



2022-23 UNION BUDGET KEY HIGHLIGHTS

PREPARED BY

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UNION BUDGET 2022-23

"INCLUSIVE BUDGET, IN LINE WITH EACH AND EVERY SECTORS"

Union Budget 2022-23 presented by the Union Finance Minister, Nirmala Sitharaman today, has focussed on larger issues for economic growth, to help build on the economic recovery that the country has witnessed in the last few months. The Budget has stayed away from providing any largesse to specific sectors or the taxpayers while laying focus on inclusive growth. Importantly, the Finance Minister said that through this budget, she was putting forward the blueprint to steer the economy over the next 25 years from India @ 75 to India @ 100. Below are some of the big picture points presented:

- India's economic growth for this year is estimated at 9.2%; highest amongst all large economies.
- India is in a strong position to withstand challenges and continue the growth trajectory with 'sabka prayas',
- Focus on fintech & technology based development
- Government committed to strengthening the abilities of the poor to withstand challenges
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Six Focus Areas

1. Infrastructure focus to promote growth - specific emphasis on outlay to fund capital expenditure on infra development.
2. More focus on Atmanirbharta in defence- reducing imports and promoting domestic procurement. 10% increase in capital procurement budget earmarked for domestic industry (increased from 58% to 68%)
3. Technology support and push for growth focussing poor and rural population through schemes like "Har Ghar, Nal Se Jal", "PM Awas Yojana", net-banking at all post offices etc.
4. Customs duty exemption and removal of anti- dumping and CVD duties on steel products to promote MSME sector.
5. Focus on sustainability through policies like chemical free farming, skill development programmes, high-level committee to look at sustainable living in urban and rural areas, clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, EV vehicles and battery swapping policy, additional allocation for PLI schemes for solar modules, etc.
6. Push for financing of investments in clean technology through Sovereign Green Bonds

SECTORAL SNIPPETS

Infrastructure: Last mile Connectivity

- 5G spectrum auctions to be conducted in 2022-23
- Scheme for design-led manufacturing for 5G will be part of the production-linked scheme
- To award contracts to lay optical fibre in rural areas, completion in 2025

Transportation & Logistics

- The scope of PM Gati Shakti National Master Plan will encompass the seven engines for economic transformation, seamless multimodal connectivity and logistics efficiency.
- PM Gati Shakti Master Plan for Expressways will be formulated in 2022-23 to facilitate faster movement of people and goods.
- Seamless multimodal movement of goods and people
- Contracts for implementation of Multimodal Logistics Parks
- Railways will develop new products and efficient logistics services for small farmers and Micro, Small and Medium Enterprises (MSMEs)

Farm & Agri push

- Domestic scheme introduced to reduce dependence on oilseed imports
- Fund with blended capital raised under co-investment model to finance agriculture start-ups
- Railways to develop infrastructure for small farmers in 2022-23
- Chemical-free Natural Farming to be promoted
- Support provided for processing of millets/ branding millet products nationally and internationally in line with '2023 - International Year of Millets'
- Delivery of digital and hi-tech services to farmers; Use of 'Kisan Drones' to be promoted
- Linking of rivers – Ken Betwa project to be implemented; Draft DPRs of five river links, namely Damanganga-Pinjal, Par-Tapi- Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery have been finalized and shared for discussion. Center to provide support for implementation once consensus is reached.
- Comprehensive package for farmers for food processing

MSME push

- Focus on digital services to relate to credit facilitation, skilling, and recruitment
- Emergency Credit Line Guarantee Scheme (ECLGS) to be extended up to March 2023 and its guarantee cover expanded
- Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme to be revamped with the required infusion of funds
- Skilling programmes and partnerships with the industry reoriented to promote continuous skilling

Technology Push

- A Digital University to be established to provide access to world-class quality universal education
- National Digital Health Ecosystem to be rolled out
- 'National Tele Mental Health Programme' to be launched
- Digital Banking Units (DBUs) in 75 districts of the country
- Focus on animation, visual effects, gaming, and comic (AVGC) sector to employ youth
- Focus on Artificial Intelligence, Geospatial Systems and Drones,
- Focus on Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems

