn Kms)	Cargo Traffic (Mn MT)	Production (Bn Units)	Production (Bn Sq. Mt.)
INDIA	778.2 (2nd largest)	204 (4th largest)	341 (3rd largest)	67.9 (4th largest)	6.0 (2nd largest)	720.3	1356 (3rd largest)	63.3 (2nd largest)

- Exports stood at USD 418 billion in 2021-22
- Ranked 44th in Logistics Performance Index (LPI) (last updated in 2018)
- Air passenger traffic is growing at 16.5%, to become 3rd largest by 2024
- Produces 95 minerals - 4 fuel-related, 10 metallic, 23 non-metallic, 3 atomic, and 55 others

Urban Infrastructure

- States and cities will be urged to undertake urban planning reforms and actions to transform our cities into ‘sustainable cities of tomorrow’.
- To establish an Urban Infrastructure Development Fund (UIDF) to create urban infrastructure in Tier 2 and Tier 3 cities by public agencies
- States to 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 to make available Rs. 10,000 crs per annum for this
- Cities to be incentivized to improve their credit worthiness for municipal bonds, through property tax governance reforms and ring-fencing user charges on urban infrastructure
- All cities and towns to be enabled for 100% mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode. Enhanced focus on scientific management of dry and wet waste

Urban infrastructure

- Do these measures result in efficient use of land resources and accelerate urbanization of Tier 2 and Tier 3 cities and increase jobs and growth?
- Will the UIDF accelerate flow of capital into urban areas?
- Are urban governance reforms required urgently to accelerate growth?

Video 6

- **Digitisation**

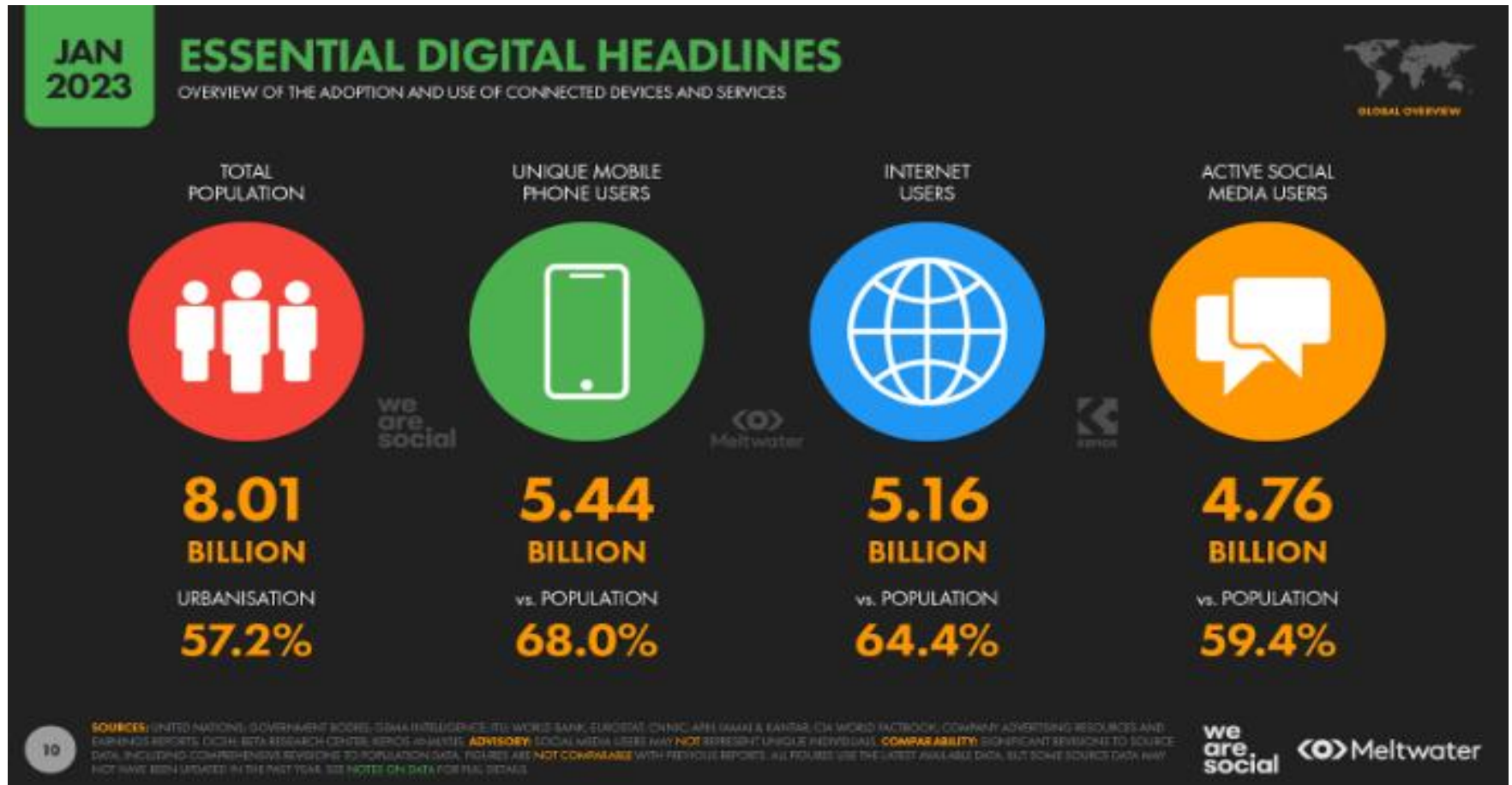
FM Speech – Para 63, 64, 65

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.

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

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

Digitization has transformed the world...



