

OVERVIEW OF UNION BUDGET 2022-2023

SYNOPSIS

- The Economic Survey projected growth in the GDP of 8-8.5 per cent for Financial Year 2023
- This budget also laid the foundation and gave a blueprint of the economy over ‘Amrit Kaal’ for the next 25 years from India at 75 to India at 100
- The priority areas of the budget were these four Priority Areas, i.e., PM Gati Shakti Plan; Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action; and, Financing of Investments.
- RBI to introduce Digital Rupee using Blockchain and other technologies starting 2022-23
- Allowing Taxpayers to File Updated Return within 2 Years for correcting errors

INTRODUCTION

Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union budget for the fourth time in Parliament on the 1st of February 2022. As compared to the previous three budgets by Smt. Nirmala Sitharaman, this budget is presented while the country is heading towards normalcy after the Pandemic. A budget normally is an estimation of revenue and expenses over a specified future period. Similarly, the Union Budget is an estimation of the revenues that the State will generate and the expenses that the government would have to undertake for the next financial year. The Union Budget earlier would commence on the last working day of February, this was changed in 2014 to the last working day of January. The budget is presented in accordance with Annual Financial Statements (AFS) as mentioned under Article 112 of the Indian Constitution. AFS is a “statement of the estimated receipts and expenditure of the Government of India for that (financial) year”. In addition to the budget, it also contains ways and means to raise revenues, estimates of expenditure in the upcoming fiscal, and economic and financial policy for the upcoming year. The Budget contains data for three years, i.e., Actual numbers of the previous FY, Revised Numbers of the current FY, and the estimates for the upcoming FY. The budget goes through the following five stages, presentation of Budget, General Discussion, Scrutiny by departmental committees, voting on demand for grants, passing of appropriation bill, and passing of Finance Bill.

Key Features

The Economic Survey projected growth in the GDP of 8-8.5 per cent for Financial Year 23. It was also reiterated that the Indian Economy is estimated to grow by 9.27 per cent in real terms for the financial year 2021-2022 making the economy one of the fastest-growing economies all over the globe. Despite the pandemic, such high growth percentages were reported in the Economic Survey.

The Finance Minister informed that the Productivity Linked Incentive in 14 sectors for achieving the vision of Atma-Nirbhar Bharat has received an excellent response, with the potential to create 60 lakh new jobs, and an additional production of Rs. 30 lakh crore during the next 5 years. Dwelling on the issue of implementation of the new Public Sector Enterprise policy, she said, the strategic transfer of ownership of Air India has been completed, the strategic partner for NINL (Neelanchal Ispat Nigam Limited) has been selected, the public issue of the LIC is expected shortly and others to be in the process for 2022-23.

This budget also laid the foundation and gave a blueprint of the economy over 'Amrit Kaal' for the next 25 years from India at 75 to India at 100. This budget has a sharp increase in public investment and capital expenditure. It is beneficial for the youth, women, farmers, and the backward classes. The priority areas of the budget were these four Priority Areas, i.e., PM Gati Shakti Plan; Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action; and, Financing of Investments.

As mentioned earlier, the budget is an estimation of both revenues and expenditure of the government for that FY. Therefore, what are the sources of revenue and how much does the government earn? A rupee comes from: Borrowings & Other Liabilities 35p., Goods and Service Tax 16p., Corporation-Tax 15 p., Income-Tax 15p., Customs 5p., Union Excise Duties 7p., Non-Tax Revenue 5p., Non-Debt Capital Receipts 2p. A Rupee goes to, Interest Payments 20 p., Central Sector Scheme 15 p., Centrally Sponsored Scheme 9 p., Defence 8 p., Subsidies 8 p., Finance Commission & Other Transfers 10 p., States' share of taxes & duties 17 p., Pensions 4 p., Other Expenditure 9 p.

The revenue receipts have been increasing substantially every year which is a reflection of our tax base, GST collections are at a record high and the highest collection since its

commencement was in January 2022. Capital receipts have decreased. Revenue expenditure is increased, even though a bad sign for the economy, there has been a similar increase in Capital Expenditure in this budget, thereby empowering economic growth.

The budget size for India is 39.45 Lakh Crores Rupees. The earnings are from debt receipts; capital receipts; net tax receipts from GST, Income tax, corporation tax; Non-tax receipts, amounting to over 22 Lakh Crore Rupees. Whereas, spending amounts to the size of 39.45 Lakh Crore Rupees. Therefore, creating a fiscal deficit. But, the spending on Capital Expenditure will yield good returns hence the Fiscal Deficit is a good sign for the economy.

Taxes

Allowing Taxpayers to File Updated Return within 2 Years for correcting errors. Increasing Tax Deduction Limit on Employer's Contribution to NPS Account of State Govt Employees. Tax Relief to Persons with Disability. Reducing Alternate Minimum Tax Rate & Surcharge for Cooperatives. Extending Period of Incorporation by one more year of Eligible Startups for Providing Tax Incentives. Better Litigation Management to Avoid Repetitive Appeals. Income from Transfer of Virtual Assets to be Taxed at 30%. Surcharge/Cess on Income & Profits Not Allowable as Business Expenditure.

