

UNION BUDGET 2022-2023

CLEAR GROWTH ORIENTATION
While ushering in the digital economy



CAPEX

Gati Shakti
Defence
Housing

CRYPTO



PERSONAL TAX



FISCAL DEFICIT

6.9% → 6.4%

INFLATION



DIGITAL

Drone
Digital Rupee
Digital Bank
Data Center



The architecture of the Union Budget 2022-23 is on continuum of previous policies of the Modi Government, as laid out in the budgets of yesteryears. The Finance Minister, N Sitharaman's speech was silent on the aspect of sin tax on tobacco products and personal taxation, while taxing crypto & NFT assets at 30% and clearly distinguishing this asset class from being a currency. She also used the forum to propose India's own digital currency and rationalize the surcharge on LTCG at 15% across all asset classes (from only listed equities and mutual funds earlier). Barring inflation (an uncontrollable variable), all concerns of the market have been addressed. This itself is a very big positive.

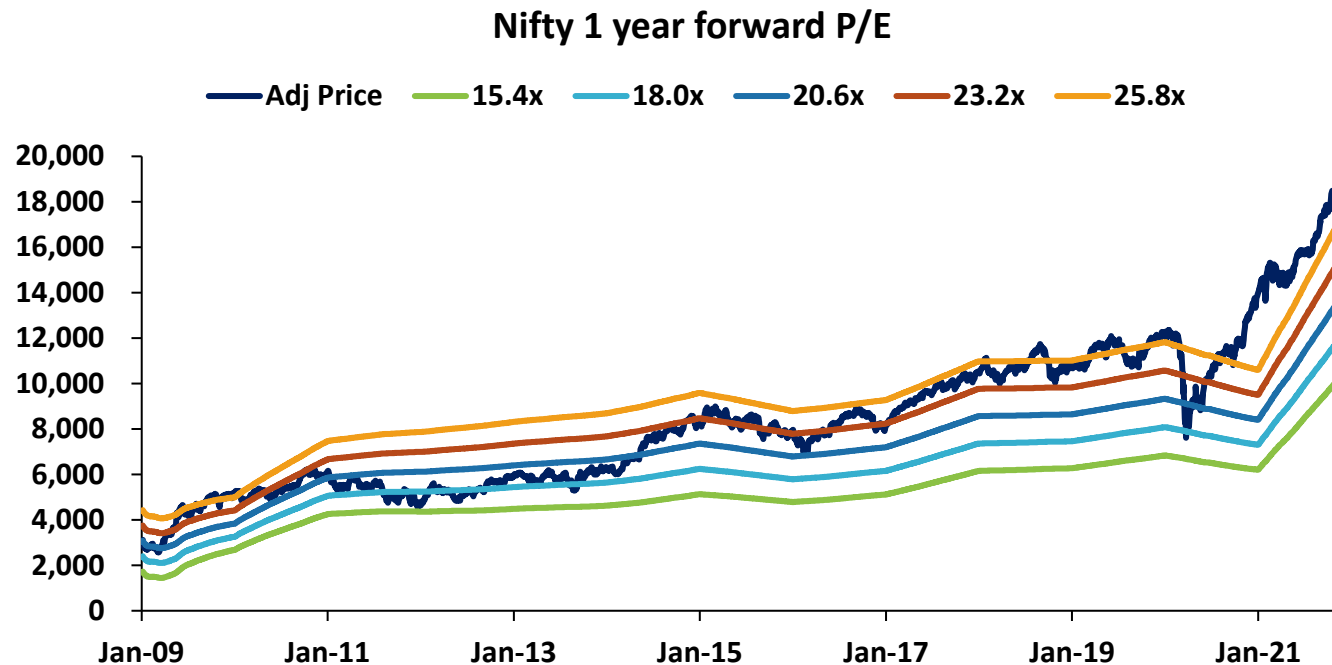
The budget has been sensitive to the fallout of the pandemic and other headwinds, like the FED induced global re-set of interest rates, which are looming on the horizon and the supply side induced inflationary animal spirits, in particular the rising price of crude oil. Keeping in mind these uncertain variables, the budget has earmarked

- A higher capex spend of INR 7.5 lakh cr (35.4% over FY22BE/ 24.5% over FY22RE) to sustain the green shoots of growth, which have sprouted in FY21.
- Realistically, it kept revenue estimates conservative at INR 22.0 lakh cr, which is far lower than the 8 months run-rate of INR 13.6 lakh cr.
- The fiscal deficit has been projected to remain elevated, while still maintaining a glide path of gradual lowering.
- Continuing with infrastructure creation via the PM Gati-Shakti mission and National Master Plan, significant allocation has been made for the infrastructure sector. Special emphasis has been on long term asset creation.