Ease of Doing Business 2.0 & Ease of Living

- Single window portal, PARIVESH, for all green clearances: Scope enhanced
- The issuance of e-Passports using embedded chip and futuristic technology to be rolled out
- Focus on urban sector policies, capacity building, planning, implementation and governance
- Promoting use of public transport in urban areas through clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles
- Battery swapping policy with inter-operability standards to be formulated
- States encouraged to adopt Unique Land Parcel Identification Number to facilitate IT-based management of records
- A completely paperless, end-to-end online e-Bill System to be launched for use by all central ministries for their procurements
- SEZ Act to be replaced with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'
- Additional allocation for PLI scheme for manufacture of high efficiency solar modules
- Active public policies covering regulations, extended producers' responsibilities framework and innovation facilitation
- Energy efficiency and savings measures to be promoted

Financing of Investments

- Sovereign Green Bonds to be issued for mobilizing resources for green infrastructure
- Foreign universities and institutions in the GIFT City will be allowed to offer financial courses
- Data Centres and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems to facilitate credit availability for digital infrastructure and clean energy storage.
- Expert committee to examine and suggest appropriate measures for venture capital

SECTORAL COVERAGE

AGRICULTURE & AQUACULTURE:

- The procurement of wheat in Rabi Year 2021-22 and the estimated procurement of paddy in 2021-22 will cover 1208 lakh metric tonnes of wheat and Paddy from 163 lakh farmers at MSV value for a total of 2.37 lakh crore. This will be directly credited to their accounts.
- Promotion of Chemical-free natural farming throughout the country - focus on farmer's lands in five-kilometre-wide corridors along the river Ganga in the first stage.
- The year 2023 has been announced as the International Year of millets support will be provided for post-harvest value addition, enhancing domestic consumption and for branding millet products nationally and internationally.
- To reduce India's dependence on the import of oilseeds, a comprehensive scheme to increase domestic production of oilseeds will be implemented.
- For delivery of digital and high-tech services to farmers with involvement of public sector research and extension institutions. Along with private Agri tech players and stakeholders of Agri value chains, a scheme in PPP mode will be launched.
- Use of Kisan drones to be promoted for crop assessment, digitization of Land Records, spraying of insecticides and nutrients.
- States 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.
- The NABARD to facilitate the creation of a fund with blended capital raised under the co-investment concept. This is to finance agricultural and rural enterprise start-ups that are relevant to the farm produce value chain. Support for FPOs, farm-level machinery on a rental basis, and technology, particularly IT-based support, will be among the activities for these start-ups.
- The implementation of the Ken Betwa link project at an estimated cost of 44,605 Cr. growths will be taken up. This is aimed at providing irrigation benefits to 9.0 lakh hectares of farmers lands, drinking water supply to 62 lakh people 103 megawatts of hydro 27 megawatts of solar power allocations of 44,605 crores of rupees in the armoury 2021-22 and 1400 crores of rupees in 2022-23 have been made for this project. The Detail Project Report (DPR) for five river links is finalized. These include the Daman Ganga Pinjar, Par Tapi Narmada, Krishna Godavari, Krishna Pennar and Pennar Cauvery. The Centre will provide implementation support once the beneficiary states have reached an agreement.
- Railways: To develop new products and efficient logistics services for small farmers in 2022-23.
- MSME: Exemption on implementation and tools for Agriculture Sector which are manufactured in India.
- Duty is reduced on certain inputs required for Shrimp Aquaculture to promote its imports.

FOOD & BEVERAGES SECTOR

- Food Processing: For farmers to adopt suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques, our government to provide a comprehensive package with the participation of state governments.

