
Union Budget 2022-23

Highlights:

Total Expenditure	: Rs. 39,44,909 crores
Revenue Receipts	: Rs. 22,04,422 crores
Capital Receipts	: Rs. 17,40,487 crores
Non-Debt Receipts	: Rs. 22,83,713 crores
Fiscal Deficit	: Rs. 16,61,196 crores (6.4 per cent of GDP)
Revenue Deficit	: Rs. 9,90,241 crores (3.8 per cent of GDP)

a) **Revenue Receipts** consist of

tax revenue i.e. income tax, corporate tax, wealth tax, customs duties, union excise duties, goods and services tax, etc., and

non-tax revenue i.e. dividends and profits, interest receipts, external grants, etc.

b) **Capital Receipts** consist of

non-debt receipts (disinvestment receipts, recoveries of loans and advances), and

debt receipts i.e. market borrowings (internal), external borrowings.

c) **Non-Debt Receipts:** These are obtained after deducting debt receipts from total receipts (Revenue and capital receipts)

Levies:

- 30% capital gains tax on income from transactions in **virtual digital assets (cryptocurrencies and non-fungible tokens)** from April 1, 2022,
- 7.5 % tariff on project imports and capital goods,
- an additional excise duty of Rs. 2/ litre on unblended fuel to encourage blending of fuel, and
- phase out of customs exemptions on more than 350 items to encourage domestic production.

Reliefs:

- Reduction of Minimum Alternate Tax (MAT) from 18.5% to 15% and surcharge from 12% to 7% for cooperative societies, and
- reduction of customs duty on cut and polished diamonds and gemstones to 5 per cent to give a boost to the Gems and Jewellery sector.

Agriculture:

- promotion of chemical-free Natural Farming throughout the country,
- a new comprehensive scheme to increase domestic production of oilseeds for reducing oil imports,
- promotion of use of 'Kisan Drones' for **crop assessment, digitisation of land records, spraying of insecticides, and nutrients,**
- a fund with blended capital will be facilitated through NABARD to **finance startups for agriculture & rural enterprise,**

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- a comprehensive package to encourage food processing by **enabling farmers to adopt suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques, and**
 - **support for** post-harvest value addition, enhancing domestic consumption, and branding of millet products,

Industry:

- A battery swapping policy for promoting electric vehicles (EVs),
- establishment of Centre for Processing Accelerated Corporate Exit (C-PACE) to **facilitate and speed up the voluntary winding-up of these companies,**
- a task force on **animation, visual effects, gaming, and comic (AVGC)** sector to recommend measures to tap the potential in this sector,
- a new legislation to replace the Special Economic Zones Act to enhance competitiveness of exports,
- earmarking 68 per cent of the defence capital procurement budget for domestic industry in 2022-23 to reduce imports and promote self-reliance (AtmaNirbharta) in defence equipment, and
- supportive policies for sunrise sectors: Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems,

Infrastructure:

- expansion of National Highways network by 25,000 km in 2022-23,
- development of 400 new-generation **Vande Bharat Trains** with **better energy efficiency and passenger riding experience** during the next three years,
- Spectrum auctions to facilitate rollout of 5G mobile services within 2022-23,

Education:

- expansion of 'one class-one TV channel' programme under PM e-VIDYA from 12 to 200 TV channels to provide supplementary education in **regional languages** for classes 1-12, and
- establishment of a Digital University to provide access to world-class quality universal education to students across the country,

Women and Children:

- Upgradation of 2 lakh anganwadis with better infrastructure and audio-visual aids,

Piped Water supply:

- Rs.60,000 crore allocation to Jal Jeevan Mission which aims at providing functional household tap connections (FHTCs) to every rural household of the country,

Housing for All:

- Rs 48,000 crore allocation to construct 80 lakh houses for the identified eligible beneficiaries of PM Awas Yojana, both rural and urban,

Urban Development:

- Constitution of a high-level committee of reputed urban planners, urban economists and institutions to make recommendations on urban sector policies, capacity building, planning, implementation and governance,

Good Governance:

- launch of the **next phase of Ease of Doing Business EODB 2.0 and Ease of Living initiatives to improve productive efficiency of capital and human resources.**

Financing Infrastructure:

- launch of sovereign **Green Bonds** for mobilising resources for green infrastructure i.e. projects which help in reducing the carbon intensity of the economy,
- **Infrastructure Status** to Data Centres and Energy Storage Systems including dense charging infrastructure and grid-scale battery which will facilitate easy institutional credit availability at affordable cost,
- **blended finance** for encouraging important sunrise sectors such as Climate Action, Digital Economy, Pharma and Agri-Tech,

Financial Assistance to States for Capital Investment:

