

Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। इष्टार्कं कुरु। तृणार्कं। अर्कं देव्यु कुरु।

Mission

"To develop high calibre professionals facilitating good corporate governance"

Wednesday, February 01, 2023

Info Capsule

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1. SEVEN PRIORITIES OF THE BUDGET 'SAPTARISHI'

Seven priorities of the budget 'Saptarishi' are inclusive development, reaching the last mile, infrastructure and investment, unleashing the potential, green growth, youth power and financial sector.

❖ *Inclusive Development*

The Union Budget 2023-24 upholds 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 varyiyata). It is heartening to note that there has also been a sustained focus on Jammu & Kashmir, Ladakh and the North-East.

The crucial elements of Inclusive Development are as under-

a) Agriculture and Cooperation

i) Digital Public Infrastructure for Agriculture will be built as an open source, open standard and inter operable public good to 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.

ii) Agriculture Accelerator Fund will be set-up to encourage agri-startups by young entrepreneurs in rural areas.

An Agriculture Accelerator Fund The Fund aims to usher in innovative and affordable solutions for challenges faced by farmers.

iii) Enhancing productivity of cotton crop

To enhance the productivity of extra-long staple cotton, government will adopt a cluster-based and value chain approach through Public Private Partnerships (PPP).

iv) Atmanirbhar Horticulture Clean Plant Program

The budget made a mention of launching of an Atmanirbhar Clean Plant Program to boost availability of disease-free, quality planting material for high value horticulture crops at an outlay of ₹ 2,200 crore.

Budget 2023 - 2024 Highlights

v) Global Hub for Millets: 'Shree Anna'

Quoting Honourable Prime Minister's words- *"India is at the forefront of popularizing Millets, whose consumption furthers nutrition, food security and welfare of farmers,"* Honourable Finance Minister stated that being the largest producer and second largest exporter of *"Shree Anna"* in the globe, and being producer of numerous forms of 'Shree Anna' like jowar, ragi, bajra, kuttu, ramdana, kangni, kutki, kodo, cheena, and sama that have been an integral element of Indians food habits for centuries, she acknowledged with pride the huge service done by small farmers in contributing to the health of family citizens by growing these *'Shree Anna'*.

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.

vi) Agriculture Credit

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

vii) Fisheries

Government of India 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.

viii) Cooperation

For farmers, especially small and marginal farmers, and other marginalised sections, the government is promoting cooperative-based economic development model. To realise the vision of *'Sahakar Se Samridhi'*, the government has already initiated computerisation of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of ₹ 2,516 crore.

Now the Government of India will implement a plan to establish a massive 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 8 cooperative societies, primary fishery societies and dairy cooperative societies in uncovered panchayats and villages in the next 5 years.

b) Health, Education and Skilling

i) 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.

ii) Sickle Cell Anaemia Elimination Mission

A Mission to eliminate Sickle Cell Anaemia by 2047 will be launched.

iii) 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.

iv) 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.

c) Education & Skilling

- i) Revamped teachers' training via District Institutes of Education and Training.
- ii) National Digital Library to be set up for children and adolescents.
- iii) States will be encouraged to set up physical libraries at Panchayat and ward levels.

❖ Reaching the Last Mile

- The Government has recently launched the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services across multiple domains such as health, nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.
- Pradhan Mantri PVTG Development Mission to be launched in order to improve socio-economic conditions of the Particularly Vulnerable Tribal Groups (PVTGs). This mission will saturate PVTG families and habitations with basic facilities. An amount of Rs. 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.
- The Government will recruit 38,800 teachers and support staff for the 740 Eklavya Model Residential Schools, serving 3.5 lakh tribal students, in the next three years.
- Financial assistance to be given for sustainable micro irrigation and filling up of surface tanks for drinking water in drought prone regions of Karnataka.
- The outlay for PM Awas Yojana is being enhanced by 66 per cent to over Rs. 79,000 crore.
- Bharat Shared Repository of Inscriptions (Bharat SHRI) will be set up in a digital epigraphy museum, with digitization of one lakh ancient inscriptions.
- The Government will provide financial support to the poor persons who are in prisons and unable to afford the penalty or the bail amount.

