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Budget 2022 at a Glance

On 1st February 2022, Finance Minister Nirmala Sitharaman presented the Union Budget 2022, Modi 2.0's fourth budget.

There was a slew of initiatives aimed at stimulating the economy in the face of high and growing prices, as well as ongoing Covid concerns.

However, there were astonishingly few changes to the personal income tax system in a year that saw requests from numerous sides for some type of relief in the face of a pandemic.

Let's look at a sector-by-sector breakdown of the different measures outlined by the finance minister today:

Economy

- The capital expenditure objective was increased by 35.4 per cent, from Rs 5.54 lakh crore to Rs 7.50 lakh crore. The effective Capex for FY23 is expected to be Rs 10.7 lakh crore.
- India's growth rate is the greatest among major countries, and we are now well-positioned to face future difficulties.
- The objective is to supplement macro-growth with micro-all-inclusive welfare, digital economy and fintech, tech-enabled development, energy transformation, and climate change mitigation.
- ECLGS coverage has been increased by Rs 50,000 to Rs 5 lakh crore.
- PM Gati Shakti, Inclusive Development, Productivity Enhancement, Sunrise Opportunities, Energy Transition, Climate Action, and Financing of investments of Rs 30 lakh crore are the key priorities of the budget this year.
- The revival of the economy is being aided by governmental investment and capital spending. This Budget will offer a boost to economic development.
- In 2022-23, states will be allowed a fiscal deficit of 4 Pc of GSDP

Expenditure and deficit & other key number

- By 2025/26, a budget deficit of 4.5 per cent of GDP is proposed.
- In 2022/23, a fiscal deficit of 6.4 per cent of GDP is expected.
- The budget deficit for 2021/22 has been revised to 6.9 per cent of GDP.
- Over and beyond typical borrowing, states are permitted to make 50-year interest-free loans.

- For 2022/23, the scheme for financial support to states for capital expenditure outlay would be Rs 1 lakh crore. Life Insurance Corporation's first public offering is set to take place soon.
- Initiatives from last year's budget have received enough funding this year.
- The next fiscal year's disinvestment revenue receipt is expected to be Rs 65,000 crore, which is less than the current year's mobilisation of Rs 78,000 crore.

Taxes

- The government promises a steady and predictable tax policy.
- The government will allow a one-time chance to amend omissions in ITRs lead, and corrected returns will be led within two years. Any income tax or surcharge that is not recognised as a business expense
- one per cent TDS on transfers of virtual assets over a certain threshold, as well as gifts, will be taxed.
- Long-term capital gains are subject to a 15% surcharge.
- The government would tax the proceeds from digital asset transfers at a rate of 30%.
- Except for acquisition costs, no deductions are allowed for calculating income.
- Any other source of income cannot be used to offset the loss.
- Cryptocurrency gifts will be taxed at the receiver's end.
- A new provision allowing taxpayers to file an amended return
- Updated returns must be filed within two years of the end of the applicable assessment year.
- The Alternate Minimum Tax for cooperative groups will be reduced to 15%.
- The plan reduces the surcharge on cooperative societies to 7% for those with annual revenue of between Rs 1 crore and Rs 10 crore.
- The tax deduction ceiling for employers' contributions to state government employees' NPS accounts has been raised to 14 per cent.

Duties on Industry

- Import duties on some compounds are being/will be reduced.
- The exemption from customs tax on steel scrap will be extended for another year for MSMEs.
- Customs charge on stainless steel, at goods, high steel bars, will be removed.
- Unblended petrol would be subject to an extra levy of Rs 2 per litre beginning in October 2022.
- Import duty on cut and polished diamonds and gemstones would be reduced to 5%, while duty on sawn diamonds will be eliminated. Customs duty discounts will be granted to select consumer electronic gadgets to boost manufacture across wearables and specialised mobile phone components.

Jobs

- ECLGS has been extended till March 2023, and 60 lakh jobs are expected to be created over the following five years.
- Central and state government efforts result in jobs and entrepreneurship possibilities To be launched is a digital ecosystem for skilling and livelihood.
- Through online training, the goal will be to skill, reskill, and upskill citizens.
- API-based skill credentials, payment layers, and a search engine to find appropriate jobs and opportunities

Infrastructure & manufacturing

- A Desh stack e-portal will be established to enhance digital infrastructure.
- Air India's strategic ownership transfer is now complete.
- In FY23 PM, four multi-modal national park contracts will be granted. The Gatishakti highway concept will be developed in the next fiscal year.
- 100 p.m. Gati Shakti terminals will be built during the next three years.
- Over the medium term, focus on public investment to modernise infrastructure, using Gati Shakti's ICT platform through a multi-modal strategy.
- PM Gati Shakti will propel the economy ahead, creating more employment and opportunity for the youth.
- For newly established manufacturing enterprises, a 15% corporation tax rate will be available for one more year, until March 2024.