- Rs.1 lakh crore loans to States under "Special Assistance to States for Capital Expenditure" which are 50 year interest free loans and are over and above the normal borrowings allowed to the states and should be used for capital investment,

Carbon neutral economy:

- Measures for transition to carbon neutral economy like use of bio-mass pellets in thermal power plants, promoting agro-forestry, and private forestry,

North East and Border Areas:

- A new scheme called **Prime Minister's Development Initiative for North-East (PM-DevINE)** to fund infrastructure and social development projects based on felt needs of the North-East, and
- **'Vibrant Villages Programme'** to improve infrastructure and other facilities in border villages in the northern border

are the highlights of Union Budget 2022-23 presented to the Lok Sabha by Union Finance Minister Nirmala Seetharaman on February 1, 2022.

Details:

India is celebrating 75 years of independence (Azadika Amrit Mahotsav). For the next 25 years, when India turns 100, the Government set following priorities.

Complementing focus on **macro-economic level growth** with **inclusive welfare**,

Promoting **digital economy & fintech, technology enabled development, energy transition, and climate action**, and

Development **world-class Infrastructure**, and

Financing of **Investments**.

AGRICULTURE

Natural Farming:

Chemical-free Natural Farming will be promoted throughout the country. In the first stage, focus will be on farmers' lands in **5-km wide corridors along river Ganga**, at the first stage.

Support for Millets:

2023 has been announced as the **International Year of Millets**. Government will provide **support for** post-harvest value addition, enhancing domestic consumption, and for branding millet products nationally and internationally.

Increasing Oilseeds Production:

To **reduce our dependence on import of oilseeds**, a rationalised and comprehensive scheme to increase domestic production of oilseeds will be implemented.

Digital Services to the Farmers:

A **scheme in Public Private Partnership (PPP) mode** will be launched for **delivery of digital and hi-tech services to farmers** with involvement of public sector research and extension institutions along with private agri-tech players and stakeholders of agri-value chain.

Kisan Drones:

Government will promote use of 'Kisan Drones' for **crop assessment, digitisation of land records, spraying of insecticides, and nutrients**.

Revision of Agriculture Syllabus:

States will be encouraged to revise syllabi of agricultural universities to meet the needs of natural, zero-budget and organic farming, modern-day agriculture, value addition and management.

Fund to encourage Agri-Startups:

To **finance startups for agriculture & rural enterprise**, relevant for farm produce value chain, a fund with blended capital will be facilitated through NABARD.

The activities for these startups will include support for Farmer Producer Organisations (**FPOs**), **machinery for farmers on rental basis at farm level, and technology including IT-based support**.

Need for Blended Capital?

Financial institutions are generally hesitant to extend loans to risky projects. Under the blended finance model, Government guarantees the loans upto certain percentage or finances part of the loans. The objective of blended finance is to facilitate the flow of finances to intended sectors until the intended ecosystem matures and financial institutions become more comfortable to lending to such projects.

Food Processing:

To **enable farmers to adopt suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques**, Government will provide a comprehensive package with participation of state governments.

Ken Betwa Project and Other River Linking Projects:

The Union Government is implementing the Ken-Betwa Link Project at an estimated cost of Rs. 44,605 crore aimed at providing irrigation benefits to 9.08 lakh hectare of farmers' lands, drinking water supply for 62 lakh people, 103 MW of Hydro, and 27 MW of solar power. The Union Cabinet has approved central support of Rs.39,317 crore for the project, covering grant of Rs.36,290 crore and loan of Rs.3,027 crore. The project would be completed in a period of 8 years.

Allocations of Rs.4,300 crore in 2021-22 and Rs.1,400 crore in 2022-23 have been made for this project.

Draft DPRs of five river links, namely Damanganga-Pinjal, Par-Tapi- Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery have been finalised. Once a consensus is reached among the beneficiary states, the Centre will provide support for implementation.

INDUSTRY:

Battery Swapping Policy for Electric Vehicles:

A battery swapping policy will be brought out and inter-operability standards will be formulated for electric vehicles (EVs).

With battery swapping, owners of EVs will be able to swap their drained batteries with charged ones at designated stations. This eases the use of such vehicles, which otherwise take hours to recharge.

The private sector will be encouraged to develop sustainable and innovative business models for 'Battery or Energy as a Service'.

Accelerated Corporate Exit

Several IT-based systems have been established for accelerated registration of new companies. Now the Centre for Processing Accelerated Corporate Exit (C-PACE) will be established to **facilitate and speed up the voluntary winding-up of these companies** from the currently required 2 years to less than 6 months.

Government Procurement

To **enhance transparency and to reduce delays in payments, a completely paperless, end-to-end online e-Bill System** will be launched for use by all central ministries for their procurements. The system will enable the suppliers and contractors to submit online their digitally signed bills and claims and track their status from anywhere.