- **Customs duty rates have been tinkered with, keeping the best interests of the manufacturing sector in focus.**
 - **Where there is sufficient domestic capacity, rates have been increased, viz certain agricultural produce, chemicals, fabrics, medical devices and drugs and medicines.**
 - **To give impetus to the high growth electronic manufacturing sector, a graded rate structure has been incorporated for wearable/ hearable devices and electronic smart meters.**
 - **Custom duty cuts have been initiated for the gems & jewellery sector, methanol, acetic acid, heavy feed stocks for refineries and parts of transformer of mobile phone chargers and camera lens of mobile camera.**
- **Financial assistance to States for capital formation has been enhanced to INR 15,000 cr for FY22 and an additional INR 1.0 lakh cr at zero interest for 50 years has been proposed, to catalyze investments by States.**
- **Sovereign Green Bonds to be issued for green infrastructure, which is in the direction of India's stated intent at the COP26.**
- **For the MSME sector, the ECLGS guarantee cover has been expanded by INR 50,000 cr to INR 5.0 lakh cr and the tenure extended to Mar 2023 (the additional cover is purely for hospitality and related sectors). This should go a long way in boosting the confidence of the banking sector towards MSME lending. The CGTMSE has been expanded by INR 2.0 lakh cr and the RAMP program has been incorporated with an outlay of INR 6,000 cr spread over 5 years.**
- **The domestic solar module manufacturing sector has been given a shot in the arm with an INR 19,500 cr PLI scheme. This will help in augmenting our green energy production to the ambitious 280 GW by FY2030.**
- **Although NREGA allocation for FY23BE at INR 73,000 cr is lower than the FY22RE INR 98,000 cr, it is maintained at last years' budgeted estimates. Along with NREGA, the PLI schemes to the 14 sectors has the potential to create 60 lakh new jobs over the next five years. Gati-Shakti is another lever for job creation whose scope is vast and countrywide.**

- **To improve Ease of Doing Business (EODB), India is to launch the next phase of EODB 2.0, which will be guided by**
 - **An active involvement of States,**
 - **Digitization of manual processes & interventions, integration of the Central & State-level systems,**
 - **A single point access for all citizen-centric services and**
 - **A standardization and removal of overlapping compliances.**
- **Special digital initiatives have been announced to help India attain its digital goals in various fields like:**
 - **Issuance of e-Passports using embedded chip and futuristic technology will be rolled out in FY23 to enhance convenience for the citizens in their overseas travel.**
 - **Building a resilient mechanism for education delivery through 200 TV channels under PM e-VIDYA.**
 - **Setting up of 75 Digital Banks in 75 Districts to ensure that digital banking reaches every nook and corner of the country.**
 - **Announcement of 5G spectrum auctions opens the door for digital transformation oriented initiatives among the Indian enterprise clients and providers.**
 - **Usage of drones in the farming sector for crop assessments, land records and spraying of insecticides.**
 - **National Digital Health Mission Registries on health personnel should help provide an assessment of skilled workforce in different regions. The creation of a digital database of health personnel should have a long term impact on the strengthening of health systems in the country.**

- Given the pandemic and commodity inflation, spending on subsidies in FY22 was 29.1% higher than the budget estimates. The FY23 subsidy bill has seen a downtrend in allocation with
 - Food subsidy budgeted at INR 2.07 lakh cr, a decline of 27.8% from FY22RE.
 - Fertilizer subsidy has been pegged at INR 1.05 lakh cr, a drop of 24.9% from the FY22RE.
 - Fuel subsidies have been budgeted at INR 5,813 crore, a fall of 10.8% from FY22RE.



The Union Budget is wholistic and all inclusive in its proposals offering little room for skepticism. At 23X CY22 NIFTY earnings estimates, the market is a tad expensive. However given that we are the only large economy with high growth visibility over the next few years and scope for re-rating, we expect portfolio flows to continue and support the valuations.

