



Date - 2 Feb 2022

Union Budget 2022-23

Budget:

- Documents detailing the income and expenditure of the government.
- Account of income and expenditure of the government for 3 years
- How much was the income and expenditure of the government of the previous year, how much is there in the current year and how much can be the income and expenditure of the next year.
- The word budget is not mentioned anywhere in the Indian Constitution.
- **Article 112, Part-5:** Annual Financial Statements
- The first budget in India was presented by James Wilson on 18 January 1860. Father of Indian Budget James Wilson
- The first budget of independent India was presented on 26 November 1947 by Finance Minister R. Presented by Shanmukham Chetty.
- After the Constitution of India came into force, the first budget was presented by John Mathai on 28 February 1950.
- Jawaharlal Nehru, the first prime minister to present the budget (1958-59)
- For the first time since the year 2017, the budget was presented on the 1st of February, before that it was presented on the last day of February.

Key points:

- Union Finance Minister Smt. Nirmala Sitharaman presented the Union Budget 2022-23 in the Parliament yesterday (February 1).
- This budget has been presented at a time when India is recovering from the third wave of Covid-19 and hundreds of youth in the country are continuously protesting against unemployment.
- 'It is worth mentioning that a day before the budget, that is, on January 31, the Economic Survey was presented in the Parliament.
- It analyzed several aspects including fiscal availability for the government, post-pandemic recovery, inflation, energy prices and global uncertainties.

Union Budget 2022-23

- “The rapid recovery and recovery of the economy reflects the strong resilience of our country.” – Finance Minister

Key points of the budget-

Agriculture

- Government will pay Rs 2.37 lakh crore for procurement of wheat and paddy under MSP operations.
- 2022-23 has been declared as the International Year of Millets.
- Railways will develop new products for small farmers and MSMEs.
- Better plan to increase domestic oilseeds production will be brought to reduce imports
- Crop evaluation through ‘Kisan Drone’, land records, spraying of pesticides, etc. is expected to increase the use of technology in the agriculture sector.
- Announcement of Rs 44,605 crore Ken-Betwa river linking project.
- Natural farming will be promoted along the Ganga river corridor.
- To promote sustainable agricultural productivity and income of farmers, the government will promote chemical free natural farming across the country.
- A fund facility will be provided under co-investment model through NABARD to finance startups associated with agriculture and rural enterprises.
- A completely paperless, e-bill system will be introduced for procurement by the Ministries.
- Financial assistance will be provided to farmers for adopting agro-forestry.

Finance

- The emergency credit line guarantee scheme for small and medium-sized businesses will be extended till March 2023.
- Energy transition and climate action will be a key priority of the government.
- The Special Economic Zones Act will be replaced by a new law.
- To amend the Insolvency Code to expedite the resolution process
- The target of reducing the process of winding up companies from the current 2 years to 6 months.
- Long term capital gains surcharge will be capped at 15%.

Taxation

- Import duty on some chemicals will be reduced.
- Customs duty exemption on steel scrap to be extended for one more year for small and medium sized businesses.

- Customs duty on stainless steel, flat products, high steel bars will be revoked.
- An additional duty of Rs 2 per litter will be levied on non-compound fuels from October 2022.

Deficit/Expenditure-

- Proposal for fiscal deficit of 4.5% of GDP by the financial year 2025-26.
- Projected fiscal deficit of 6.4% of GDP in 2022-23.
- Revised fiscal deficit for 2021-22 to 6.9% of GDP.
- Total expenditure in 2022-23 ₹ 39.45 trillion
- States will be allowed fiscal deficit of 4% of GDP in the financial year 2022-23
- Financial assistance scheme of ₹ 1 trillion to states for capital investment expenditure in 2022-23.

Digital Currency

- Preparing to launch Digital Rupee using Blockchain technology from FY 2022-23
- Launching scheme for taxation of virtual digital assets
- Losses from the sale of virtual digital assets cannot be recovered from other income
- Income from virtual digital assets will be taxed at 30%.

Defense

- Government committed to reduce imports and increase self-reliance in the defense sector
- 68% of the capital for the defense sector will be earmarked for local industry

Infrastructure & Manufacturing-

- 5G spectrum will be auctioned in 2022
- Dash Stack e-portal to be launched to promote digital infra
- Strategic transfer of ownership of Air India is now complete.
- Four multi-modal national park contracts to be awarded in FY23.
- PM Gatishakti masterplan for the expressway to be prepared in the next financial year.
- 100 PM Gati Shakti terminals to be set up in the next three years.
- PM Gati Shakti Yojana will propel the economy and create more jobs and opportunities for the youth.

Jobs

- Emergency Credit Line Guarantee Scheme (ECLGS) has been extended till March 2023
- Efforts to create 60 lakh jobs in next 5 years
- Digital ecosystem will be launched for skilling and livelihood
- Its objective is to skill citizens through online training.

MSMEs and Startups-

- Rs 6,000 crore program to be launched to rate MSMEs in 5 years.
- MSMEs like Udyami, E-Shram, NCS and Aseem Portal to be linked and expanded.
- Startups to be promoted for drone power.
- Expert committee will be set up to suggest ways to help attract investments.
- Existing tax benefits for Startups, which were offered for 3 consecutive years, to be extended by 1 more year.

Electric Vehicles

- Battery swapping policy to be formulated to allow EV charging stations for automobiles
- The private sector will be encouraged to create sustainable and innovative business models for batteries and energy with the aim of improving the efficiency of the EV ecosystem.

Climate & Net Zero

- Action on energy transition and climate will be a key priority for the government.
- The risk of climate change is the biggest external challenge to the world.
- Sovereign Green Bond to be launched to fund green infra as part of the government's lending program in FY2023.
- The funds will be used for projects that will help reduce carbon intensity in the economy.
- An additional allocation of Rs 19,500 crore has been made under PLI for manufacturing of high efficiency solar modules.

Effect

- This budget will have an impact on the standardization related to metro rail.
- Focus on Capital Expenditure and Rural Development from Nal Se Jal Yojana.
- The expansion of digital currency will boost the digital inclusion agenda of the government.
- Expansion of highway network and construction of new expressways under PM Gati Shakti and other infrastructure programs are likely to help in connecting smaller towns around metro cities in a more efficient manner

- Battery swapping policy will help expand EV infrastructure and make EVs more viable.
- The expansion of 'PLI' scheme will help in achieving the target of achieving 280 GW of solar capacity by 2030.
- Increase in Capital Expenditure- Government believes that to support private investment it will be necessary to increase public investment which in turn will create demand.
- Parvat-Mala project will reduce traffic congestion in hilly areas and boost tourism
- Development of a central bank digital currency will boost the digital economy.

Challenges

- To boost economic activity during and after the COVID pandemic
- Providing employment opportunities
- To boost farm income
- Rising crude oil prices
- Determining the price of spectrum associated with 5G technology
- Availability of finance on climate change issues
- There is no specific discussion on MSP policies, MNREGA and defense sector in this budget.

Conclusion

- This time the budget mainly appears focused on promoting economic activities through capital expenditure and economic recovery.
- In such a situation, there is a need to provide equal development opportunities to all sectors, as well as special attention will have to be paid to some sectors like agriculture, MSME, and employment.

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