To reduce indirect cost for suppliers and work-contractors, the use of surety bonds as a substitute for bank guarantee will be made acceptable in government procurements.

AVGC Promotion Task Force

The **animation, visual effects, gaming, and comic (AVGC)** sector offers immense potential to employ youth. An AVGC promotion **task force** with all stakeholders will be set-up to recommend ways to realise this and build domestic capacity for serving our markets and the global demand.

Export Promotion

The Special Economic Zones Act will be replaced with a new legislation covering all large existing and new industrial enclaves to enhance competitiveness of exports.

Self-Reliance (AtmaNirbharta) in Defence

To reduce imports and promote AtmaNirbharta (self-reliance) in defence equipment, 68 per cent of the capital procurement budget will be earmarked for domestic industry in 2022-23, up from 58 per cent in 2021-22.

Defence R&D will be opened up for industry, startups and academia with 25 per cent of defence R&D budget earmarked. Private industry will be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO and other organisations through Special Purpose Vehicle (SPV) model. An independent nodal umbrella body will be set up for meeting wide ranging testing and certification requirements.

Sunrise Opportunities:

Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems have immense potential to assist **sustainable development at scale and modernise the country**. They **provide employment opportunities for youth, and make Indian industry more efficient and competitive**. Government will initiate supportive policies, light-touch regulations, facilitative actions to build domestic capacities, and promotion of research & development in these sectors.

SKILL DEVELOPMENT

Skilling programmes and partnership with the industry will be **reoriented** to promote continuous skilling avenues, sustainability, and employability. The National Skill Qualification Framework (NSQF) will be aligned with dynamic industry needs.

Digital Ecosystem for Skilling and Livelihood - the DESH-Stack e-portal - will be launched to empower citizens to skill, reskill or up skill through on-line training.

INFRASTRUCTURE:

Roads:

The National Highways network will be expanded by **25,000 km** in 2022-23 with an outlay of Rs. 1,34,015 crores.

Railways:

400 new-generation **VandeBharat Trains** with **better energy efficiency** and **passenger riding experience** will be developed and manufactured during the next three years.

The Vande Bharat train is an **indigenously designed and manufactured semi high speed, self-propelled train** which is capable of running at speeds up to 160 km per hour.

These trains, which look similar to bullet trains, operate without a locomotive engine and are based on a propulsion system called **distributed traction power technology**, by which each coach of the train set is self-propelled through electric power. This technology is widely used across the world for passenger trains. Vande Bharat is India's first attempt at adaptation of the train set technology. The conventional system in India is passenger coaches hauled by separate locomotives.

The Vande Bharat coaches incorporate modern passenger amenities like on-board WiFi entertainment, GPS-based passenger information system, CCTVs, automatic doors in all coaches, rotating chairs and bio-vacuum type toilets like in aircraft.

Vande Bharat trains were introduced in 2019 in India. Two Vande Bharat train sets are currently running, both from Delhi ; Delhi to Varanasi and Delhi to Katra (Jammu & Kashmir).

Learning from the first set of Vande Bharat trains, these trains are currently being redesigned to reduce noise and vibration levels. The use of aluminium in place of steel is also being explored in construction of coaches to make the trains lighter, improve energy efficiency and increase the speed.

Telecom Sector

Spectrum auctions will be conducted in 2022 to facilitate rollout of 5G mobile services within 2022-23 by private telecom providers.

To enable affordable broadband and mobile service proliferation in rural and remote areas, five per cent of annual collections under the Universal Service Obligation Fund will be allocated to rural areas.

SOCIAL SECTOR:

EDUCATION:

Universalisation of Quality Education

Children, particularly in the rural areas, and those from Scheduled Castes and Scheduled Tribes, and other weaker sections, have lost almost 2 years of formal education due to the pandemic-induced closure of schools. **Mostly, these are children in government schools.**

Recognising the need to impart supplementary teaching and to build a resilient mechanism for education delivery, the Government announced expansion of 'one class-one TV channel' programme of PM eVIDYA from 12 to 200 TV channels. This will **enable all states to provide supplementary education in regional languages** for classes 1-12.

To promote crucial critical thinking skills and to give space for creativity in **vocational courses**, 750 virtual labs in science and mathematics, and 75 skilling e-labs for simulated learning environment, will be set-up in 2022-23.

High-quality e-content in all spoken languages will be developed for delivery via internet, mobile phones, TV and radio through Digital Teachers.

A competitive mechanism for development of quality e-content by the teachers will be set-up to facilitate better learning outcomes.