IT-Driven Customs Administration in Special Economic Zone. Phasing Out Concessional Rates in Capital Goods and Project imports Gradually and Apply Moderate Tariff of 7.5%. Unblended fuel to attract additional differential excise duty. Customs Duty Rates Calibrated to Provide Graded Rate Structure to Facilitate Domestic Electronics Manufacturing. Rationalisation of Exemptions on Implements & Tools for Agricultural Sector Manufactured. Extension of Customs Duty Exemption to Steel Scrap. Reduction of Duty on Certain Inputs Required for Shrimp Aquaculture. Review of Customs Exemptions & Tariff Simplification.

PM Gati Shakti

It is driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure. All seven engines will pull forward the economy in unison. These engines are supported by the complementary roles of Energy Transmission, IT Communication, Bulk Water & Sewerage, and Social Infrastructure. Finally, the approach is powered by Clean Energy and Sabka Prayas – the efforts of the Central Government, the state

governments, and the private sector together – leading to huge job and entrepreneurial opportunities for all, especially the youth.

Master Plan for Expressways will be formulated in 2022-23 to facilitate faster movement of people and goods. The National Highways network will be expanded by 25,000 km in 2022-23 and Rs 20,000 crore will be mobilized through innovative ways of financing to complement the public resources. Contracts for implementation of Multimodal Logistics Parks at four locations through PPP mode will be awarded in 2022-23.

In Railways, ‘One Station-One Product’ concept will be popularized to help local businesses & supply chains. 2,000 km of the network will be brought under Kavach, the indigenous world-class technology for safety and capacity augmentation in 2022-23. 400 new-generation Vande Bharat Trains with better energy efficiency and passenger riding experience will be developed and manufactured and 100 PM GatiShakti Cargo Terminals for multimodal logistics facilities will be set up during the next three years.

Agriculture

Record Foodgrains Production and Enhanced Procurement 2.37 lakh crore direct payment of MSP to 163 lakh farmers. Promoting chemical-free natural farming. Promoting post-harvest value addition, consumption and branding of millet products. Delivery of Digital and Hi-Tech services to farmers in PPP mode. Use of Kisan Drones to aid farmers. Launching fund with blended capital to finance agriculture start-ups. Ken Betwa Link Project to benefit 9.1 lakh hectare farmland, Draft DPRs of five river links have been finalized.

MSME

For accelerating the growth of MSME, the following steps are undertaken: Interlinking Udyam, E-Shram, NCS, ASEEM Portals. Extending ECLGS with a focus on Hospitality & Related Enterprises. Revamping CGTMSE with additional credit of 2 lakh crore. Rolling out of RAMP Programme: Raising & Accelerating MSME Performance with an outlay of 6000 crores over 5 years

Education

The budget aims at Building Smart India with Quality Skills. A digital university with Universal Education shall be set up. Launch of DESH-Stack E-Portal: A Digital Ecosystem Skilling and Livelihood. High-Quality E-Content through Digital Teachers. One Class One

TV Channel Programme Expanded from 12 to 200 TV Channels. Start-ups to Facilitate Drone Shakti for Drone-As-A-Service 750 Virtual Labs in Science & Mathematics. 75 Skilling E-Labs for Simulated Learning Environment.

Health

National Digital Health Ecosystem will be rolled out. National Tele Mental Health Programme will be launched for quality counselling. Integrated architecture: Mission Shakti, Mission Vatsalya, Saksham Anganwadi, and Poshan 2.0 to be launched. Two lakh Anganwadis to be upgraded to Saksham Anganwadis.

Productivity Enhancement and Investment

To create “Ease of living” and “Ease of doing business” and to promote “Trust-based Governance” the following schemes were announced. Issuance of chip embedded e-Passports. Modernisation of building bylaws, implementation of Town Planning Schemes and Transit-Oriented Development. Establishing Centres of Excellence in urban planning. Providing a battery swapping policy as an alternative to setting up charging stations in urban areas.

Integration of central and state level systems through IT bridges. Unique Land Parcel Identification Number for IT-based management of land records. Establishing C-PACE to facilitate voluntary winding up of companies. End to end online e-Bill System and utilising surety bonds in government procurement. Animation, Visual effects, Gaming, and Comic (AVCG) promotion task force. Support to 5G under PLI scheme. Opening up defence R&D for industry, start-ups and academia. 68% capital procurement budget for Defence sector from domestic industry in 2022-23.

Transition to Carbon Neutral economy

Allocation of Rs. 19,500 crores proposed for production linked incentives for manufacturing of high-efficiency modules. Circular economy transition to increase productivity and opportunities in new businesses and jobs. Proposal to co-fire five to seven per cent biomass pellets in thermal power plants, co2 savings of 38 MMT expected. Four pilot projects for coal gasification and conversion of coal into chemicals also come up.

Central bank digital currency

RBI to introduce Digital Rupee using Blockchain and other technologies starting 2022-23. This will lead to a more efficient and cheaper currency management system. It will also give a boost to the digital economy.

Financing of Investments

Reduction in Gross Fiscal Deficit of states (2020-21 (RE): 4.6%, 2021-22 (BE): 3.7%). Enhanced outlay to Scheme for Financial Assistance to States for Capital Investment allowing States a Fiscal Deficit of 4% of GSDP of which 0.5% will be tied to Power Sector Reforms. Allocation of Rs 1 Lakh Crore to Assist States in Catalysing Overall Investments in Economy.