FINANCIAL SERVICES

- Introduction of Central Bank Digital Currency (CBDC) - Digital Rupee by the Reserve Bank of India - in 2022-23 using blockchain and other technologies
- Income from transfer of any virtual digital asset to be taxed at 30%
- Proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by Scheduled Commercial Banks

INFRASTRUCTURE

- Formulation of Master Plan for expressways.
- Aim to complete 25000 km national highways in 2022-23 through planned outlay of Rs 20,000 crore
- Unified Logistics Interface Platform allowing data exchange among all mode operators
- Four Multimodal Logistics parks through PPP to be awarded in 2022-23
- Integration of Postal and Railways Network facilitating parcel movement.
 - Ø One Station One Product
 - Ø Extending coverage under Kavach to 2,000 km railway network
 - Ø 400 new generation Vande Bharat Trains to be introduced
- Multimodal connectivity between mass urban transport and railway stations
 - Ø National Ropeways Development Plan as sustainable alternative to conventional roads. Contracts for 8 ropeway projects for a length of 60 km will be awarded in 2022-23
 - Ø Capacity building for infrastructure Projects
- 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 credit availability for digital infrastructure and clean energy storage

HOUSING

- 80 lakh houses to be completed under PM Awas Yojana (both rural and urban) at an estimated outlay of 48,000 crore in 2022-23

CHEMICAL & PETROCHEMICALS

- 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

CEMENT, MINES AND MINERALS

- Four pilot projects for coal gasification and conversion of coal into chemicals required for the industry to be set-up to evolve technical and financial viability.
- Project import duty concessions have 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. Our 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, it is 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.

POWER & ENERGY

- Implementation of the Ken-Betwa Link Project, at an estimated cost of ₹ 44,605 crore will be taken up. This is aimed at providing 103 MW of Hydro, and 27 MW of solar power. Allocations of ₹ 4,300 crore in RE 2021-22 and ₹ 1,400 crore in 2022-23 have been made for this project.
- Solar Power: To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of ₹ 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 modules, will be made.
- In 2022-23, in accordance with the recommendations of the 15th Finance Commission, the states will be allowed a fiscal deficit of 4 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms, for which the conditions have already been communicated in 2021-22.
- Promotion of a shift to use of public transport in urban areas. This will be complemented by clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles.
- Battery Swapping Policy: Considering the constraint of space in urban areas for setting up charging stations at scale, a battery swapping policy will be brought out and interoperability standards will be formulated. The private sector will be encouraged to develop sustainable and innovative business models for 'Battery or Energy as a Service'. This will improve efficiency in the EV ecosystem.
- Sunrise sectors like 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 modernize the country. Supportive policies, light-touch regulations, facilitative actions to build domestic capacities, and promotion of research & development will guide the government's approach. For R&D in these sunrise opportunities, in addition to efforts of collaboration among academia, industry and public institutions, government contribution to be provided.
- Saving energy is an important aspect of energy management. Hence, energy efficiency and savings measures will be promoted. This will be done in large commercial buildings through the Energy Service Company (ESCO) business model. It will facilitate capacity building and awareness for energy audits, performance contracts, and common measurement & verification protocol.
- Vibrant Villages Programme: Border villages with sparse population, limited connectivity and infrastructure often get left out from the development gains. Such villages on the northern border will be covered under the new Vibrant Villages Programme. The activities will include construction of village infrastructure, housing, tourist centres, road connectivity, provisioning of decentralized 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. We will define their outcomes and monitor them on a constant basis.
- 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 credit availability for digital infrastructure and clean energy storage.