Digital University

A Digital University will be established **to provide access to world-class quality universal education to students across the country.** This will be made available in different Indian languages. The University will be built on a networked hub-spoke model, with the hub building cutting edge Information and Communication Technology (ICT) expertise. The best public universities and institutions in the country will collaborate as a network of hub-spokes.

HEALTH:

National Tele Mental Health Programme

The pandemic has accentuated mental health problems in people of all ages. To enhance the access to quality mental health counselling and care services, a 'National Tele Mental Health Programme' will be launched. This will include a network of 23 tele-mental health centres of

excellence, with NIMHANS being the nodal centre and International Institute of Information Technology-Bangalore (IIITB) providing technology support.

WOMEN AND CHILDREN:

Mission Shakti, Mission Vatsalya, Saksham Anganwadi & Poshan 2.0:

Government has comprehensively revamped the schemes of the Ministry of Women & Child Development and launched three schemes, namely, Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0 to provide integrated benefits to women and children.

Saksham Anganwadis are a new generation anganwadis that have better infrastructure and audio-visual aids, powered by clean energy and providing improved environment for early child development. Two lakh anganwadis will be upgraded under the Scheme.

DRINKING WATER:

Jal Jeevan Mission - Har Ghar, Nal Se Jal (Piped Water Supply to Every Household):

In 2019, the Government has launched Jal Jeevan Mission with the aim of **providing functional household tap connections (FHTCs) to every rural household of the country** by the year 2024 and thereby ensuring potable water supply in adequate quantity i.e. @ 55 lpcd (Litres per capita per day) of prescribed quality on long-term and regular basis

Current coverage of HarGhar Nal Se Jal is 8.7 crores. Of this 5.5 crore households were provided tap water in last 2 years itself.

Allocation of **Rs 60,000 crore** has been made with an aim to cover **3.8 crore households in 2022-23**.

Housing for All:

In 2022-23, 80 lakh houses will be completed for the identified eligible beneficiaries of PM Awas Yojana, both rural and urban. Rs 48,000 crores is allocated for this purpose.

The Central Government will work with the state governments for reduction of time required for all land and construction related approvals, for promoting affordable housing for middle class and Economically Weaker Sections in urban areas. Government will also work with the financial sector regulators to expand access to capital.

Prime Minister's Development Initiative for North East Region (PM-DevINE)

A new scheme, Prime Minister's Development Initiative for North-East (PM-DevINE), will be implemented through the North-Eastern Council. It will fund infrastructure and social development projects based on felt needs of the North-East. This will enable livelihood activities for youth and women, filling the gaps in various sectors. It will not be a substitute for existing central or state schemes.

While the central ministries may also pose their candidate projects, priority will be given to those posed by the states. An initial allocation of Rs 1,500 crores will be made, and the initial list of projects is given in Annexure-1.

Aspirational Blocks Programme:

In January 2018, the Aspirational Districts programme was launched with the aim of quickly and effectively transforming 112 most under-developed districts across the country. The broad

contours of the programme are Convergence (of Central & State Schemes), Collaboration (of Central, State level 'Prabhari' Officers & District Collectors), and Competition among districts through monthly delta ranking; all driven by a mass movement.

95 per cent of those 112 districts have made significant progress in key sectors such as health, nutrition, financial inclusion and basic infrastructure. They have surpassed the state average values. However, in those districts, some blocks continue to lag. In 2022-23, the programme will focus on such blocks in those districts.

Vibrant Villages Programme:

Border villages with sparse population, limited connectivity and infrastructure often get left out from the development gains.

Vibrant Villages Programme will be launched to cover such villages in the northern border. The following works will be taken up in these villages: construction of village infrastructure, housing, tourist centres, road connectivity, provisioning of decentralised renewable energy, direct to home access for Doordarshan and educational channels, and support for livelihood generation. Additional funding for these activities will be provided. Existing schemes will be converged. Outcomes will be defined and monitored on a constant basis.

FINANCIAL SECTOR:

Anytime - Anywhere Post Office Savings:

In 2022, 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts. This will be helpful, especially for farmers and senior citizens in rural areas, enabling inter-operability and financial inclusion.

Digital Banking:

In recent years, digital banking, digital payments and fintech innovations have grown at a rapid pace in the country. Government is continuously encouraging these sectors to ensure that the benefits of digital banking reach every nook and corner of the country in a consumer-friendly manner. Taking forward this agenda, and to mark 75 years of our independence, it is proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by Scheduled Commercial Banks.

GOOD GOVERNANCE:

Ease of Doing Business 2.0 & Ease of Living

In recent years, 1486 Union laws were repealed. This is the result of government's strong commitment for 'minimum government & maximum governance', and ease of doing business (EODB).

The next phase of Ease of Doing Business EODB 2.0 and Ease of Living, will be launched to improve productive efficiency of capital and human resources.