❖ Infrastructure & Investment

- Capital investment outlay has been increased by 33 per cent to Rs. 10 lakh crore, which would be 3.3 per cent of GDP.
- The 'Effective Capital Expenditure' of the Centre is budgeted at Rs. 13.7 lakh crore, which will be 4.5 per cent of GDP.
- Continuation of 50-year interest free loan to state governments for one more year to spur investment in infrastructure, with an outlay of Rs. 1.3 lakh crore.
- Newly established Infrastructure Finance Secretariat to enhance opportunities for private investment in infrastructure.
- A capital outlay of Rs. 2.40 lakh crore has been provided for the Railways.
- One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors are identified. They will be taken up with an investment of Rs. 75,000 crore, including Rs. 15,000 crore from private sources.
- Fifty additional airports, heliports, water aerodromes and advance landing grounds to be revived for improving regional air connectivity.
- States and cities to be encouraged to undertake urban planning reforms and actions to transform cities into 'sustainable cities of tomorrow'.
- Through property tax governance reforms and ring-fencing user charges on urban infrastructure, cities to be incentivized to improve their credit worthiness for municipal bonds.

- Like the Rural Infrastructure Development Fund (RIDF), an Urban Infrastructure Development Fund (UIDF) to be established through use of priority sector lending shortfall. This will be managed by the National Housing Bank, and to be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.
- All cities and towns to be enabled for 100 per cent mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode. Enhanced focus to be provided for scientific management of dry and wet waste.

❖ *Unleashing the Potential*

- **Mission Karmayogi**- The government has launched an integrated online training platform, *iGOT Karmayogi*, to provide continuous learning opportunities for government employees to upgrade their skills.
- The Jan Vishwas Bill introduced to amend 42 Central Acts for effective trust based governance.
- **Centres of Excellence for Artificial Intelligence**- Three specialized centres for Artificial Intelligence will be set-up in educational institutions to promote AI based solutions in agriculture, health and sustainable cities.
- **National Data Governance Policy**- To enable access to anonymized data for research by Start-ups and academia. In this regard a National Data Governance Policy will be introduced.
- **Common Business Identifier**- PAN to be used as the common identifier for all digital systems of specified government agencies.
- **Unified Filing Process**- A system of 'Unified Filing Process' will be set-up for obviating the need for separate submission of same information to different government agencies.
- **Vivad se Vishwas I – Relief for MSMEs**- In cases of failure by MSMEs to execute contracts during the Covid, 95% of the forfeited amount relating to bid or performance security, will be refunded to them.
- **Vivad se Vishwas II – Settling Contractual Disputes**- To have faster settlement of contractual disputes of government and government undertakings.
- **State Support Mission**- The State Support Mission of NITI Aayog will be continued for three more years.
- **Result Based Financing**- The financing of select schemes will be changed from 'input-based' to 'result-based' for better allocation scarce resources.
- **E-Courts** - With an outlay of Rs. 7,000 crore, Phase-3 of the E-Courts project will be launched to enable efficient administration of justice.
- **Entity DigiLocker**- An Entity DigiLocker will be set up for use by MSMEs, large business and charitable trusts. It will facilitate secure online storing and sharing documents with the business ecosystem.
- **5G Services**- Hundred labs for developing applications using 5G services will be set up in engineering institutions to cover applications such as smart classrooms, precision farming, intelligent transport systems, and health care applications, among others.