Source: We Are Social

& India

JAN
2022

INDIA

OVERVIEW OF THE ADOPTION AND USE OF CONNECTED DEVICES AND SERVICES



TOTAL
POPULATION



1.40
BILLION

YEAR-ON-YEAR CHANGE

+1.0%

URBANISATION

35.9%

MOBILE
CONNECTIONS



1.14
BILLION

YEAR-ON-YEAR CHANGE

+3.1%

TOTAL vs. POPULATION

81.3%

INTERNET
USERS



658.0
MILLION

YEAR-ON-YEAR CHANGE

+5.4%

TOTAL vs. POPULATION

47.0%

ACTIVE SOCIAL
MEDIA USERS



467.0
MILLION

YEAR-ON-YEAR CHANGE

+4.2%

TOTAL vs. POPULATION

33.4%

we
are
social



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we
are
social

KEPIOS

Source: We Are Social

Steady Transition to a No-Cash future

UPI is marching ahead and should be compatible with the payments infrastructure of **22 countries** by end of 2022

Noncash payments have increased during the past month...

Consumers' use of payment methods (%)



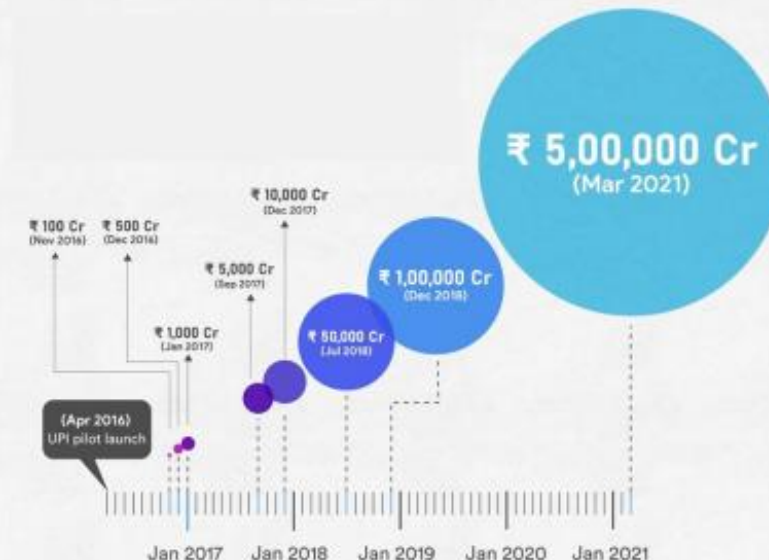
...and are likely to continue to grow over the next six months

Consumers' use of payment methods (%)



The Meteoric rise of UPI

How the UPI transactions have increased in value* over the years



*Values represent milestones crossed in the respective month
Source: www.npci.org.in

