



Key highlights of the Union Budget 2023-24

Textile Sector

Hon'ble Union Minister of Finance, Smt. Nirmala Sitharaman, today, presented the Union Budget for 2023-24, which is also the first Budget in *Amrit Kaal*. The key highlights of the Union Budget 2023-24 for the textile sector are as follows:

1) 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). This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages. We await further details of this policy.

New 5 HS Codes have been identified for cotton, for further classification of cotton as per staple length. This can help in calibrated policy support for ELS cotton.

2) Agriculture Accelerator Fund

Agriculture Accelerator Fund to encourage agri-startups to 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.

3) Decentralized Storage Capacity

Government set up massive, decentralised storage capacity to help farmers store their produce. Better storage infrastructure is expected to also improve the quality of cotton procured from farmers.

4) Digital Public Infrastructure for Agriculture

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

New AI driven data collection of agricultural products may help in better crop estimation and lend predictability to cotton prices.



5) Green Growth

Towards India's commitments for net-zero carbon emission by 2070, green farming and green technologies will be taken up, which can have significance for the cotton textile sector.

Through the Green Credit Programme, Textile sector looks forward to policy support for aligning their technologies to the upcoming international environmental legislations as also improve domestic benchmarks.

6) Pradhan Mantri Kaushal Vikas Yojana 4.0

Pradhan Mantri Kaushal Vikas Yojana 4.0 will be launched to skill lakhs of youth within the next three years. On-job training, industry partnership, and alignment of courses with needs of industry will be emphasized. The scheme will also cover new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills. To skill youth for international opportunities, 30 Skill India International Centres will be set up across different States.

7) Ease of Doing Business

For enhancing ease of doing business, more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized. For furthering the trust-based governance, budget has introduced the Jan Vishwas Bill to amend 42 Central Acts.

8) Credit Guarantee for MSMEs

Last year, Government proposed revamping of the credit guarantee scheme for MSMEs. 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.

9) Vivad se Vishwas I – Relief for MSMEs

In cases of failure by MSMEs 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. This will provide relief to MSMEs.

10) Skill India Digital Platform

The digital ecosystem for skilling will be further expanded with the launch of a unified Skill India Digital platform for:



- enabling demand-based formal skilling, ·
- linking with employers including MSMEs, and
- facilitating access to entrepreneurship schemes.

11) Increasing of Import Duty on Textile Machinery from 5% to 7.5%

As indicated in the Union Budget 2022-23, all textile machinery will now be subjected to 7.5% import duty starting from 31.03.2023.

12) Others

Direct Taxes

a) MSMEs and Professionals

Micro enterprises with turnover up to Rs. 2 crore and certain professionals with turnover of up to Rs. 50 lakh can avail the benefit of presumptive taxation. Government has enhanced limits of Rs. 3 crore and Rs. 75 lakh, respectively, to the tax-payers whose cash receipts are no more than 5 per cent. Moreover, to support MSMEs in timely receipt of payments, Government has proposed to allow deduction for expenditure incurred on payments made to them only when payment is actually made.

b) LEGISLATIVE CHANGES IN GST LAWS

Decriminalisation

Section 132 and section 138 of CGST Act are being amended, inter alia, to -

- raise the minimum threshold of tax amount for launching prosecution under GST from ` one crore to ` two crore, except for the offence of issuance of invoices without supply of goods or services or both;
- reduce the compounding amount from the present range of 50 per cent to 150 per cent of tax amount to the range of 25 per cent to 100 per cent;
- 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.