This new phase will be guided by an active involvement of the states, digitisation of manual processes and interventions, integration of the central and state-level systems through IT bridges, a single point access for all citizen-centric services, and a standardisation and removal of overlapping compliances. Crowdsourcing of suggestions and ground level assessment of the impact with active involvement of citizens and businesses will be encouraged.

Green Clearances

A single window portal, **PARIVESH**, for all green clearances was launched in 2018. It has been instrumental in reducing the time required for approvals significantly. The scope of this portal will now be expanded, to provide information to the applicants. Based on location of units, information about specific approvals will be provided. It will enable application for all four approvals (screening stage, scoping stage, public consultation stage and appraisal stage) through a single form, and tracking of the process through Centralized Processing Centre-Green (CPC-Green).

Land Records Management

Efficient use of land resources is a strong imperative. States will be encouraged to adopt **Unique Land Parcel Identification Number** to facilitate IT-based management of records. The facility for transliteration of land records across any of the Schedule VIII languages will also be rolled out.

The adoption or linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' will be promoted as an **option** for uniform process for registration and 'anywhere registration' of deeds & documents.

e-Passports:

The issuance of e-Passports will be rolled out in 2022-23.

What are e-Passports?

An electronic chip is the physical copy of passport.

The personal details of the applicants will be digitally signed and stored in the chip. The chip contains the passport holder's name, date of birth, biometric information and a digital signature. The e-Passport will enhance the security of passports, eliminate duplication, and data tampering.

e-passports also facilitate passengers convenience as passengers with an e-passport do not have to stand in queue for a long time as it can be scanned in a few seconds.

India started issuing e-passports in 2008 but limited them only to political representatives and bureaucrats.

According to the International Civil Aviation Organisation, more than 100 issuing authorities have rolled out e-passports.

URBAN DEVELOPMENT:

Committee for Framing Policies:

Nearly half of our population is likely to be living in urban areas by the time of India turns 100 (i.e. 100 years of independence). To prepare for this, orderly urban development is of critical importance. For this, on the one hand we need to nurture the megacities and their hinterlands to become centres of economic growth. On the other hand, we need to facilitate tier 2 cities (population of 50,000 to 99,999) and 3 cities (population of 20,000 to 49,999) to take on the mantle in the future.

A high-level committee of reputed urban planners, urban economists and institutions will be formed to make recommendations on urban sector policies, capacity building, planning, implementation and governance.

Urban Planning Support to States

Union Government would provide support to States for urban capacity building especially in modernisation of building bye laws, formulating Town Planning Schemes (TPS), and Transit Oriented Development (TOD) policies.

The Central Government's financial support for mass transit projects and AMRUT (Atal Mission for Rejuvenation and Urban Transformation) scheme will be leveraged for formulation of action plans and their implementation for facilitating Transit Oriented Development (TOD) and Town Planning Schemes (TPS) by the states.

For developing India specific knowledge in urban planning and design, and to deliver certified training in these areas, up to five existing academic institutions in different regions will be designated as centres of excellence. These centres will be provided endowment funds of Rs. 250 crore each. In addition, AICTE will take the lead to improve syllabi, quality and access of urban planning courses in other institutions.

What is Town Planning Scheme?

Under Town Planning Schemes (TPS) followed in States like Maharashtra, Gujarat, Telangana, town planning authorities pool the land belonging to different owners and undertake planned development by providing roads, electricity, drinking water, drainage, parks, etc. A land owner has to part 25 to 40 % of land with the Government and also pay betterment charges for infrastructure provided. The town planning authority allots 5 to 10 % of the land to weaker sections as plots and sells the remaining land also as plots. Land owners benefit due to appreciation of their land prices and also provision of common infrastructure like roads, drainage, electricity, etc.

What is Transit Oriented Development?

One of the problems in the present urbanisation pattern is spread of urban sprawls i.e. horizontal growth of cities due to single use low density housing. Increased use of private vehicles, congested roads and more pollution are the problems of urban sprawls.

Transit Oriented Development (TOD) is one of the approaches adopted globally to address the challenges of urban sprawl by concentrating the housing and employment activities along a public transit corridor. High density housing (apartments) and office buildings are constructed along a public transit corridor. Such concentration of office and housing increases the efficiency of land utilisation, reduces commutation, pollution and makes urbanisation environment friendly and sustainable.

Clean & Sustainable Mobility

Government will promote a shift to use of public transport in urban areas.

ENERGY TRANSITION AND CLIMATE ACTION

Solar Power

To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of Rs. 19,500 crore for Production Linked Incentive for manufacture of high efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar PV (photovoltaic) modules, will be made.