❖ **Green Growth**

- Green hydrogen, clean energy storage and transmission are the key drivers of the government's "Green Growth" priority sector.
- Battery energy storage systems with capacity of 4,000 MWh will be supported with viability gap funding.
- A detailed framework for pumped storage will also be formulated.
- The inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed with an investment of Rs 20,700 crore including Central support of Rs 8,300 crore.
- A green credit programme for encouraging behavioural change will be notified under the Environment Protection Act.

❖ **Youth Power - Amrit Peedhi**

- **Pradhan Mantri Kaushal Vikas Yojana 4.0:** It will be launched to skill lakhs of youth within the next three years. The scheme will also cover new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, etc.
- **Skill India Digital Platform:** For further expansion of the digital eco system for skilling, Unified Skill India Digital platform will be launched to address the Following:
 - demand-based formal skilling
 - linking with employers including MSMEs, and
 - Facilitating access to entrepreneurship schemes.
- **National Apprenticeship Promotion Scheme:** To provide stipend support and Direct Benefit Transfer under a pan-India National Apprenticeship Promotion Scheme
- **Tourism:** At least 50 destinations will be selected through challenge mode be developed as a complete package
- **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 etc.

❖ **Financial Sector**

Credit Guarantee scheme for MSMEs: The revamped credit guarantee scheme for MSMEs will take effect from 1st April 2023 through infusion of Rs. 9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of Rs. 2 lakh crore and reduced the cost of the credit by about 1 per cent.

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.

Financial Sector Regulations: Financial Sector regulators to carry out a comprehensive review of existing regulations in consultation with public and regulated entities.

GIFT IFSC: To enhance business activities in GIFT IFSC, the measures to be taken viz 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.

Data Embassy: For countries looking for digital continuity solutions, setting up of their Data Embassies in GIFT IFSC will be facilitated.

Improving Governance and Investor Protection in Banking Sector: To improve bank governance and enhance investors' protection, certain amendments to the Banking Regulation Act, the Banking Companies Act and the Reserve Bank of India Act are proposed.

Capacity Building in Securities Market: To build capacity of functionaries and professionals in the securities market, SEBI will be empowered to develop, regulate, maintain and enforce norms and standards for education in the National Institute of Securities Markets and to recognize award of degrees, diplomas and certificates.

Central Processing Centre: A Central Processing Centre will be setup for faster response to companies through centralized handling of various forms filed with field offices under the Companies Act.

Reclaiming of shares and dividends: For investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority with ease, an integrated IT portal will be established.

Mahila Samman Bachat Patra: 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 Rs. 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.

Benefits for Senior Citizens: The maximum deposit limit for Senior Citizen Savings Scheme will be enhanced from Rs. 15 lakh to Rs. 30 lakh. The maximum deposit limit for Monthly Income Account Scheme will be enhanced from Rs. 4.5 lakh to Rs. 9 lakh for single account and from Rs. 9 lakh to Rs. 15 lakh for joint account.

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.

Revised Estimates 2022-23: The Revised Estimate of the fiscal deficit is 6.4 per cent of GDP.

Budget Estimates 2023-24: The fiscal deficit is estimated to be 5.9 per cent of GDP. The targeted Fiscal Deficit to be below 4.5 per cent of GDP by 2025-26.

2. DIRECT TAX

A. Personal Income Tax Rates [New Income Tax Regime Section 115BAC (1A)]

- **Applicability:** From AY 2024-25 onwards applicable, to Individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person, by default.
- **Tax Rates**

Total Income (Rs.)	Tax Rate
0 – 3,00,000	Nil
3,00,001 to 6,00,000	5%
6,00,001 to 9,00,000	10%
9,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	20%
Above 15,00,000	30%

- **Rebate:** Income limit for Rebate increased from Rs. 5,00,000 to Rs. 7,00,000 for a resident individual whose income is chargeable to tax u/s 115BAC (1A).
- **Surcharge:** Highest rate of surcharge on income above Rs. 5 crore reduced from existing rate of 37% to 25%.
- **Standard Deduction:** Extending the benefits of Standard Deduction to new tax regime for salaried class and pensioners.
- **Leave Encashment:** Increasing tax exemption limit to Rs. 25 lakhs on leave encashment on retirement for non-govt. salaried employees.