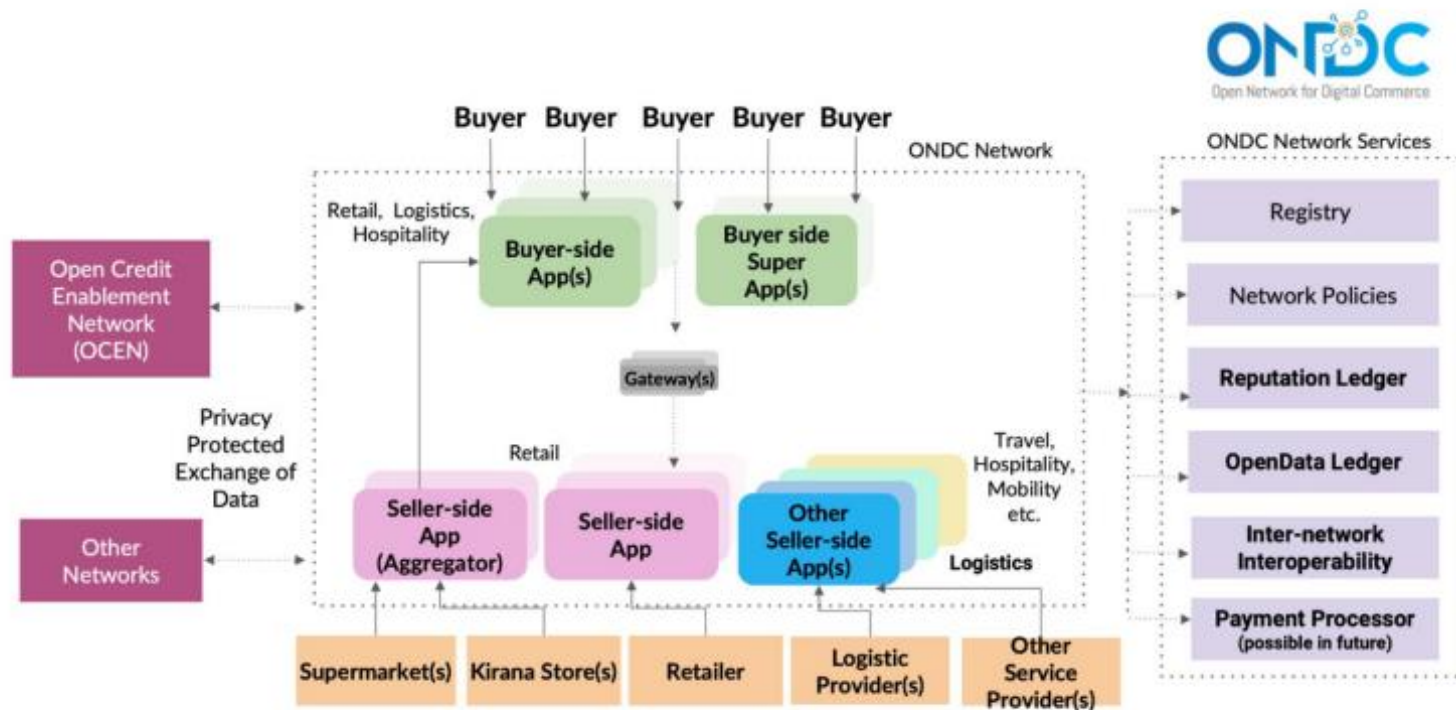
www.finshots.in
www.joinditto.in

7.3 Bn
Monthly UPI
transaction volume in
October 2022

USD 151 Bn
Monthly UPI
transaction value for
October 2022

ONDC is set to unbundle digital commerce

Open Network for Digital Commerce (ONDC) is a network based on open protocols and will enable local commerce across segments, such as mobility, grocery, among others, to be discovered and engaged by any network-enabled application.



A single multi-domain registry will be maintained by ONDC, while gateways (multiple) will be private participants.

The ONDC platform has received investments of Rs. 157.5 crore (US\$ 20.30 million) for the first stage of the project from 17 banks and financial institutions.

Digitisation

- To enable more Fintech innovative services, the scope of documents available in DigiLocker for individuals to be expanded
- An Entity DigiLocker to be set up for use by MSMEs, large business and charitable trusts for storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities
- Financial sector regulators to be encouraged to adopt a KYC system fully amenable to meet the needs of Digital India
- KYC process to be simplified by adopting a 'risk-based' instead of 'one size fits all' approach
- For efficient administration of justice, Phase-3 of the E-Courts project will be launched with an outlay of Rs. 7,000 crs

Digital Initiatives

- How do these digital initiatives accelerate public services to all Indians?
- What is your view of data privacy, data sovereignty and data residency?

Video 7

- **Financial sector**
- FM Speech – Para 96, 97

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.

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.

Financial sector

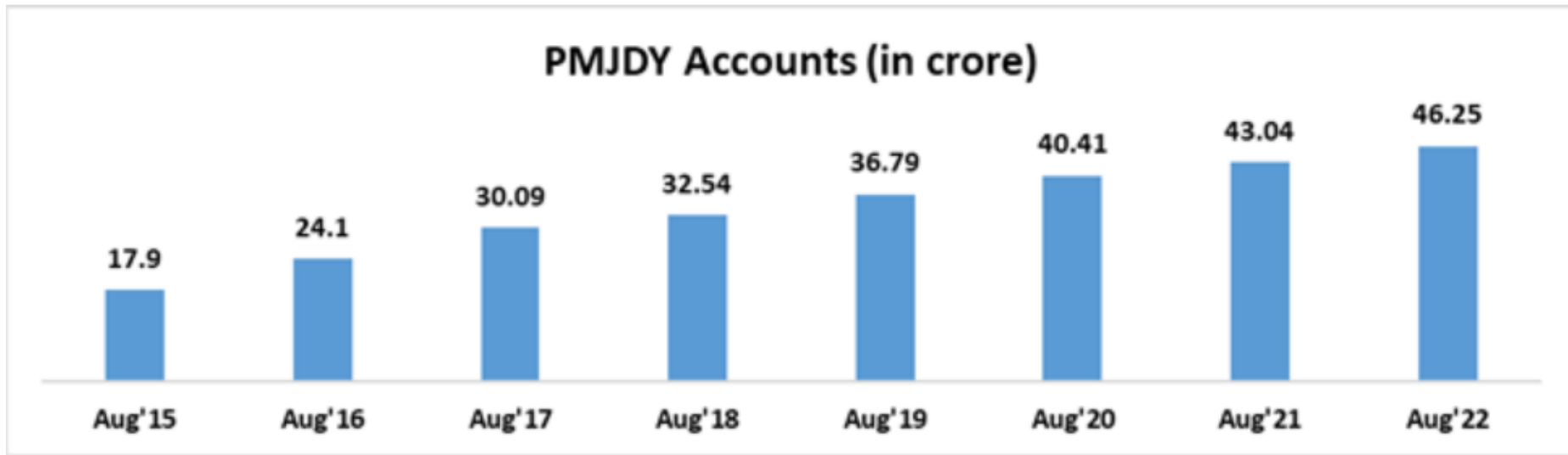
- A new legislative framework will govern this credit public infrastructure, and it will be designed in consultation with the RBI
- To enhance business activities in GIFT IFSC, the following measures will be taken:
 - Delegating powers under the SEZ Act to International Financial Services Centre Authority (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
 - Recognizing offshore derivative instruments as valid contracts
 - Establishing a subsidiary of EXIM Bank for trade re-financing
- To simplify, ease and reduce cost of compliance, financial sector regulators to carry out a comprehensive review of existing regulations

Financial sector

- A national financial information registry to be set up as the central repository of financial and ancillary information. This will facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.
- 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
- 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
- States will be allowed a fiscal deficit of 3.5% of GSDP of which 0.5% will be tied to power sector reforms

Financial sector

Number of bank accounts (PMJDY) YOY Progress



Source: PIB

Financial sector

Loan and Deposit Comparison to GDP:

Particulars	Bank deposits	Bank loans	GDP
	176.74	132.81	273.08
% of GDP	65%	49%	

Source: RBI

Financial sector

- Do these measures help in Ease of Doing Business in India?
- Banking sector has become very healthy. Will banks be able to fund the growth in future?

