



BUDGET 2023

COMMODITIES



BUDGET EXPECTATION

The Union Budget 2023-24 is going to be announced on 1 February by Finance Minister, Nirmala Sitharaman. Just like other industries, the commodities sector is having big hopes from this year's budget. The Budget 2023-24 holds great importance for India as a vital tool for shaping the country's future. India has the potential to become 5 trillion USD by 2025, as well as it has challenges that the benefits of this economic growth must be distributed among the population.



Through, the capital expenditure for the financial year 2022-2023 has been increased by 35.4 percent to Rs 7.5 lakh crore by the Finance Minister, which was Rs 5.5 lakh crore in the previous year. Significantly, under the budget 2023-24, there will be a lot of focus on measures to take the economy above 8 per cent and smooth the way towards \$ 5 trillion economy, and for this, the government can increase capital expenditure as compared to the previous financial year.

For Bullion & gems-jewellery segment

1. Bullion market is expecting import duty cut on gold from current 12.5% to 4%. The effective duty on gold is currently 18.45%, which includes 12.5% import duty, 2.5% agriculture infrastructure development cess and other taxes.
2. The industry is also seeking more clarity on the bullion exchange in GIFT City. A lot of policies still need to be worked on and while exchange has started; it has failed to attract buyers and sellers alike.
3. To boost export demand in jewellery segment, an announcement on incentives is expected.

For Agriculture sector

1. Expectation of government's attention to the initiatives for improving non-farm incomes like livestock farming and food processing.
2. The rationalization of goods and services tax (GST) as some tax exemptions for businesses will add value to the agricultural supply chain.
3. The government may incentivize agri-tech start-ups for improving the accessibility for small-holder farmers.
4. The farm sector is expecting tax breaks and monetary incentives such as subsidized credit facilities and interest rate subvention to agritech enterprises to offset losses from external threats.
5. The Budget could come up with a cattle insurance scheme on the lines of the Pradhan Mantri Fasal Bima Yojana, according to official statements and statements by the Agriculture Minister in Parliament. Cattle owners may reportedly be asked to pay a minimal premium, with the remaining amount being shared by the central and state governments.

1. The focus will remain on boosting Infrastructure, Make in India, EVs, power generation, etc. The automobile sector has big hopes from this year's Budget as the extension of subsidies for EVs to promote electric mobility. This will boost the base metals demand.
2. India also needs to pursue more free trade agreements and reduce tariffs to allow auto players to penetrate large overseas markets.
3. India's top mining industry federation is seeking higher import taxes on metals such as zinc, copper and aluminium to help halt a tide of cheaper imports, especially from China.
4. The government should raise import taxes to 10%-15% on several aluminium products, including scrap to 10% from 2.5%.
5. Industry body FICCI has sought an increase in the import duty on aluminium and aluminium products to at least 12.5 per cent in the upcoming budget 2023-24, stating that the move will help curb dumping of aluminium products and encourage growth of the domestic manufacturing and recycling.
6. While domestic steel prices have remained subdued, raw material costs have surged approximately by Rs 6,000 per metric tonnes. Amid this scenario, Indian steel makers have sought suo moto safeguard in terms of import duty of up to 25 per cent on ad-valorem basis, in the forthcoming union budget.
7. The domestic steel makers have also sought reinstatement of anti-dumping measures on HR coil, sheets and plates as well as colour coated and wire rods.

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