

# HIGHLIGHTS OF THE UNION BUDGET 2022-23

Posted On: 01 FEB 2022 1:18PM by PIB Delhi

The Union Budget seeks to complement macro-economic level growth with a focus on micro-economic level all inclusive welfare. The Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman tabled the Union Budget 2022-23 in Parliament today.

**The key highlights of the budget are as follows:**

## **PART A**

- India's economic growth estimated at **9.2%** to be the highest among all large economies.
- **60 lakh new jobs** to be created under the productivity linked incentive scheme in 14 sectors.
- PLI Schemes have the potential to create an **additional production of Rs 30 lakh crore**.
- Entering Amrit Kaal, the 25 year long lead up to India @100, the budget provides impetus for growth along **four priorities**:

- **PM GatiShakti**
- **Inclusive Development**
- **Productivity Enhancement & Investment, Sunrise opportunities, Energy Transition, and Climate Action.**
- **Financing of investments**

### **PM GatiShakti**

- The seven engines that drive PM GatiShakti are **Roads, Railways, Airports, Ports, Mass Transport, Waterways and Logistics Infrastructure.**

### **PM GatiShakti National Master Plan**

- The scope of PM GatiShakti National Master Plan will encompass the seven engines for economic transformation, seamless multimodal connectivity and logistics efficiency.
- **The projects pertaining to these 7 engines in the National Infrastructure Pipeline will be aligned with PM GatiShakti framework.**

### **Road Transport**

- National Highways Network to be expanded by **25000 Km** in 2022-23.
- **Rs 20000 Crore** to be mobilized for National Highways Network expansion.

### **Multimodal Logistics Parks**

- Contracts to be awarded through PPP mode in 2022-23 for implementation of Multimodal Logistics Parks at four locations.

### **Railways**

- **One Station One Product** concept to help local businesses & supply chains.
- **2000 Km of railway network to be brought under Kavach**, the indigenous world class technology and capacity augmentation in 2022-23.

- **400 new generation Vande Bharat Trains** to be manufactured during the next three years.
- **100 PM GatiShakti Cargo terminals for multimodal logistics** to be developed during the next three years.

#### **Parvatmala**

- National Ropeways Development Program, Parvatmala to be taken up on PPP mode.
- Contracts to be awarded in 2022-23 for **8 ropeway projects of 60 Km length**.

#### **Inclusive Development**

##### **Agriculture**

- **Rs. 2.37 lakh crore direct payment to 1.63 crore farmers** for procurement of wheat and paddy.
- Chemical free Natural farming to be promoted throughout the county. Initial focus is on farmer's lands in 5 Km wide corridors along river Ganga.
- NABARD to facilitate fund with blended capital to finance startups for agriculture & rural enterprise.
- 'Kisan Drones' for crop assessment, digitization of land records, spraying of insecticides and nutrients.

##### **Ken Betwa project**

- **1400 crore** outlay for implementation of the Ken – Betwa link project.
- **9.08 lakh hectares** of farmers' lands to receive irrigation benefits by Ken-Betwa link project.

##### **MSME**

- **Udyam, e-shram, NCS and ASEEM portals to be interlinked.**
- 130 lakh MSMEs provided additional credit under Emergency Credit Linked Guarantee Scheme (ECLGS)
- ECLGS to be extended up to March 2023.
- Guarantee cover under ECLGS to be expanded by **Rs 50000 Crore to total cover of Rs 5 Lakh Crore.**
- **Rs 2 lakh Crore** additional credit for Micro and Small Enterprises to be facilitated under the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).
- **Raising and Accelerating MSME performance (RAMP) programme** with outlay of Rs 6000 Crore to be rolled out.

##### **Skill Development**

- **Digital Ecosystem for Skilling and Livelihood (DESH-Stack e-portal)** will be launched to empower citizens to skill, reskill or upskill through on-line training.
  - Startups will be promoted to facilitate 'Drone Shakti' and for **Drone-As-A-Service (DrAAS)**.

##### **Education**

- **'One class-One TV channel' programme of PM eVIDYA** to be expanded to 200 TV channels.
  - Virtual labs and skilling e-labs to be set up to promote critical thinking skills and simulated learning environment.
  - High-quality e-content will be developed for delivery through Digital Teachers.
  - Digital University for world-class quality universal education with personalised learning experience to be established.