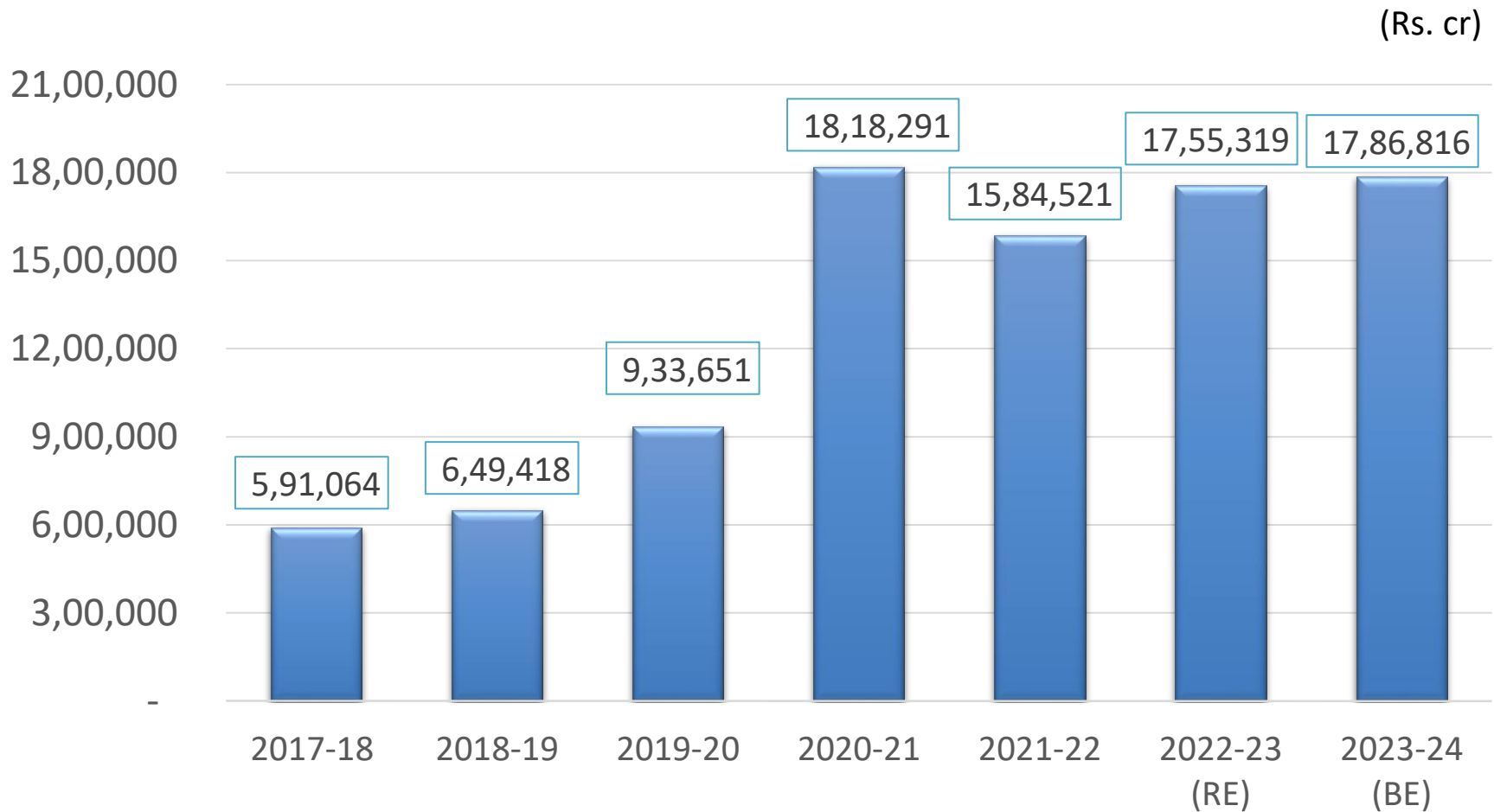
Video 8

- **Budget estimates 2023-24**
- FM Speech – Para 115, 116

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.

