



Union Budget 2023 Economic indicators



GDP growth expanded by **8.7 percent** in FY22; projected GDP growth for FY23 is **7.0 percent***

RBI hiked the repo rate for the fifth time in the past year by 225 bps to **6.25 percent**. The central bank will continue to focus on withdrawal of accommodation of liquidity



Current account recorded a **3.3 percent** deficit in GDP in H1 FY23 on account of rising trade deficit; as of 20 January 2023, forex reserves reached its highest (**US\$574 billion**) in five months

Net FDI inflows amounted to **US\$20.0 billion** for H1 FY23, **1.5 percent** lower than those for H1 FY22



Fiscal deficit is estimated to be at **6.4 percent** in FY23 compared with **6.7 percent** in FY22; the deficit is budgeted to be at **5.9 percent** in FY24



CPI averaged at **6.8 percent** in April–December 2022, driven by food inflation and high fuel prices. Core prices edged to **6.1 percent** during this period



INR averaged at **79.7** in April–December 2022 against **74.2** in April–December 2021

Merchandise exports expanded by **9.1 percent** to **US\$332.8 billion** in April–December 2022



* Growth is measured on a year-over-year basis on real values.



Union Budget 2023 Policy announcements

Capital investment and infrastructure: Increased outlay of INR 10 trillion for development projects across sub-sectors and the centre to fund states through grant-in-aid and create finance secretariat for private investment in infrastructure



Skilling and education: New-age skill sets to be imparted through PM Kaushal Vikas Yojana 4.0 and launch of a unified Skill India Digital Platform; a National Digital Library to access e-content and 30 Skill India International centres to be set up for widening the skilling ecosystem



Data governance: Creation of three AI-based centres of excellence; National Data Governance Policy to be launched; facilitate setting up data embassies in GIFT IFSC



EoDB: Risk-based KYC norms, entity-based PAN, and DigiLocker for KYC and sharing documents; unified filing process to avoid duplication

Financial services: Simplification of existing regulations for easier compliance; a National Financial Information Registry to be set up



Cooperation-led growth and agriculture: An open-source digital public infrastructure to be created; Agriculture Accelerator Fund to encourage start-ups in rural areas; national cooperative database for mapping cooperative societies



Green growth: Green Credit Programme to encourage environmentally sustainable actions; launch of PM-PRANAM to incentivise states and UTs to promote alternative fertilisers



R&D: Centres of excellence for pharma R&D; ICMR labs to be used for collaborative research and 100 labs to be set up for 5G applications



Tourism: Creation of 50 tourist destinations and promotion of ODOPs in states by setting up Unity Mall



MSMEs: Revamped credit guarantee scheme for MSMEs; Vivad se Vishwas-I to provide relief for MSMEs



Union Budget 2023

Tax highlights

No change in corporate tax and capital gains tax rates



Increase in basic exemption limit up to INR 3,00,000 under the new tax regime for individuals and certain taxpayers, along with changes in slab rates. Reduction in the highest surcharge rate from 37 percent to 25 percent for individuals and certain taxpayers under the new tax regime



Increase in tax rebate up to 100 percent of tax for resident individuals with income up to INR 7,00,000 under the new tax regime. The benefit of standard deduction extended to the salaried class and pensioners under the new tax regime



Cap of INR 100 million on relief from capital gains on investment in residential houses

Turnover threshold for presumptive taxation for MSMEs increased to INR 30 million and for certain professionals to INR 7.5 million. Deduction on payments made to MSMEs to be allowed only when the payment is made



Date of incorporation for eligible start-ups to avail of income-tax benefits extended to 31 March 2024. Benefit of carry-forward of losses for eligible start-ups on change of shareholding extended from seven to 10 years



New post of Joint/Additional Commissioner (Appeals) created; 100 new Joint Commissioners to be deployed to reduce pending appeals

Single-window IT system introduced for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI, and IRDAI. Extension of period of tax benefits to funds relocating to IFSC, GIFT City until 31 March 2025



Rationalisation of customs duty rate structure: Reduction proposed in basic customs duty on certain goods except agriculture and textiles



No input tax credit to be allowed on expenses incurred towards CSR¹ obligations

Specified non-compliance by e-commerce operators, under GST provisions, to be treated as offences liable to severe penalty



OIDAR² services provided by foreign residents to Indian unregistered persons to be taxed in India, regardless of the degree of automation/human intervention. Scope of unregistered persons also to be expanded

¹ Corporate Social Responsibility

² Online Information and Database access or retrieval services