##### **Health**

- An **open platform for National Digital Health Ecosystem** to be rolled out.

· **‘National Tele Mental Health Programme’** for quality mental health counselling and care services to be launched.

- A network of **23 tele-mental health centres** of excellence will be set up, with NIMHANS being the nodal centre and International Institute of Information Technology-Bangalore (IIITB) providing technology support.

#### **Saksham Anganwadi**

- Integrated benefits to women and children through Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0.
- **Two lakh anganwadis** to be upgraded to Saksham Anganwadis.

#### **Har Ghar, Nal Se Jal**

- **Rs. 60,000 crore** allocated to cover **3.8 crore households** in 2022-23 under Har Ghar, Nal se Jal.

#### **Housing for All**

- **Rs. 48,000 crore** allocated for completion of **80 lakh houses** in 2022-23 under PM Awas Yojana.

#### **Prime Minister’s Development Initiative for North-East Region (PM-DevINE)**

- New scheme PM-DevINE launched to fund infrastructure and social development projects in the North-East.
- An initial allocation of **Rs. 1,500 crore** made to enable livelihood activities for youth and women under the scheme.

#### **Vibrant Villages Programme**

- Vibrant Villages Programme for development of Border villages with sparse population, limited connectivity and infrastructure on the northern border.

#### **Banking**

- **100 per cent of 1.5 lakh post offices** to come on the **core banking system**.
- Scheduled Commercial Banks to set up **75 Digital Banking Units (DBUs) in 75 districts**.

#### **e-Passport**

- e-Passports with embedded chip and futuristic technology to be rolled out.

#### **Urban Planning**

- Modernization of building byelaws, Town Planning Schemes (TPS), and Transit Oriented Development (TOD) will be implemented.
- Battery swapping policy to be brought out for setting up charging stations at scale in urban areas.

### **Land Records Management**

- Unique Land Parcel Identification Number for IT-based management of land records.

### **Accelerated Corporate Exit**

- **Centre for Processing Accelerated Corporate Exit (C-PACE)** to be established for speedy winding-up of companies.

### **AVGC Promotion Task Force**

- An **animation, visual effects, gaming, and comic (AVGC) promotion task force** to be set-up to realize the potential of this sector.

### **Telecom Sector**

- Scheme for design-led manufacturing to be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.

### **Export Promotion**

- **Special Economic Zones Act to be replaced with a new legislation** to enable States to become partners in ‘**Development of Enterprise and Service Hubs**’.

### **AtmaNirbharta in Defence:**

- **68% of capital procurement budget earmarked for domestic industry** in 2022-23, up from 58% in 2021-22.
  - Defence R&D to be opened up for industry, startups and academia with 25% of defence R&D budget earmarked.
  - Independent nodal umbrella body to be set up for meeting testing and certification requirements.

### **Sunrise Opportunities**

- Government contribution to be provided for R&D in Sunrise Opportunities like Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems.

### **Energy Transition and Climate Action:**

- Additional allocation of **Rs. 19,500 crore for Production Linked Incentive for manufacture of high efficiency solar modules** to meet the goal of 280 GW of installed solar power by 2030.
  - Five to seven per cent biomass pellets to be co-fired in thermal power plants:

-

- **CO<sub>2</sub> savings of 38 MMT annually,**
- Extra income to farmers and job opportunities to locals,
- Help avoid stubble burning in agriculture fields.

- **Four pilot projects to be set up for coal gasification and conversion of coal into chemicals** for the industry
- Financial support to farmers belonging to Scheduled Castes and Scheduled Tribes, who want to take up agro-forestry.

#### **Public Capital Investment:**

- Public investment to continue to pump-prime private investment and demand in 2022-23.
  - **Outlay for capital expenditure stepped up sharply by 35.4% to Rs. 7.50 lakh crore in 2022-23** from Rs. 5.54 lakh crore in the current year.
  - Outlay in 2022-23 to be **2.9% of GDP.**
- **‘Effective Capital Expenditure’** of Central Government estimated at **Rs. 10.68 lakh crore in 2022-23**, which is about **4.1% of GDP.**

#### **GIFT-IFSC**

- World-class foreign universities and institutions to be allowed in the GIFT City.
- An **International Arbitration Centre** to be set up for timely settlement of disputes under international jurisprudence.