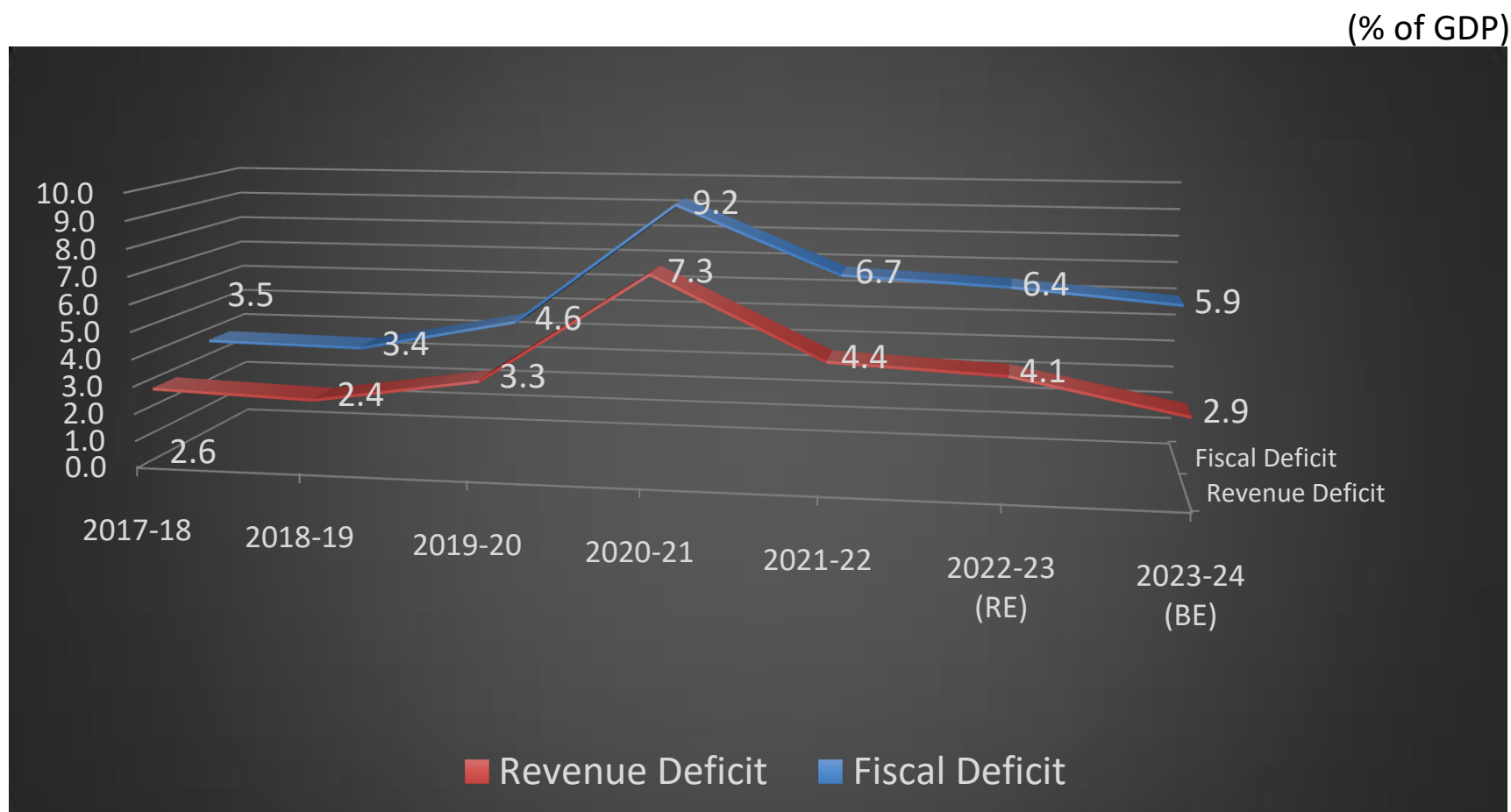
The fiscal deficit is estimated to be 5.9 per cent of GDP. In my Budget Speech for 2021-22, I had announced that we plan to continue the path of fiscal consolidation, reaching a fiscal deficit below 4.5 per cent by 2025-26 with a fairly steady decline over the period. We have adhered to this path, and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