Circular Economy

Circular Economy transition helps in productivity enhancement as well as creating large opportunities for new businesses and jobs. The action plans for ten sectors such as electronic waste, end-of-life vehicles, used oil waste, and toxic & hazardous industrial waste are ready. The focus now will be on addressing important cross cutting issues of infrastructure, logistics, technology upgradation and integration with informal sector. This will be supported by active public policies covering regulations, extended producers' responsibilities framework and innovation facilitation.

Transition to Carbon Neutral Economy

Use of Biomass Pellets:

Five to seven per cent biomass pellets will be co-fired in thermal power plants resulting in CO₂ savings of 38 MMT annually. This will also provide extra income to farmers and job opportunities to locals and help avoid stubble burning in agriculture fields.

What are biomass pellets?

Biomass pellet refers to compressed organic matter or biomass. These pellets can be made from crop stalk, rice husk, sawdust, forest residue (barks, leaves), commercial grass, etc. Biomass pellets have very high combustion efficiency as they have very low moisture content. As a result they can be used in power plants, boilers, factories, etc.

Coal gasification:

Four pilot projects for coal gasification and conversion of coal into chemicals required for the industry will be set-up to evolve technical and financial viability.

Agro-forestry and private forestry:

The policies and required legislative changes to promote agro forestry and private forestry will be brought in. In addition, financial support will be provided to farmers belonging to Scheduled Castes and Scheduled Tribes, who want to take up agro-forestry.

FINANCING OF INVESTMENTS

Public Capital Investment

Indian economy has shown strong resilience to come out of the effects of the pandemic with high growth. However, we need to sustain that level to make up for the setback of 2020-21. **Capital investment** holds the **key to speedy and sustained economic revival** through its multiplier effect. It helps in creating employment opportunities,

Outlay for capital expenditure has been stepped up sharply by 35.4 per cent from Rs. 5.54 lakh crore in the current year to **Rs. 7.50 lakh crore in 2022-23**. This has increased to more than 2.2 times the expenditure of 2019-20. This outlay in 2022-23 will be 2.9 per cent of GDP.

Effective Capital Expenditure

When capital investment of Union Government is taken together with the provision made for creation of capital assets through Grants-in-Aid to States, the 'Effective Capital Expenditure' of the Central Government is estimated at Rs. 10.68 lakh crore in 2022-23, which will be about 4.1 per cent of GDP.

Green Bonds

As a part of the government's overall market borrowings in 2022-23, sovereign Green Bonds will be issued for mobilizing resources for green infrastructure. The proceeds will be deployed in public sector projects which help in reducing the carbon intensity of the economy.

GIFT-IFSC

World-class foreign universities and institutions will be allowed in the GIFT City (Gujarat International Finance Tec-City), a business city located in Gandhinagar, Gujarat, to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics to facilitate availability of high-end human resources for financial services and technology.

An International Arbitration Centre will be set up in the GIFT City for timely settlement of disputes under international jurisprudence.

Services for global capital for sustainable & climate finance in the country will be facilitated in the GIFT City.

Infrastructure Status

Data Centres and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems will be included in the harmonized list of infrastructure. This will facilitate easy institutional credit availability for digital infrastructure and clean energy storage.

Venture Capital and Private Equity Investment

Venture Capital and Private Equity invested more than Rs. 5.5 lakh crore facilitating one of the largest start-up and growth ecosystem. Scaling up this investment requires a holistic examination of regulatory and other frictions. An **expert committee** will be set up to examine and suggest appropriate measures.

Blended Finance

Government backed Funds; National Investment and Infrastructure Fund (NIIIF) and Small Industries Development Bank of India (SIDBI) Fund of Funds have provided scale capital creating a multiplier effect. For encouraging important sunrise sectors such as Climate Action, Deep-Tech, Digital Economy, Pharma and Agri-Tech, the government will promote thematic funds for blended finance with the government share being limited to 20 per cent and the funds being managed by private fund managers.

Financial Viability of Infrastructure Projects

For financing the infrastructure needs, the stepping-up of public investment will need to be complemented by private capital at a significant scale. **Measures will be taken to enhance financial viability of projects** including Public-private partnership (PPP), with technical and knowledge assistance from multi-lateral agencies. Enhancing financial viability shall also be obtained by adopting global best practices, innovative ways of financing, and balanced risk allocation.

Financial Assistance to States for Capital Investment:

With the onset of COVID in 2020, State Governments were facing difficult financial environment this year due to the shortfall in tax revenues. Hence, in October 2020, the Union Government announced **scheme for "Special Assistance to States for Capital Expenditure" under which the Union Government extended around Rs.10,000 crore loans to States for capital investment.**

These are 50 year interest free loans and are over and above the normal borrowings allowed to the states and should be used for capital investment.