#### **Mobilising Resources**

- **Data Centres and Energy Storage Systems** to be given infrastructure status.
  - Venture Capital and Private Equity invested more than Rs. 5.5 lakh crore last year facilitating one of the largest start-up and growth ecosystem. Measures to be taken to help scale up this investment.
  - **Blended funds to be promoted for sunrise sectors.**
  - **Sovereign Green Bonds** to be issued for mobilizing resources for green infrastructure.

#### **Digital Rupee**

- Introduction of **Digital Rupee by the Reserve Bank of India starting 2022-23.**

#### **Providing Greater Fiscal Space to States**

- **Enhanced outlay for ‘Scheme for Financial Assistance to States for Capital Investment’:**
  - From Rs. 10,000 crore in Budget Estimates to **Rs. 15,000 crore in Revised Estimates for current year**
    - Allocation of **Rs. 1 lakh crore in 2022-23 to assist the states in catalysing overall investments** in the economy: fifty-year interest free loans, over and above normal borrowings
- **In 2022-23, States will be allowed a fiscal deficit of 4% of GSDP, of which 0.5% will be tied to power sector reforms**

## **Fiscal Management**

- Budget Estimates 2021-22: Rs. 34.83 lakh crore
  - Revised Estimates 2021-22: Rs. 37.70 lakh crore
  - **Total expenditure in 2022-23 estimated at Rs. 39.45 lakh crore**
  - **Total receipts other than borrowings in 2022-23 estimated at Rs. 22.84 lakh crore**
  - Fiscal deficit in current year: 6.9% of GDP (against 6.8% in Budget Estimates)
- **Fiscal deficit in 2022-23 estimated at 6.4% of GDP**

## **PART B**

### **DIRECT TAXES**

#### **To take forward the policy of stable and predictable tax regime:**

- Vision to establish a trustworthy tax regime.
- To further simplify tax system and reduce litigation.

#### **Introducing new 'Updated return'**

- Provision to file an Updated Return on payment of additional tax.
- Will enable the assessee to declare income missed out earlier.
- Can be filed **within two years** from the end of the relevant assessment year.

#### **Cooperative societies**

- Alternate Minimum Tax paid by cooperatives brought down from **18.5 per cent to 15 per cent**.
- To provide a level playing field between cooperative societies and companies.
- Surcharge on cooperative societies reduced from **12 per cent to 7 per cent** for those having total income of more than Rs 1 crore and up to Rs 10 crores.

#### **Tax relief to persons with disability**

- Payment of annuity and lump sum amount from insurance scheme to be allowed to differently abled dependent during the lifetime of parents/guardians, i.e., on parents/ guardian attaining the age of 60 years.

#### **Parity in National Pension Scheme Contribution**

- Tax deduction limit increased from **10 per cent to 14 per cent** on employer's contribution to the NPS account of State Government employees.
- Brings them at par with central government employees.
- Would help in enhancing social security benefits.

#### **Incentives for Start-ups**

- Period of incorporation extended by **one year, up to 31.03.2023** for eligible start-ups to avail tax benefit.
- Previously the period of incorporation valid up to 31.03.2022.

#### **Incentives under concessional tax regime**

- Last date for commencement of manufacturing or production under section 115BAB extended by **one year i.e. from 31<sup>st</sup> March, 2023 to 31<sup>st</sup> March, 2024.**

#### **Scheme for taxation of virtual digital assets**

- Specific tax regime for virtual digital assets introduced.
- Any income from transfer of any virtual digital asset to be taxed at the rate of **30 per cent.**
- No deduction in respect of any expenditure or allowance to be allowed while computing such income except cost of acquisition.
- Loss from transfer of virtual digital asset cannot be set off against any other income.
- To capture the transaction details, TDS to be provided on payment made in relation to transfer of virtual digital asset at the rate of 1 per cent of such consideration above a monetary threshold.
- Gift of virtual digital asset also to be taxed in the hands of the recipient.

#### **Litigation Management**

- In cases where question of law is identical to the one pending in High Court or Supreme Court, the filing of appeal by the department **shall be deferred** till such question of law is decided by the court.
- To greatly help in reducing repeated litigation between taxpayers and the department.