Trends in Fiscal Deficit



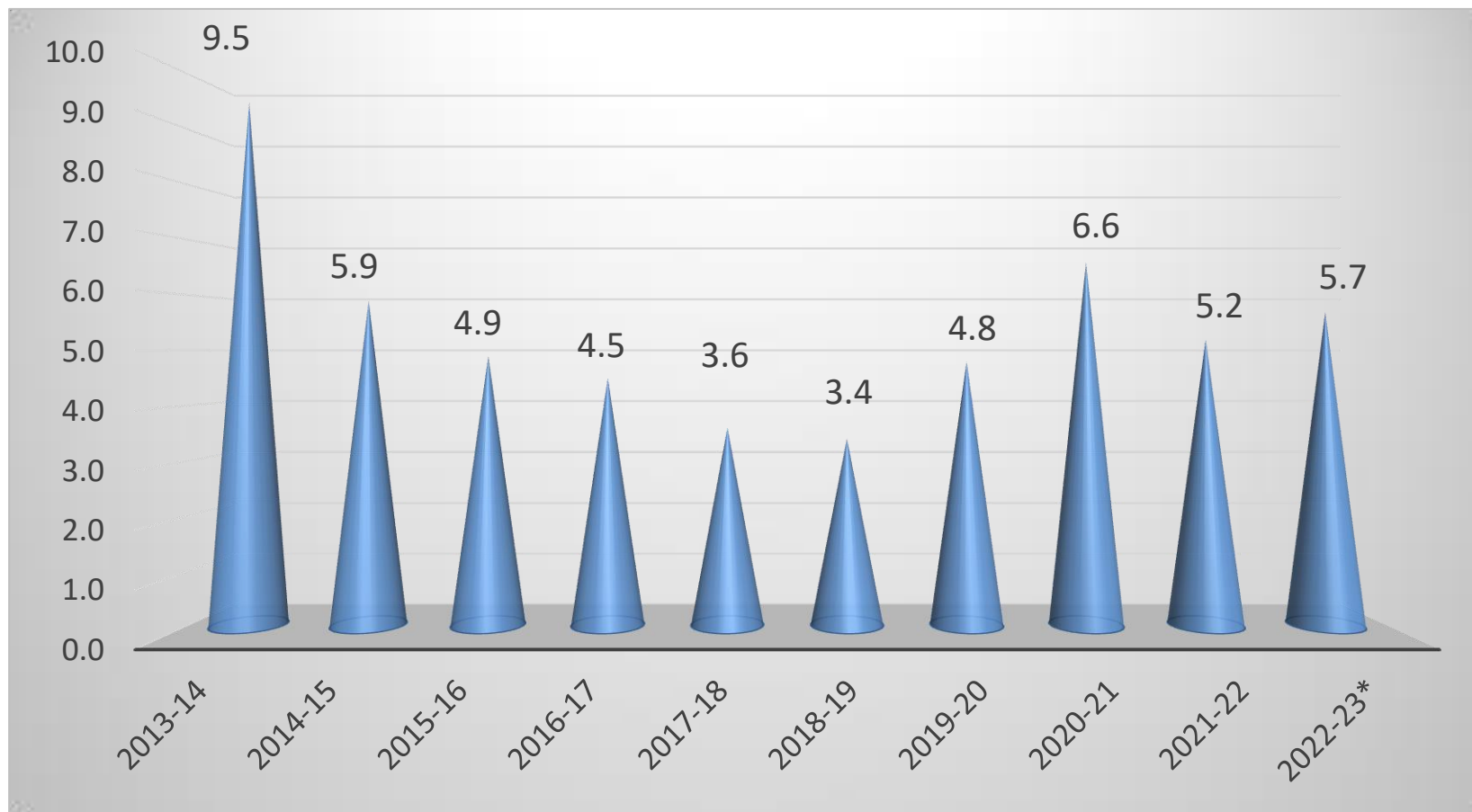
Source: ES & Budget

Trends in Revenue and Fiscal Deficit



Source: ES & Budget

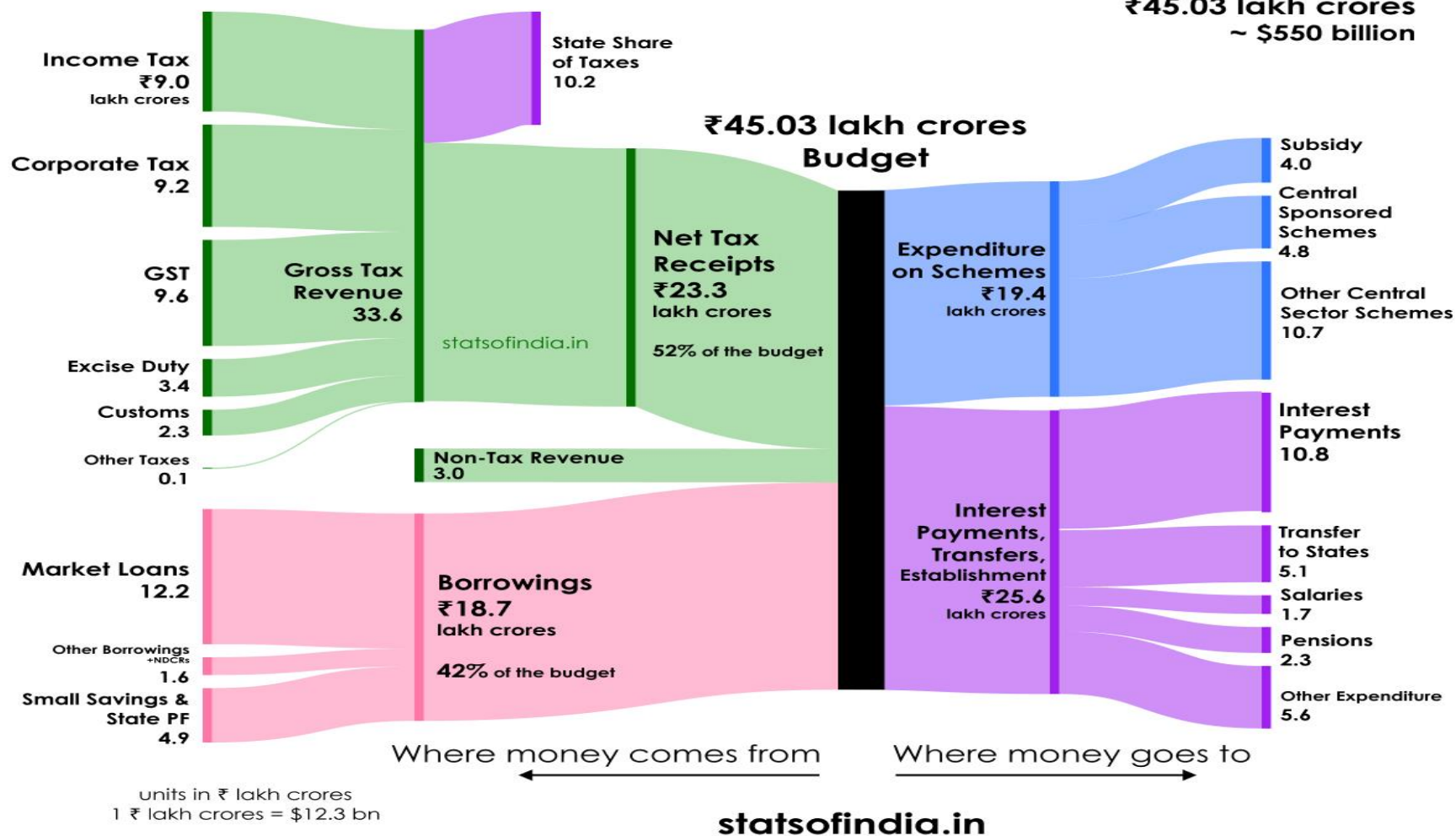
Trends in Inflation (CPI)



*Apr 22-Dec22 (Source: ES)

Breakdown of India's 2023 Union Budget

Union Budget
2023-24 Estimates
₹45.03 lakh crores
~ \$550 billion



Revenues for the past four years

INR cr

	2020-21 (Actuals)	2021-22 (Actuals)	2022-23 (RE)	2023-24 (BE)
Gross Tax revenue	20,27,104	27,09,315	30,43,067	33,60,858
Growth in gross tax revenue (%)	0.85%	33.65%	12.32%	10.44%
Revenue Receipts	16,33,920	21,69,905	23,48,413	26,32,281
Tax Revenue (net to Centre)	14,26,287	18,04,793	20,86,662	23,30,631
Non-tax revenue	2,07,633	3,65,112	2,61,751	3,01,650
Capital Receipts	18,75,916	16,23,896	18,38,819	18,70,816
Recoveries of Loans	19,729	24,737	23,500	23,000
Other Receipts	37,897	14,638	60,000	61,000
Borrowings / other Liabilities	18,18,291	15,84,521	17,55,319	17,86,816
Total Receipts*	35,09,836	37,93,801	41,87,232	45,03,097

