

BUDGET SECTORAL IMPACT

2023-24



Agriculture

Budget Proposals

- The agriculture credit target will be increased to Rs 20 lakh crore with focus on animal husbandry, dairy and fisheries.
- Digital public infrastructure for agriculture will be built as an open source, open standard and inter operable public good.
- An Agriculture Accelerator Fund will be set-up to encourage agri-startups by young entrepreneurs in rural areas.
- The government will adopt a cluster-based and value chain approach through Public Private Partnerships (PPP).
- The government will launch an Atmanirbhar Clean Plant Program with at an outlay of Rs 2,200 crore.
- The government providing a higher limit of Rs 2 lakh per member for cash deposits to and loans in cash by Primary Agricultural Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs).
- Finance Minister announced that will spend Rs 2200 crore for high value horticulture.

Impact

- Digital public infrastructure will enable inclusive, farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for growth of agri-tech industry and start-ups.
- The Agriculture Accelerator Fund will aim at bringing innovative and affordable solutions for challenges faced by farmers.
- Atmanirbhar Clean Plant Program will boost availability of disease-free, quality planting material for high value horticultural crops.

Automobile

Budget Proposals

- Customs duty exemption is being extended to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles (EV).
- Finance Minister has reaffirmed that replacing old polluting vehicles will be very necessary to further objective of green growth in the economy.
- Increased custom duty on Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form to 35% (+Nil SWS) Social Welfare Surcharge (SWS) from 30% (+3 SWS).
- Increased custom duty on Vehicle in Completely Built Unit (CBU) form, other than with CIF more than \$40,000 or with engine capacity more than 3000 cc for petrol-run vehicle and more than 2500 cc for diesel-run vehicles, or with both to 70% (+Nil SWS) from 60% (+6 SWS).
- Increased custom duty on Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than \$40,000 to 70% (+Nil SWS) from 60% (+6 SWS).

Impact

- Extension of exemption of custom duty on required parts of EV will further provide impetus to green mobility.
- Spotlighting on replacement of old polluting vehicle will help the auto manufacturer to improve sales of new vehicles.
- Increase in Custom duties on various vehicles in SKD, CBU will provide help to domestic manufacturers on Electronic Vehicles.

Aviation

Budget Proposals

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

Impact

- The development of additional airports will further push the ongoing UDAN scheme which aims to improve regional connectivity across the country. Infra companies related to Airport development will be the most beneficial.

Banks

Budget Proposals

- Permitting acquisition financing by IFSC Banking Units of foreign banks.
- Establishing a subsidiary of EXIM Bank for trade re-financing.
- Certain amendments to the Banking Regulation Act, the Banking Companies Act and the Reserve Bank of India Act are proposed.
- Proposed to allow carry forward of accumulated losses and unabsorbed depreciation allowance in the case of amalgamation of one or more banking company with any other banking institution or a company subsequent to a strategic disinvestment, if such amalgamation takes place within 5 years of strategic disinvestment.

Impact

- Certain amendments to the Banking Regulation Act may improve bank governance and enhance investors' protection.
- Allowing carry forward of accumulated losses and unabsorbed depreciation allowance will facilitate certain strategic disinvestments.

Education

Budget Proposals

- One hundred and fifty-seven new nursing colleges will be established in co-location with the existing 157 medical colleges established since 2014.
- Facilities in select ICMR Labs will be made available for research by public and private medical college faculty and private sector R&D teams.
- The government has formulated the National Education Policy, focused on skilling, adopted economic policies that facilitate job creation at scale, and have supported business opportunities.

Impact

- Availability of Facilities in select ICMR Labs for research will encourage collaborative research and innovation by public and private medical college faculty and private sector R&D teams
- The formulation of national Education Policy will empower youth and help the 'Amrit Peedhi' realize their dreams.

Energy

Budget Proposals

- The Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh to Haryana will be constructed with investment of Rs 20,700 crore including central support of Rs 8,300 crore.
- Govt. provides Rs 35,000 crore for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.

Impact

- The renewable energy transmission line project and investments towards energy transition and net zero objectives will lead to strong order inflows for transmission engineering, procurement and construction companies, transformers companies and other ancillary sector.

Fertilizer

Budget Proposals

- To launch PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth (PM-PRANAM).

Impact

- The launch of PM-PRANAM will incentivize States and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers.

Financial Sector

Budget Proposals

- To simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations.

Impact

- Comprehensive review of existing regulations in financial sector can simplify, ease and reduce cost of compliance.

Gems and Jewellery

Budget Proposals

- Proposed a research and development (R&D) grant will be provided to one of the IITs for five years. Moreover, the govt also proposed reduction in basic customs duty on seeds used in LGD manufacture.