Capital expenditure creates employment, especially for the poor and unskilled, has a high multiplier effect, enhances the future productive capacity of the economy, and results in a higher rate of economic growth. The amount can be used for new or ongoing projects like roads, railway lines, optical fibre networks, etc. These fifty-year interest free loans are over and above the normal borrowings allowed to the states.

The scheme was received well by the States. Hence, the Government continued and increased the allocation to Rs.15,000 crore in 2021-22.

For 2022-23, the allocation has been increased to Rs. 1 lakh crore to assist the states in catalyzing overall investments in the economy. As stated earlier, these fifty-year interest free loans are over and above the normal borrowings allowed to the states and should be used for capital investment.

FISCAL MANAGEMENT

Total Expenditure:

As against a total expenditure of Rs.34.83 lakh crore projected in the Budget Estimates 2021-22, the Revised Estimate is Rs.37.70 lakh crore. The Revised Estimate of capital expenditure is Rs.6.03 lakh crore. This includes an amount of Rs.51,971 crore towards settlement of outstanding guaranteed liabilities of Air India and its other sundry commitments.

The total expenditure in 2022-23 is estimated at Rs.39.45 lakh crore, while the total receipts other than borrowings are estimated at Rs.22.84 lakh crore.

Fiscal Deficit:

The revised Fiscal Deficit in the current year is estimated at 6.9 per cent of GDP as against 6.8 per cent projected in the Budget Estimates. The Fiscal Deficit in 2022-23 is estimated at **6.4 per cent of GDP**, which is consistent with the broad path of fiscal consolidation plan, announced in 2020-21, to reach a fiscal deficit level below 4.5 per cent by 2025-26.

TAXATION:

DIRECT TAXES:

1. Taxation of virtual digital assets (Cryptocurrencies and non-fungible tokens)

There has been a phenomenal increase in transactions in virtual digital assets (**Cryptocurrencies and non-fungible tokens**). The Government proposed 30% capital gains tax on income from investments in cryptocurrencies from April 1, 2022.

No deduction in respect of any expenditure or allowance shall be allowed while computing such income except cost of acquisition (brokerage cost, etc). Further, loss from transfer of virtual digital asset cannot be set off against any other income.

Further, in order to capture the transaction details, the Government also proposed 1% TDS on payment made in relation to transfer of virtual digital asset if the transaction amount is above a monetary threshold fixed by the Government.

Gift of virtual digital asset is also proposed to be taxed in the hands of the recipient.

What is a cryptocurrency?

It is a digital asset created by solving complex algorithms by private software developers and is used as a medium of exchange digitally among the willing participants. There is no intermediation of banks in the exchange as a result of which there are no transaction costs or minimal transaction costs and the process is also secure due to use of Blockchain technology which acts a decentralised ledger i.e. participants can track the transactions. They are gaining popularity as some people are treating them as assets like gold apart from medium of exchange and investing in them.

Example of cryptocurrencies: Bitcoin, Ethereum, etc.

What are Non-Fungible Tokens?

Non **Non-Fungible Tokens** are digital assets like cryptocurrencies but they are non fungible i.e. **one non-fungible tokens cannot be exchanged for another.**

This is in contrast to cryptocurrencies which are fungible i.e., they can be traded or exchanged, one for another.

At present NFTs are created for works like art, music, and gaming items with an authentic certificate created by Blockchain technology that underlies Cryptocurrency. An NFT cannot be forged or manipulated.

2. Reduced Alternate minimum tax rate and Surcharge for Cooperatives

Currently, cooperative societies are required to pay Alternate Minimum Tax at the rate of 18.5%. However, companies pay the same at the rate of 15%. To provide a level playing field between co-operative societies and companies, tax for cooperative societies has also been reduced to 15%.

Surcharge on co-operative societies has been reduced from present 12 % to 7 % for those having total income of more than Rs.1 crore and up to Rs.10 crores. This would help in enhancing the income of cooperative societies and its members who are mostly from rural and farming communities.

What is Minimum Alternate Tax (MAT)?

It was introduced in 1987 to tax Zero-Tax paying companies.

Companies can reduce their tax liability through various provisions of the Income-Tax Act, such as **exemptions, deductions, depreciation**, etc. There have been instances of some companies even managing to show **nil taxable income** despite making substantial profits and paying out dividends, thanks to the various tax concessions and incentives.

To ensure that no company avoids paying taxes, the Government of India in 1988 came up with the concept of Minimum Alternate Tax (MAT). MAT was 18.5% earlier. It was reduced to 15 % in September 2019.

3. Parity between employees of State and Central government

At present, the Central Government contributes 14 per cent of the salary of its employee to the National Pension System (NPS). This is allowed as a deduction in computing the income of the employee. However, such deduction is allowed only to the extent of 10 per cent of the salary in case of employees of the State government. To provide equal treatment to both Central and State government employees, tax deduction limit has been increased from 10 per cent to 14 per

cent on employer's contribution to the NPS account of State Government employees as well. This would help in enhancing the social security benefits of the state government employees and bring them at par with central government employees.