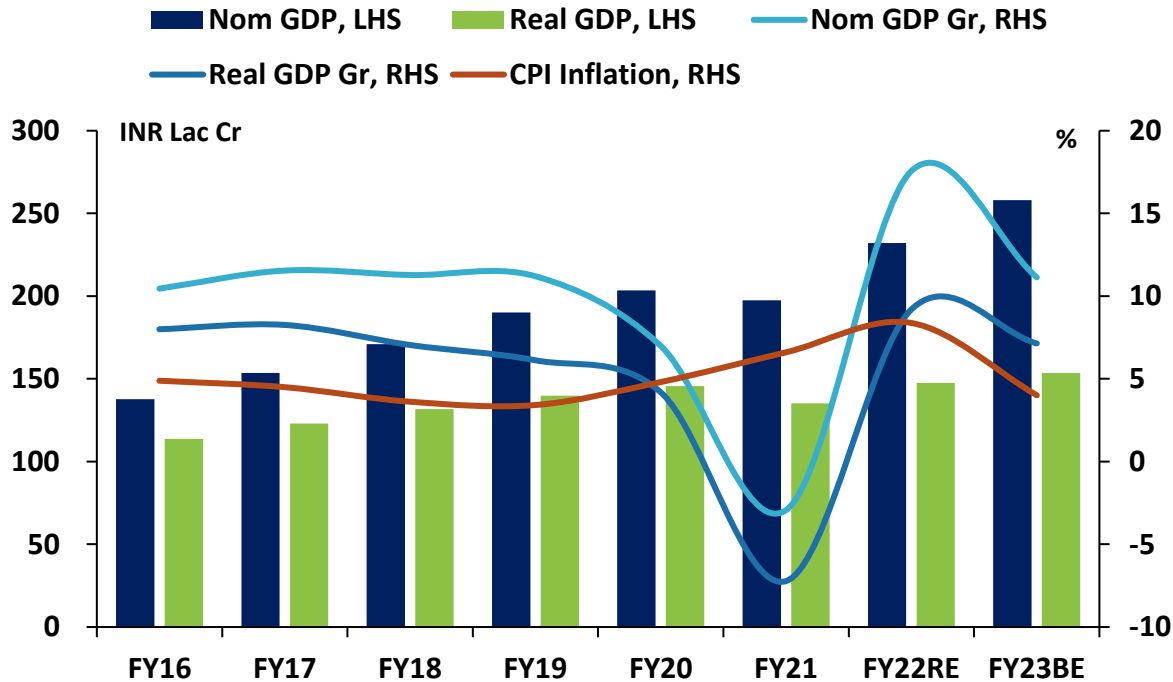
Stocks benefitting from the budget proposal

Sector	Trigger	Recommendation
Battery	Battery swapping technology for EVs	Exide Industries, Amara Raja, Gulf Oil Lubricant
Defence	68% of defence capex to be kept for domestic companies. This will aid more growth to the domestic companies	MTAR Technology, Data Pattern, Paras Defence, BEL, BEML, Bharat Dynamic, Hindustan Aeronautics
Port & Logistics	100 new cargo terminal to be developed and PM Gati Shakti scheme which will increase traffic and fuel growth to port and logistics players	APSEZ, CONCOR, Allcargo Logistics, Mahindra Logistics, TCI Express, Gujarat Pipavav, Blue Dart
Railways	Urban transport to be connected with railways, introduce 400 new gen Vande Bharat trains in the next 3 years.	Indian Railway Catering and Tourism Corporation, IRFC, Titagarh wagons, Ircon international, KEC international
Infrastructure, Construction, Cement	PM Gati Shakti masterplan for expressways will be formulated in the next financial year. Prime Minister's Development Initiative for North East Region (PMDevINE). Announcement to expand highways by 25,000 Kms in FY23.	Nuvoco, Dalmia Bharat, Star cement, ACC, Ultratech, Dilip buildcon, H.G. Infra, L&T, IRB Infra, J Kumar Infra, MEP Infrastructure, Jaypee Infratech, Ircon international
Telecom	Spectrum auction for 5G rollout to be conducted in FY23	Vodafone Idea, Bharati Airtel, Reliance, MTNL
Network & Cable	Contracts for laying optical fibre cables in villages to be awarded under the BharatNet project under PPP in 2022-23	Tejas Network, Sterlite tech, KEI Industries, HFCL
Tobacco	Status quo on taxation	ITC, VST Industries, Godfrey Philips
Power	Provisioning of decentralized renewable energy. An additional allocation of INR 19,500 crore for Production Linked Incentives for manufacture of high efficiency solar modules	Adani Green, Tata Power, NTPC, Borosil Renewable, Adani enterprise, Reliance Industries,
Gems & Jewellery	Customs duty on cut and polished diamonds and gemstones is being reduced to 5 per cent.	Titan, Kalyan Jewellers
Water	Ken-Betwa Link Project, at an estimated cost of Rs.44,605 crore for irrigation, drinking water supply, Hydro, and Solar power	Supreme Industries, Finolex Industries, Astral Poly, Prince Pipes
Public Sector Enterprise	Divestment	CONCOR, BEML, Shipping Corp, BPCL