Steps on digital currency

- Beginning in 2022-23, a blockchain-based digital rupee will be introduced.
- To introduce a method for taxing virtual digital assets.
- Losses incurred as a result of the sale of virtual digital assets cannot be adjusted against other sources of revenue.
- Income from virtual digital assets will be taxed at a rate of 30%.

Housing & urban planning

- PM Awas Yojana has been allocated Rs 48, 000 crores.
- In 2022-23, 80 lakh dwellings would be constructed for selected PM Awas Yojana beneficiaries; 60,000 houses will be identified as PM Awas Yojana beneficiaries in rural and urban locations.
- 60,000 crores has been set aside to provide 3.8 crore homes with access to running water.
- 80 lakh families would be identified for the affordable housing project in 2022-23.
- In 2022-23, Rs 60,000 crore has been earmarked to give tap water connections to 3.8 crore homes.
- To provide suggestions on urban capacity, a high-level group of urban planners and economists will be constituted.

- construction, planning, execution, and governance
- The government intends to boost the usage of public transportation in metropolitan areas.
- 5 current academic institutes for urban planning would be recognised as Centres of Excellence, with a Rs 250 crore endowment fund.
- Modern construction codes will be implemented.
- A high-level panel for urban planning will be formed.
- Proposal to reduce the Minimum Alternative Tax for co-operative societies to 15%, on par with corporations.

MSMEs & startups

- A Rs 6,000 crore initiative to grade MSMEs would be implemented over a five-year period.
- MSMEs like Udyam, e-shram, NCS, and Aseem portals will be linked, and their reach will be expanded.
- They will now function as portals with live organic databases, facilitating G-C, B-C, and B-B services such as credit facilitation and improving entrepreneurial prospects.
- A fund with blended capital collected under a co-investment concept enabled by NABARD to finance agricultural and rural companies in the farm product value chain.
- Drone Shakti will encourage startups.
- After a PE/VC investment of Rs 5.5 lakh crore in a company, an expert committee would be formed to recommend steps to assist attract investment.

Agriculture

- The government would pay Rs 2.37 lakh billion for wheat and paddy purchase under MSP operations.
- The International Year of Millets has been designated for 2022-23.
- Railways will provide new goods for small farmers and micro, small, and medium-sized enterprises (MSMEs).
- To reduce imports, a streamlined strategy to improve domestic oilseed production will be implemented.
- Kisan Drones for crop evaluation, land records, and pesticide spraying are likely to generate a wave of technology in the agricultural industry.
- The Ken Betwa river connection project, approximately Rs 44,605 crore, has been launched.
- Financing startups as a means of assisting rural businesses
- Natural farming will be encouraged in the Ganga river corridor. The government will promote chemical-free natural farming throughout the country to increase farmers' sustainable agricultural output and revenue.
- NABARD would assist the establishment of a co-investment fund to finance agricultural startups and enterprises involved in the farm product value chain.

- Ministries for procurement will establish an entirely paperless, e-bill system. Farmers will be given financial assistance to begin agroforestry.

Electric Vehicles

- Battery swapping policy to allow EV charging stations for automobiles will be framed
- The private sector will be encouraged to create sustainable and innovative business models for battery and energy as a service, improving the efficiency in the EV ecosystem

Education & skilling

- States will be urged to reform the agricultural curriculum.
- agriculture, contemporary agriculture
- PM eVIDYA's 'One class, one TV channel' initiative would be expanded from 12 to 200 TV channels.
- This would allow all states to provide extra education in regional languages to students in grades 1 through 12.
- A digital university will be established to give education; it will be based on a hub-and-spoke concept.
- 1-Class-1-TV Channel will be deployed to give children with supplemental education to compensate for the loss of formal education due to Covid.
- To introduce the National Skill Qualification Framework (NSQF) to meet the changing demands of the sector.