4. Incentives for Start-ups

Start-ups have emerged as drivers of growth for our economy. Over the past few years, the country has seen a manifold increase in successful start-ups. Eligible start-ups established before 31.3.2022 had been provided a tax incentive for three consecutive years out of ten years from incorporation. In view of the Covid pandemic, this eligibility period has been extended by one more year, that is, up to 31.03.2023 for providing such tax incentive.

5. Incentives for newly incorporated manufacturing entities under concessional tax regime

In an effort to establish a globally competitive business environment for certain domestic companies, a concessional tax regime of 15 per cent tax was introduced by the government in 2019 for newly domestic manufacturing companies incorporated after October 1, 2019 and starting operation before 31st March, 2023. Last date for commencement of manufacturing has been extended by one year i.e. from 31st March, 2023 to 31st March, 2024.

INDIRECT TAXES

1. 7.5 % Tariff on Project imports and capital goods

National Capital Goods Policy, 2016 aims at doubling the production of capital goods (goods that are used to produce other goods. Eg: Machinery, industrial tools, etc) by 2025. This would create employment opportunities and result in increased economic activity. However, several duty exemptions, even extending to over three decades in some cases, have been granted to capital goods imports for various sectors like power, fertiliser, textiles, leather, footwear, food processing and fertilisers. These exemptions have hindered the growth of the domestic capital goods sector.

Similarly, project import duty concessions have also deprived the local producers of a level playing field in areas like coal mining projects, power generation, transmission or distribution projects, railway and metro projects. Government experience suggests that reasonable tariffs are conducive to the growth of domestic industry and 'Make in India' without significantly impacting the cost of essential imports.

Accordingly, Government proposed to phase out the concessional rates in capital goods and project imports gradually and apply a moderate tariff of 7.5 per cent. Certain exemptions for advanced machineries that are not manufactured within the country shall continue.

What are Project Imports?

Normally, imported goods are classified separately under different tariff headings and assessed to applicable Customs duty, but as a variety of goods are imported for setting up an industrial project their separate classification and valuation for assessment to duty becomes cumbersome.

Further, the suppliers of a contracted project, do not value separately each and every item or parts of machinery which are supplied in stages. Hence, ascertaining values for different items delays assessment leading to demurrage and time and cost overruns for the project.

Hence, the Government started project imports scheme in 1975 wherein all the goods imported for the purpose of setting up of Industrial Project or substantial expansion of existing industrial projects is subjected to single classification and single rate of duty instead.

2. 2% an additional differential excise duty on unblended fuel:

To encourage blending of fuel, unblended fuel shall attract **an additional differential excise duty of Rs. 2/ litre from the 1st day of October 2022.**

Government has set a target of 10 per cent ethanol blended petrol (E10). India had achieved the highest-ever ethanol blend of 8.1 per cent with petrol in the ethanol supply year 2020-21 (from December to November). Recently, Government has revised the target of blending ethanol with petrol to 20 per cent by the year 2025.

Ethanol is a bio-fuel and blending it with petrol **reduces pollution** as it produces lower carbon dioxide emissions, saves foreign exchange due to reduction of imports of crude oil, increases value addition in the sugar industry enabling them to clear cane price arrears of farmers (In India ethanol is mainly made by sugar industries with molasses, a by-product in sugar processing).

3. Phase out of customs exemptions on 350 Items:

More than 350 customs duty exemptions would be gradually phased out to encourage domestic production. These include exemption on certain agricultural produce, chemicals, fabrics, medical devices and drugs and medicines for which sufficient domestic capacity exists.

4. Electronics

Electronic manufacturing has been growing rapidly. Customs duty rates have been calibrated to provide a graded rate structure to facilitate domestic manufacturing of wearable devices, hearable devices and electronic smart meters. Duty concessions are also being given to parts of transformer of mobile phone chargers and camera lens of mobile camera module and certain other items. This will enable domestic manufacturing of high growth electronic items.

5. Gems and Jewellery

To give a boost to the Gems and Jewellery sector, Customs duty on cut and polished diamonds and gemstones has been reduced to 5 per cent. Simply sawn diamond would attract nil customs duty. To facilitate export of jewellery through e-commerce, a simplified regulatory framework shall be implemented.

6. Chemicals:

Customs duty on certain critical chemicals namely methanol, acetic acid and heavy feed stocks for petroleum refining are being reduced, while duty is being raised on sodium cyanide for which adequate domestic capacity exists. These changes will help in enhancing domestic value addition.

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