#### **Tax incentives to IFSC**

- Subject to specified conditions, the following to be **exempt from tax**
  - Income of a non-resident from offshore derivative instruments.
  - Income from over the counter derivatives issued by an offshore banking unit.
  - Income from royalty and interest on account of lease of ship.
  - Income received from portfolio management services in IFSC.

#### **Rationalization of Surcharge**

- Surcharge on AOPs (consortium formed to execute a contract) capped at **15 per cent.**
- Done to reduce the disparity in surcharge between individual companies and AOPs.
- Surcharge on long term capital gains arising on transfer of any type of assets capped at **15 per cent.**
- To give a boost to the start up community.

#### **Health and Education Cess**

- Any surcharge or cess on income and profits **not allowable** as business expenditure.

#### **Deterrence against tax-evasion**

- No set off, of any loss to be allowed against undisclosed income detected during search and survey operations.

#### **Rationalizing TDS Provisions**

- Benefits passed on to agents as business promotion strategy taxable in hands of agents.
- Tax deduction provided to person giving benefits, if the aggregate value of such benefits exceeds Rs 20,000 during the financial year.

## INDIRECT TAXES

### **Remarkable progress in GST**

- GST revenues are buoyant despite the pandemic – Taxpayers deserve applause for this growth.

### **Special Economic Zones**

- Customs Administration of SEZs to be fully IT driven and function on the **Customs National Portal** – shall be implemented by 30<sup>th</sup> September 2022.

### **Customs Reforms and duty rate changes**

- Faceless Customs has been fully established. During Covid-19 pandemic, Customs formations have done exceptional frontline work against all odds displaying agility and purpose.

### **Project imports and capital goods**

- Gradually phasing out of the concessional rates in capital goods and project imports; and applying a moderate tariff of **7.5 percent** – conducive to the growth of domestic sector and ‘Make in India’.
- Certain exemptions for advanced machineries that are not manufactured within the country shall continue.
- A few exemptions introduced on inputs, like specialised castings, ball screw and linear motion guide - to encourage domestic manufacturing of capital goods.

### **Review of customs exemptions and tariff simplification**

- More than **350 exemption entries proposed** to be gradually phased out, like exemption on certain agricultural produce, chemicals, fabrics, medical devices, & drugs and medicines for which sufficient domestic capacity exists.
- Simplifying the Customs rate and tariff structure particularly for sectors like chemicals, textiles and metals and minimise disputes; Removal of exemption on items which are or can be manufactured in India and providing concessional duties on raw material that go into manufacturing of intermediate products – in line with the objective of ‘Make in India’ and ‘Atmanirbhar Bharat’.

### **Sector specific proposals**

#### **Electronics**

- Customs duty rates to be calibrated to provide a graded rate structure - to facilitate domestic manufacturing of wearable devices, hearable devices and electronic smart meters.
- Duty concessions to parts of transformer of mobile phone chargers and camera lens of mobile camera module and certain other items – To enable domestic manufacturing of high growth electronic items.

#### **Gems and Jewellery**

- Customs duty on cut and polished diamonds and gemstones being reduced to **5 per cent**; Nil customs duty to simply sawn diamond - To give a boost to the Gems and Jewellery sector



- A simplified regulatory framework to be implemented by June this year - To facilitate export of jewellery through e-commerce.
- Customs duty of at least Rs 400 per Kg to be paid on imitation jewellery import - To disincentivise import of undervalued imitation jewellery.

### **Chemicals**

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

### **MSME**

- Customs duty on umbrellas being raised to 20 per cent. Exemption to parts of umbrellas being withdrawn.
- Exemption being rationalised on implements and tools for agri-sector which are manufactured in India
- Customs duty exemption given to steel scrap last year extended for another year to provide relief to MSME secondary steel producers
- Certain Anti- dumping and CVD on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel are being revoked – to tackle prevailing high prices of metal in larger public interest.

### **Exports**

- To incentivise exports, exemptions being provided on items such as embellishment, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings and packaging boxes.
- Duty being reduced on certain inputs required for **shrimp aquaculture** - to promote its exports.

### **Tariff measure to encourage blending of fuel**

- Unblended fuel to attract an additional differential **excise duty of Rs 2/ litre** from the 1<sup>st</sup> of October 2022 - to encourage blending of fuel.

\*\*\*\*\*