Gross tax revenue growth for 2022-23 BE was 10% but stood at 12% on revised estimates!
Gross tax revenue growth for 2023-24 BE is estimated to be 10%

Source: Budget 2023-24

*Includes draw-down of cash balance

Budget estimates

- Tax collection growth @ 12% is higher than nominal GDP growth @ 10.5% during FY23
- Will the actual tax collection exceed the Budget (RE) for 2022-23 and BE for 2023-24 as in the past?

Video 9

- ***Direct taxes***
- FM Speech – Para 132, 133
- *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.*

Tax revenue

INR cr

TAX REVENUE RECEIPTS	2021-22 Actuals	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Gross Tax Revenue	27,09,315	27,57,820	30,43,067	33,60,858
Corporation tax	7,12,037	7,20,000	8,35,000	9,22,675
Income tax	6,96,243	7,00,000	8,15,000	9,00,575
Wealth tax	13	-	-	-
Customs	1,99,728	2,13,000	2,10,000	2,33,100
Excise	3,94,644	3,35,000	3,20,000	3,39,000
Service tax	1,012	2,000	1,000	500
GST	6,98,114	7,80,000	8,54,000	9,56,600
Taxes on Union Territories	7,524	7,820	8,067	8,408
Direct Tax	14,08,293	14,20,000	16,50,000	18,23,250
Indirect Tax	13,01,022	13,37,820	13,93,067	15,37,608
Direct tax to GDP ratio	6.1%	5.5%	6.0%	6.0%
Indirect tax to GDP ratio	5.6%	5.2%	5.1%	5.1%

Direct Tax revenues

INR cr

Financial Year	Corporate Tax	Personal Income Tax	Other Direct Tax	Total
2023-24 (BE)	9,22,675	9,00,575	-	18,23,250
CAGR (2018)	8.32%	13.56%	-	10.49%
2022-23 (RE)	8,35,000	8,15,000	-	16,50,000
CAGR (2018)	7.89%	14.18%	-	10.49%
2021-22	7,12,037	6,96,243	13	14,08,293
2020-21	4,57,719	4,87,144	12	9,44,875
2019-20	5,56,876	4,92,654	20	10,49,550
2018-19	6,63,571	4,73,003	41	11,36,615
2017-18	5,71,202	4,19,884	10,951	10,02,037
2016-17	4,84,924	3,49,503	15,286	8,49,713

Source: Union Finance Accounts of respective years and reports of C&AG/Receipt Budget.

Direct Taxes

- To rollout next generation Common IT Return Form for taxpayer convenience, and strengthen the grievance redressal mechanism
- The turnover threshold for presumptive taxation of micro enterprises has been enhanced to Rs. 3 crs and for certain professionals to Rs. 75 lakhs, if their cash receipts are no more than 5%
- To support MSMEs in timely receipt of payments, tax deduction for expenditure on payments made to MSMEs will be permitted only on actual payment
- New co-operative societies formed on or after 01.04.2023, that commence manufacturing activities till 31.3.2024 to be taxed at the lower 15% tax rate, similar to new manufacturing companies
- Sugar co-operatives can claim payments made to sugarcane farmers for the period prior to AY 2016-17 as expenditure. Expected relief of about Rs. 10,000 crs

Direct Taxes

- Income distributed by Business Trusts to be taxed in the hands of a unit holder (other than dividend, interest or rent which is already taxable) on which tax is currently avoided both in the hands of unit holder as well as in the hands of Business Trust
- Income from market linked debentures to be taxed as short-term capital gains at the applicable rates
- To withdraw the exemption from TDS currently available on interest payment on listed debentures
- TDS on investment income of a non-resident at 20% or DTAA rate, whichever is lower if Tax Residency Certificate is furnished

Direct Taxes

- Income from market linked debentures to be taxed as short-term capital gains at the applicable rates. To withdraw the exemption from TDS currently available on interest payment on listed debentures
- If tax for income of an earlier year is deducted later, taxpayers to be enabled to claim credit for this TDS in the earlier year
- If refund is due to a person, such refund shall be set off against existing demand. If proceedings for assessment or reassessment are pending in such cases, the refund due will be withheld by the Assessing Officer till the date of assessment or reassessment

Direct Tax

- There are no significant tax proposals under the Direct tax regime.
- The government has not considered the reports of the Damodaran Committee for start-ups and SEBI proposal on buy-back
- Has the government missed the opportunity to revamp the capital gains tax regime, buy-back tax and start-up tax?
- Has the government done enough to reduce tax litigation in India?

Video 10

- **Personal income tax**

FM Speech – Para 145, 146

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.