Finance & inclusion

- A financial aid of Rs 1 lakh crore would be granted to states in 2022-23 to accelerate investment. RBI proposes to launch a digital rupee utilising blockchain technology in 2022-23. Measures will be conducted to increase private capital in the infrastructure sector. The Digital Rupee will be implemented by 2023.
- The core banking system would be implemented in all 1.5 lakh post offices, providing financial inclusion and account access via net banking, mobile banking, and ATMs, as well as the online transfer of cash between post office accounts and bank accounts.
- This would be especially beneficial to farmers and older residents in rural regions since it will enable interoperability and financial inclusion.
- Amendments to the IBC to improve the efficiency of the resolution process
- Facilitate the settlement of cross-border insolvencies
- To facilitate digital payments, scheduled commercial banks will establish 75 digital banks in 75 areas.
- To satisfy the demands of natural, zero-budget, and organic products, the use of surety bonds as a substitute for bank guarantees will be made appropriate in government procurement | colleges.

- To facilitate speedier dispute settlement, an international arbitration centre will be established in GIFT city.
- A world-class institution will be permitted in the GIFT IFSC, free of local restrictions.
- Payment of an annuity and lump sum payment to the differently-abled dependant during the parents '/guardians' lifetime, i.e., when the parents/guardians reach the age of sixty years.

Healthcare

- A nationwide digital health ecosystem open platform will be launched.
- It will include computerised registers of health care providers and institutions, a unique health identity, and universal access to health care services.
- 95% of 112 aspirational districts have achieved significant gains in health, infrastructure, and education.
- A National Tele Mental Health Program will be developed to provide mental health counselling.

Telecom

- For the 5G deployment, a spectrum auction will be held in 2022.
- As part of the PLI project, a design-led manufacturing scheme will be developed for the 5G ecosystem to allow affordable internet and mobile connectivity in rural and distant locations.
- Contracts for installing optical fibre in villages will be given under the BharatNet PPP project in 2022-23.
- The data centre and energy storage system will be awarded infrastructure status; this will allow for easier financing.
- Contracts will be awarded to lay optical fibre in rural regions, with completion expected in 2025.
- Women and Children
- Recognizing the significance of 'Nari Shakti,' three programmes were established to enable integrated development for women and children.
- 2 lakh Anganwadis will be improved to improve child health.

Ease of Business & living

- To make it simpler for enterprises in India to begin the next phase of Ease of Doing Business EODB 2.0 and Ease of Living, 75,000 compliances have been abolished and 1,486 union laws repealed.
- The voluntary withdrawal period for corporations will be reduced from two years to six months. The Special Economic Zones Act will be replaced with new laws.

Defence

- The government is dedicated to lowering imports and developing self-sufficiency in the defence industry.
- Local industry will receive 68 per cent of defence sector capital.
- 25% of the defence R&D budget will be made available to businesses, entrepreneurs, and academics.
- Through the SPV model, private industry will be encouraged to design and produce military platforms and equipment in conjunction with DRDO and other organisations.
- In 2022-23, the domestic industry will get 68 per cent of the defence capital procurement budget (up from the 58 per cent last fiscal)

Transportation including Railways

- 400 brand-new generations Vande Bharat trains will be produced during the next three years.
- 2,000 kilometres of the rail network will be built using indigenous technology. KAWACH for increased safety and capacity The Railway Ministry would be given Rs 140367.13 crore, which is Rs 20,311 crore higher than the revised figures for the previous fiscal year. In 2022-23, the national highway network will be increased by 25,000 kilometres.
- Highway expansion is expected to cost Rs 20,000 crore in 2022-23.
- One product and one train station will become well-known.

Climate & Net Zero

- The government will make energy transformation and climate action a top priority.
- Climate change risks are the most serious externalities for the globe.
- The funds will be utilised for projects that will assist lower the economy's carbon intensity.
- Sovereign green bonds will be issued to support green infrastructure as part of the government's borrowing plans in FY23. Proceeds will be used for public-sector projects.
- Four coal gasification pilot projects will be established.
- PLI has received an extra allocation of Rs 19,500 crore for the production of high-efficiency solar modules. A low-carbon development approach creates job opportunities.

Travel

- E-Passports will be available for use in foreign travel in 2022-23.
- E-passports with integrated chips will be issued.

Mi & Match measures

- A task force on animation visual effects, gaming, and comic book promotion will be formed.
- To boost development, villages on India's northern border would be covered under a new dynamic village initiative.
- The sports budget for the fiscal year 2022-23 has been allotted Rs 3062.60 crore, an increase of Rs 305.58 crore from the previous year.
- A new programme dubbed the PM Development Initiative for the North East will be established.
- The National Ropeways Development Programme will be implemented under a public-private partnership (PPP) model with the goal of improving connectivity and encouraging tourism.