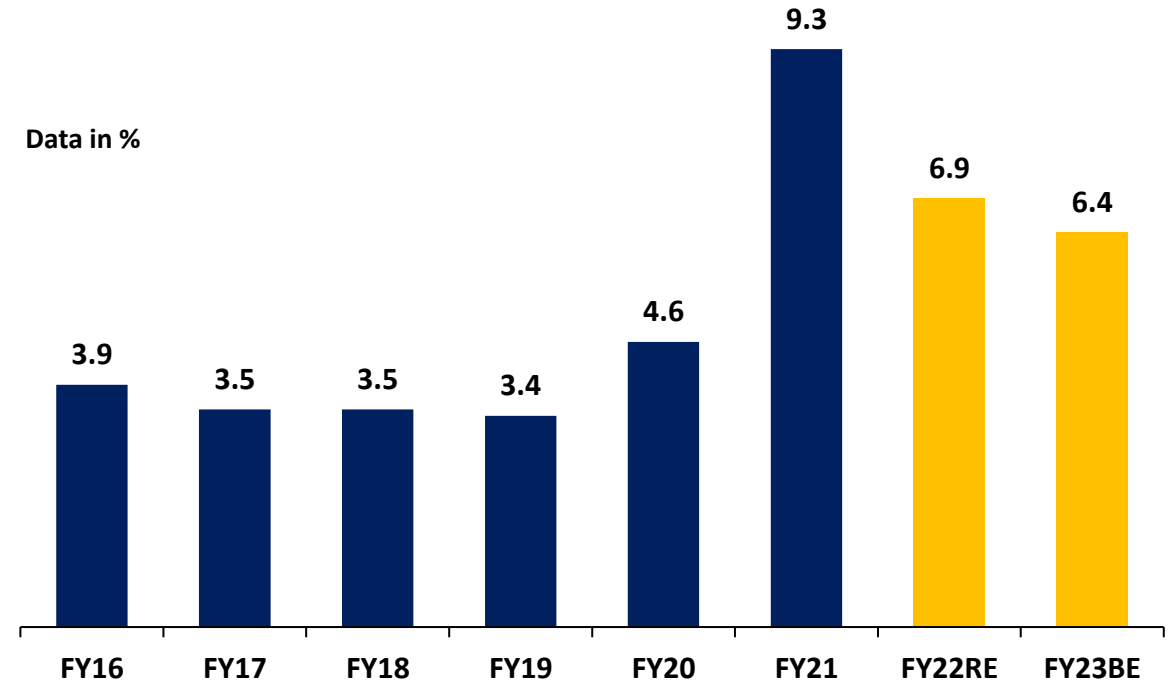
Sector	Trigger	Recommendation
Tourism	e-passports with embedded chips to be rolled out in 22-23. The futuristic technology will enhance convenience for citizens for overseas travel.	Thomas Cook, Mahindra Holidays, Easy Trip
Real estate	Reduction of time required for all land and construction related approvals. INR 48,000 cr for PM Awas Yojana	Oberoi Realty, Brigade Enterprises, DLF, Prestige Estates Projects, Macrotech Developers and Godrej Properties
Insurance	Parent or guardian of differently abled person can take an insurance scheme for them. The present law provides for deduction to the parent or guardian only if the lump sum payment or annuity is available to the differently abled person on the death of the subscriber, i.e. parent or guardian.	HDFC Life, SBI Life Insurance, ICICI Prudential, ICICI Lombard, Star Health, General insurance, New India Assurance
Electronic contract manufacturer (OEM)	A scheme for design-led manufacturing will be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.	ITI Ltd, Tech Mahindra, Dixon Technologies, Sterlite Technology
Banks	Scheduled Commercial Banks to set up 75 Digital Banking Units in 75 districts	ICICI BANK, HDFC Bank, SBI, BOB, PNB
Waste recycling	Action plans for ten sectors such as electronic waste, end-of-life vehicles, used oil waste, and toxic & hazardous industrial waste are ready.	Gravita India, Antony Waste Handling Cell Ltd.
Health Care	Establishment of Dedicated Services for the Management of Paediatric and Adult Haematolymphoid Cancers in North East India (multi-state) and Launch of 23 'National Tele Mental Health Programme' under NIMHANS	Max Healthcare Institute., Sun Pharma Ltd., Apollo Hospitals, Fortis Healthcare, Krishna Institute of Medical Sciences Ltd.
Metals	Extension of a reduced rate of 15% on corporate tax for one year for the manufacturing sector	Tata Steel, NMDC, Jindal Steel.
Education	PM eVIDYA will be expanded from 12 to 200 TV channels and establishment of digital university	NIIT Ltd., Zee Learn Ltd.