Personal income tax

- Personal tax regime changed with new slabs and tax rates

New Tax Regime (Revised)

Slabs	Tax Rate
0-3 lakhs	NIL
3-6 lakhs	5%
6-9 lakhs	10%
9-12 lakhs	15%
12-15 lakhs	20%
Above 15 lakhs	30%

New Tax Regime(Previous)

Slabs	Tax Rate
0-2.5 lakhs	NIL
2.5-5 lakhs	5%
5-7.5 lakhs	10%
7.5-10 lakhs	15%
10-12.5 lakhs	20%
12.5-15 lakhs	25%
Above 15 lakhs	30%

Old Tax Regime

Slabs	Tax Rate
0-2.5 lakhs	NIL
2.5-5 lakhs	5%
5-10 lakhs	20%
Above 10 lakhs	30%

Personal Income Tax

- No tax liability on resident individual with total income up to Rs. 7 lakhs due to rebate under both old and new regimes
- Standard deduction of Rs. 50,000 to salaried individuals and deduction from family pension up to Rs. 15,000 to be allowed under both old and new regimes
- Standard deduction of Rs. 52,500 to salaried individuals for Total income of more than Rs. 15.5 lakhs, to be allowed under new regime only
- Highest surcharge rate for individuals, HUF, AOP (other than co-operative), BOI and AJP under the new personal income tax regime will be 25% for income above Rs. 2 crs, resulting in reduction of Maximum tax rate from about 42.7% to about 39%.
- No change in surcharge rates for those who opt to be taxed under the old regime

Personal Income Tax

- Capital gain exemption limit on investment in residential house under sections 54 and 54F limited to Rs. 10 crs
- The maximum tax exemption for encashment of earned leave at the time of retirement of a non-government employee is increased to Rs. 25 lakhs from Rs. 3 lakhs at present
- The new tax regime introduced by the Finance Act 2020 will be the default regime for individual, HUF, AOP (other than co-operative), BOI or AJP. They can however opt to be taxed under the old tax regime
- The conversion of physical gold to Electronic Gold Receipt and vice versa will not be treated as a transfer and not to attract any capital gains. This would promote investments in electronic equivalent of gold

Personal income tax

- Does the modified new personal tax regime reduce the income tax burden of individuals?
- Does it provide a good alternative to the old tax regime for the salaried class?

Video 11

- **Startups**

FM Speech – Para 140

- *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.*

Indian Startup Ecosystem



3rd

largest startup
ecosystem in the World

80,000+

startups

USD 450Bn

Value Created



The infographic features a background image of a person in a business suit standing in a modern office with large windows. The text is overlaid in white and yellow. It starts with a title 'India's unicorns' in white, followed by a list of statistics in yellow: '107+ unicorns have created \$344Bn in value', '250+ unicorns in India by 2025', and '2016-2025'. At the bottom, a yellow box contains the text 'Source: PwC'.

India's unicorns

- 107+ unicorns have created \$344Bn in value
- 250+ unicorns in India by 2025
- 2016-2025

Source: PwC



The infographic features a background image of a person in a business suit standing in a modern office with large windows. The text is overlaid in white and yellow. It starts with a title 'India's unicorns' in white, followed by a list of statistics in yellow: '107+ unicorns have created \$344Bn in value', '250+ unicorns in India by 2025', and '2016-2025'. At the bottom, a yellow box contains the text 'Source: PwC'.

India's unicorns

- 107+ unicorns have created \$344Bn in value
- 250+ unicorns in India by 2025
- 2016-2025

Source: PwC



Relief to start-ups

- The date of incorporation of start-ups to avail income tax benefits extended from 31/03/2023 to 31/03/2024
- The benefit of carry forward of losses on change of shareholding of start-ups extended from 7 years of incorporation to 10 years
- The condition of continuity of at least 51% shareholding for setting off carried forward losses is relaxed for an eligible start up, if all the shareholders of the company continue to hold those shares.
- 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

Start-ups

- Have start-ups got what they sought from the budget?
- Angel taxation has been extended to non-residents. Will this hurt Start-up funding in India?

Video 12

- **Indirect taxes**
- FM Speech – Para 118, 119

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

Indirect Taxes

- No Input Tax Credit for expenditure related to CSR obligations
- To reduce the number of basic customs duty rates on goods, other than textiles and agriculture, from 21 to 13
- To exempt excise duty on GST-paid compressed bio gas contained in blended compressed natural gas
- To further deepen domestic value addition in manufacture of mobile phones, govt to provide relief in customs duty on import of certain parts and inputs like camera lens
- Concessional duty on lithium-ion cells for batteries to continue for another year
- Customs duty exemption on import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles

Indirect Taxes

- To reduce the basic customs duty on parts of open cells of TV panels to 2.5%
- To promote manufacture of electric kitchen chimneys in India, the basic customs duty on them is being increased from 7.5% to 15% and that on heat coils for these is to be reduced from 20% to 15%
- To exempt basic customs duty on denatured ethyl alcohol used in chemical industry
- Basic customs duty reduced on acid grade fluorspar from 5% to 2.5% to make the domestic fluorochemicals industry competitive
- Basic customs duty reduced on seeds used in manufacture of Lab Grown Diamonds
- To increase custom duties on articles made from gold and platinum. To increase the import duty on silver doars, bars and articles to align them with that on gold and platinum

Indirect Taxes

- To increase custom duties on articles made from gold and platinum. To increase the import duty on silver dore, bars and articles to align them with that on gold and platinum
- 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
- Concessional BCD of 2.5% on copper scrap is continued to ensure the availability of raw materials for secondary copper producers who are mainly in the MSME sector
- National Calamity Contingent Duty (NCCD) on specified cigarettes to be revised upwards by about 16%

Indirect Taxes

- Do these indirect tax proposals help in promoting exports, boost domestic manufacturing and enhance domestic value addition?
- Do these indirect tax proposals help in reducing compliance burden and improving tax administration?
- Do these proposals help in promoting India as a manufacturing destination to the world?

Conclusion

- Will this first Budget of *Amrit Kaal* build a strong foundation for developed new India?
- How do you rate the last 9 years of NDA 1 & 2. Has it really developed India?

THANK YOU