Impact

- Proposal to provide grant to one of the IITs will encourage indigenous production of Lab Grown Diamonds (LGD) seeds and machines and to reduce import dependency.

Infrastructure

Budget Proposals

- Finance Minister Nirmala Sitharaman announced that govt will invest Rs 10000 crore per year on Urban infra development fund.
- Like the RIDF, an Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall. This will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.

Impact

- Investment of Rs 10,000 crore per year on Urban infra development fund will enable faster completion of ambitious government programmes. It will also help to create more jobs. Further, it will also provide help to connected sectors i.e. cement and metal industries.

Insurance

Budget Proposals

- Tax on the maturity amount of life insurance policies (other than ULIP) issued on or after April 01, 2023 where the aggregate annual premium exceeds Rs 5 lakh.

Impact

- This will not affect the tax exemption provided to the amount received on the death of person insured. It will also not affect insurance policies issued till March 31, 2023.

Logistics

Budget Proposals

- One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified. They will be taken up on priority with investment of Rs 75,000 crore, including Rs 15,000 crore from private sources.

Impact

- The completion of one hundred critical transport infrastructure projects will help to increase regional connectivity and help to reduce transportation cost. It will also help to increase profit margins of the companies.

NBFC

Budget Proposals

- The restriction on interest deductibility on interest payment to overseas associated enterprise does not apply to those in the business of banking and insurance. It is proposed to extend this benefit to non-banking financial companies, as may be notified.

Impact

- The extension of benefit of restriction on interest deductibility on interest payment to overseas associated enterprise to NBFCs will bring rationalisation and support the industry.

Oil & gas

Budget Proposals

- In order to promote green fuel, central excise duty exemption is being provided to blended Compressed Natural Gas from so much of the amount as is equal to the GST paid on Bio Gas/Compressed Bio Gas contained in the blended CNG.

Impact

- Government proposed exemption in excise duty on CNG to the extent equal to the GST paid on biogas or compressed biogas, subject to conditions may clear the tax anomaly between biogas and natural gas when blending for use as auto fuel (compressed natural gas).

Pharma

Budget Proposals

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

Impact

- New programme to promote research and innovation in pharmaceuticals will promote growth of the sector. This will also help to create more jobs in country.

Power

Budget Proposals

- States will be allowed a fiscal deficit of 3.5 per cent of Green Skill Development Programme (GSDP) of which 0.5 per cent will be tied to power sector reforms.

Impact

- The permission to States for a fiscal deficit of 3.5 per cent of GSDP will encourage States to take various sustainable measures in power sector.

Railways

Budget Proposals

- 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.

Impact

- A capital outlay of Rs 2.40 lakh crore has been provided for the Railways will actually emerge as an engine of national growth. This allocation likely to be spent in laying new lines with an aim to decongest the Indian Railways and make it future ready.

Steel

Budget Proposals

- Continuation of the basic customs duty (BCD) exemption on raw materials for manufacture of cold rolled grain oriented (CRGO) steel, ferrous scrap and nickel cathode.
- Continuation of the concessional BCD of 2.5 per cent on copper scrap.

Impact

- The continuation of basic customs duty exemption will facilitate availability of raw materials for the steel sector.
- The continuation of the concessional BCD on copper scrap will ensure the availability of raw materials for secondary copper producers who are mainly in the MSME sector.

Textile

Budget Proposals

- The govt. will adopt a cluster-based and value chain approach through Public Private Partnerships (PPP). This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages.

Impact

- The adoption of cluster-based and value chain approach through PPP will enhance the productivity of extra-long staple cotton.

Tobacco

Budget Proposals

- 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.

Impact

- The increase in NCCD on specified cigarettes will increase prices of the cigarettes which ultimately hit net profit margin of the companies.

Tourism

Budget Proposals

- Sector specific skilling and entrepreneurship development will be dovetailed to achieve the objectives of the 'Dekho Apna Desh' initiative. This was launched as an appeal by the Prime Minister to the middle class to prefer domestic tourism over international tourism.
- Under the Vibrant Villages Programme, tourism infrastructure and amenities will also be facilitated in border villages.
- States will be encouraged to set up a Unity Mall in their state capital or most prominent tourism centre or the financial capital for promotion and sale of their own ODOPs (one district, one product), GI products and other handicraft products, and for providing space for such products of all other States.
- The 'Swadesh Darshan Scheme' was also launched.

Impact

- Sector specific skilling and entrepreneurship development, Vibrant Villages Programme and setting up of Unity Mall will strengthen the domestic tourism and encourage tourism in the border villages.
- The launch of 'Swadesh Darshan Scheme' will help in integrated development of theme-based tourist circuits.