B. Co-operative Society

- **Tax Rates:** A new manufacturing co-operative society set up on or after 01.04.2023, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for assessment year 2024-25 onwards. Surcharge would be at 10% on such tax.
- **Raising the limit for cash loan/ transactions against primary co-operatives** from Rs. 20,000 to Rs. 2 lakh per member for deposits & loans in cash by PACS PCARDBs.
- **Increasing threshold limit for co-operatives to withdraw cash without TDS** from Rs. 1 crore to Rs. 3 crore.
- **Relief to Sugar co-operatives:** Amount paid for purchase of sugarcane by the co-operative societies engaged in the manufacture of sugar at a price which is equal to or less than the price fixed by or fixed with the approval of the Government shall be allowed as deduction for computing business income of the sugar co-operative factories.

C. Relief to Start-ups

- Extension of Date of incorporation by one year for income tax benefits to start-ups.
- Benefit of carry forward of losses on change of shareholding of start-ups from 7 years of incorporation to 10 years

D. Relief to MSME

- Deduction on payments made to MSMEs to be allowed only when payment is actually made.
- Enhanced the limits for micro enterprises and professionals to avail presumptive taxation.

E. Others

- Extension of period of tax benefits to funds relocating to IFSC, Gift City till March 31, 2025.
- Exclusion of conversion of physical form of gold into EGR and vice versa by a SEBI registered Vault Manager from the purview of 'transfer' for the purposes of Capital gains.
- Exemption of any income arising to a body or authority or Board or Trust or Commission, not being a company, which has been established or constituted by or under a Central or State Act.

3. INDIRECT TAX

A. Proposed Changes in Customs Duties in Budget 2023-2024

- Total number of Basic Customs Duty (BCD) rates on goods, other than textiles and agriculture, reduced from 21 to 13. As a result, there are minor changes in the BCDs, cesses and surcharges on some items including toys, bicycles, automobiles and naphtha.

- **Green Mobility:**
 - To avoid cascading of taxes on blended compressed natural gas excise duty on GST-paid compressed bio gas contained in it is exempted.
 - To 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 vehicle.
- **Electronics:**
 - To deepen domestic value addition in manufacture of mobile phones, it is proposed 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.
 - To promote value addition in manufacture of televisions, it is proposed to reduce the BCD on parts of open cells of TV panels to 2.5 per cent.
- **Electrical:**
 - To rectify inversion of duty structure and encourage manufacturing of electric kitchen chimneys, the BCD 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.
- **Chemicals and Petrochemicals:**
 - It is proposed to exempt BCD on Denatured ethyl alcohol which is used in chemical industry.
 - It is proposed to reduce the BCD on Acid grade fluorspar from 5 per cent to 2.5 per cent to make the domestic fluorochemicals industry competitive.
 - BCD on Crude glycerin for use in manufacture of epichlorhydrin is proposed to be reduced from 7.5 per cent to 2.5 per cent.
- **Marine products:**
 - It is proposed to reduce duty on key inputs for domestic manufacture of shrimp feed.
- **Lab Grown Diamonds:**
 - It is proposed to reduce BCD on seeds used in the manufacturing of Lab Grown Diamonds (LGDs).
- **Precious Metals:**
 - It is proposed to increase the duties on articles made of gold and platinum to enhance the duty differential.
 - It is proposed to increase the import duty on silver dore, bars and articles to align them with that on gold and platinum.
- **Metals:**
 - The BCD on raw materials for manufacture of CRGO Steel, ferrous scrap and nickel cathode is being continued.
 - The concessional BCD of 2.5 per cent on copper scrap is also being continued.