TECHNOLOGY

- Digitilization: The thrust has been put on increase in digitalization in all sectors including agriculture, health, finance, education, military and public services, etc.
- Agritech: Kisan drones will be promoted and land records will be digitalized. Startups will be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS).
- National Digital Health Ecosystem: It will consist of digital registries of health providers and health facilities, unique health identity, consent framework, and universal access to health facilities.
- Digital University: Will promote universal and doorstep learning. The best public universities and institutions in the country will collaborate as a network of hub-spokes.
- DESH-Stack e-portal: The platform will provide a digital ecosystem for skilling, online training and livelihood. It will also provide API-based trusted skill credentials, payment and discovery layers to find relevant jobs and entrepreneurial opportunities.
- Digital Economy: Digital economy and fintech were highlighted as enablers of inclusive development. The financial support for digital payment ecosystem announced in the previous Budget will continue in 2022-23.
- Digital Banking: About 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through 11 net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts. Further, about 75 Digital Banking Units (DBUs) in 75 districts of the country will be set-up by Scheduled Commercial Banks.
- Digital Currency: Digital Rupee, using blockchain and other technologies, will be issued by the Reserve Bank of India starting 2022-23.
- Digital Assets: Any income from transfer of any virtual digital asset shall be taxed at the rate of 30 per cent. Gift of virtual digital asset is also proposed to be taxed in the hands of the recipient.
- E-governance: Central and state-level systems will be integrated through IT bridges, a digital single point of access will be provided for all citizen-centric services, and standardization and removal of overlapping compliances. It will encourage crowding suggestions and impact assessment with the help of citizens and businesses. To enhance transparency, end-to-end online e-Bill System will be launched for use by all central ministries for their procurements.
- PARIVESH: The scope of single window portal, PARIVESH, for all green clearances will be expanded, to provide information to the applicants, based on location of units. It will also provide information about specific approvals and enable application for all four approvals through a single form, and tracking of the process through Centralized Processing Centre-Green (CPC-Green).
- E-passport: E-Passports having embedded chip and futuristic technology will be rolled out in 2022-23.
- Technology driven Sustainable Mobility: Public transport in urban areas will be complemented by clean tech and EV vehicles. A battery swapping policy will be brought out and inter-operability standards will be formulated. The private sector will be encouraged to develop sustainable and innovative business models for 'Battery or Energy as a Service'. This will improve efficiency in the EV eco-system.
- AVGC Promotion Task Force: A promotion task force for Animation, visual effects, gaming, and comic (AVGC) sector with all stakeholders will be set-up to recommend ways to build domestic capacity for serving our markets and the global demand.

- Telecommunication: Required spectrum auctions will be conducted in 2022 to facilitate rollout of 5G mobile services within 2022- 23 by private telecom providers. A scheme for design-led manufacturing will be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.
- Digital Infrastructure: 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 credit availability for digital infrastructure and clean energy storage. Further, the contracts for laying optical fibre in all villages, including remote areas, will be awarded under the Bharatnet project through PPP in 2022-23. Completion is expected in 2025. Measures will be taken to enable better and more efficient use of the optical fibre.
- Modernization of Defense: Private industry will be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO and other organizations through SPV model.
- Sunrise Opportunities: Research & development in Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy and Clean Mobility Systems, etc will be promoted.

ELECTRICAL AND ELECTRONICS

- Internet and Mobile Penetration: 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. This will promote R&D and commercialization of technologies and solutions.
- Electronic Manufacturing: Customs duty rates will be calibrated to provide a graded rate structure to facilitate domestic manufacturing of wearable devices, hearable devices and electronic smart meters. Duty concessions will also be 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.

HOSPITALITY

- National Ropeways Development Programme: Launched in a Public Private Partnership framework will improve connectivity and convenience for commuters and promote tourism.
- Credit Financing: An additional amount will be earmarked for the sector in the Emergency Credit Line Guarantee Scheme which will be extended up to March 2023. The guarantee cover under the scheme will be increased by Rs. 50,000 crore to total cover of Rs 5 lakh crore.

DIRECT & INDIRECT TAXES

- Allowing taxpayers to file Updated Return within 2 years for correcting errors
- Tax relief to persons with disability
- Reducing the surcharge on co-operative societies from present 12 per cent to 7 per cent for those having total income of more than ` 1 crore and up to ` 10 crores.
- Allowing the payment of annuity and lump sum amount to the differently abled dependent during the lifetime of parents/guardians, i.e., on parents/ guardians attaining the age of sixty years.
- Extending period of incorporation of eligible start-ups for providing tax incentives
- Increasing tax deduction limit on employer's contribution to NPS account of state government employees
- Income from transfer of virtual assets to be taxed at 30%
- Better litigation management to avoid repetitive appeals
- Any surcharge or cess on income and profits not allowable as business expenditure
- Customs administration to be fully IT driven in SEZs
- Phasing out concessional rates in capital goods and project imports gradually and apply a moderate tariff of 7.5%
- Review of customs exemptions and tariff simplification
- Customs duty rates are being calibrated to provide a graded rate structure to facilitate domestic electronics manufacturing
- Rationalisation of exemptions on implements and tools for agri sector manufactured in India
- Extension of customs duty exemption to steel scrap
- Reduction of duty on certain inputs required for shrimp aquaculture
- Unblended fuel shall attract additional differential excise duty



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