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

B. Legislative Changes in Indirect Taxes in Budget 2023-2024

I. Customs

- **Amendments in the Customs Act, 1962:** Section 25 (4A) is being amended to exclude certain categories of conditional customs duty exemptions from the validity period of two years.
- **Amendments in the provisions relating to Anti-Dumping Duty (ADD), Countervailing Duty (CVD), and Safeguard Measures :** Sections 9, 9A, 9C of the Customs Tariff Act are being amended to clarify the intent and scope of these provisions.
- **Amendments in the First Schedule to the Customs Tariff Act, 1975:** The First Schedule to the Customs Tariff Act, 1975 is being amended to increase the rates on certain tariff items with effect from 02.02.2023 and also modify the rates on certain other tariff items as part of rate rationalisation with effect from date of assent.
- **Amendment in the Second Schedule to the Customs Tariff Act, 1975:** The Second Schedule (Export Tariff) is being amended to align the entries under heading 1202 with that of the First Schedule (Import Tariff).

II. GST

- **Decriminalisation:** Decriminalize certain offences specified under clause (g), (j) and (k) of sub-section (1) of section 132 of CGST Act, 2017, viz.- obstruction or preventing any officer in discharge of his duties; deliberate tempering of material evidence; failure to supply the information.
- **Facilitate e-commerce for micro enterprises:** To enable unregistered suppliers and composition taxpayers to make intra-state supply of goods through Ecommerce Operators (ECOs), subject to certain conditions by amending section 10 and section 122 of the CGST Act.
- **Amendment to Schedule III of CGST Act, 2017:** To keep certain transactions/ activities, such as supplies of goods from a place outside the taxable territory to another place outside the taxable territory.
- **Return filing under GST:** To restrict filing of returns/ statements to a maximum period of three years from the due date of filing of the relevant return / statement.
- **Input Tax Credit (ITC) for expenditure related to CSR:** ITC shall not be available in respect of goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility of Companies Act, 2013
- **Sharing of information:** A new section 158A in CGST Act is being inserted to enable sharing of the information furnished by the registered person in his return.
- **Amendments in section 2 clause (16) of IGST Act, 2017:** To revise the definition of "non-taxable online recipient" by removing the condition of receipt of online information and database access or retrieval services for purposes.

- **Online information and database access or retrieval services:** Clause (17) of section 2 of IGST Act is being amended to revise the definition of “online information and database access or retrieval services”.
- **Place of supply in certain cases:** Proviso to sub-section (8) of section 12 of the IGST Act is being omitted so as to specify the place of supply.

4. START-UPS, MSMEs AND EASE OF DOING BUSINESS

- **An Agriculture Accelerator Fund** will be set-up to encourage agri-startups by young entrepreneurs in rural areas.
- **A National Data Governance Policy** to be introduced to enable access to anonymized data for innovation and research by start-ups and academia.
- **Digital Public Infrastructure for Agriculture** will be built to enable inclusive and 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.
- The **date of incorporation for startups** to avail income tax benefits has been extended to March 31, 2024. Till now, the tax holiday was available for startups incorporated till March 2023.
- The **benefit of carry forward of losses on change of shareholding of start-ups** from seven years of incorporation has been extended to ten years.
- **An Entity DigiLocker** will 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.
- To provide a major relief to MSMEs under Vivad se Vishwas I, the MSMEs failing 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.
- **Revamped Credit Guarantee scheme for MSMEs would be** effective from 1st April 2023 through infusion of Rs. 9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of Rs. 2 lakh crore. Further, the cost of the credit will be reduced by about 1 per cent.
- The limits for Micro enterprises with turnover up to Rs. 2 crore and certain professionals with turnover of up to Rs. 50 lakh who can avail the benefit of presumptive taxation has been enhanced to Rs. 3 crore and Rs. 75 lakh respectively, to the tax payers whose cash receipts are no more than 5 per cent.
- 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 enhancing ease of doing business, more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized.

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu.

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