Union Budget 2021-23 Financials

GDP Performance

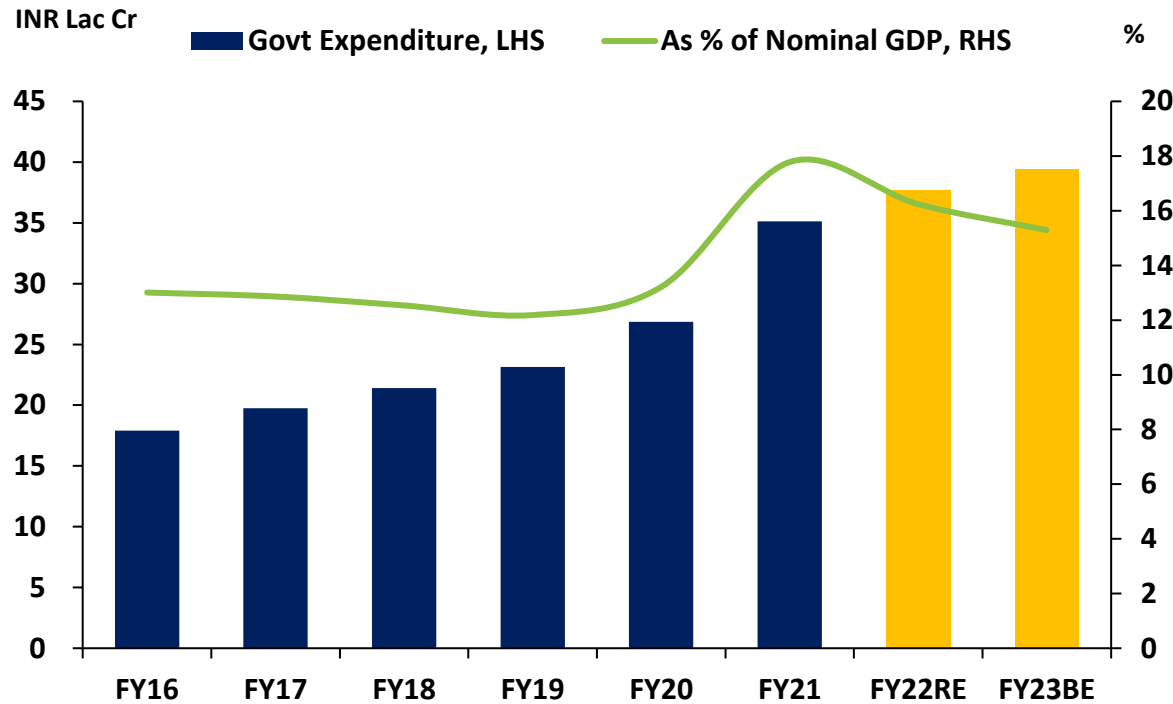


Fiscal Deficit

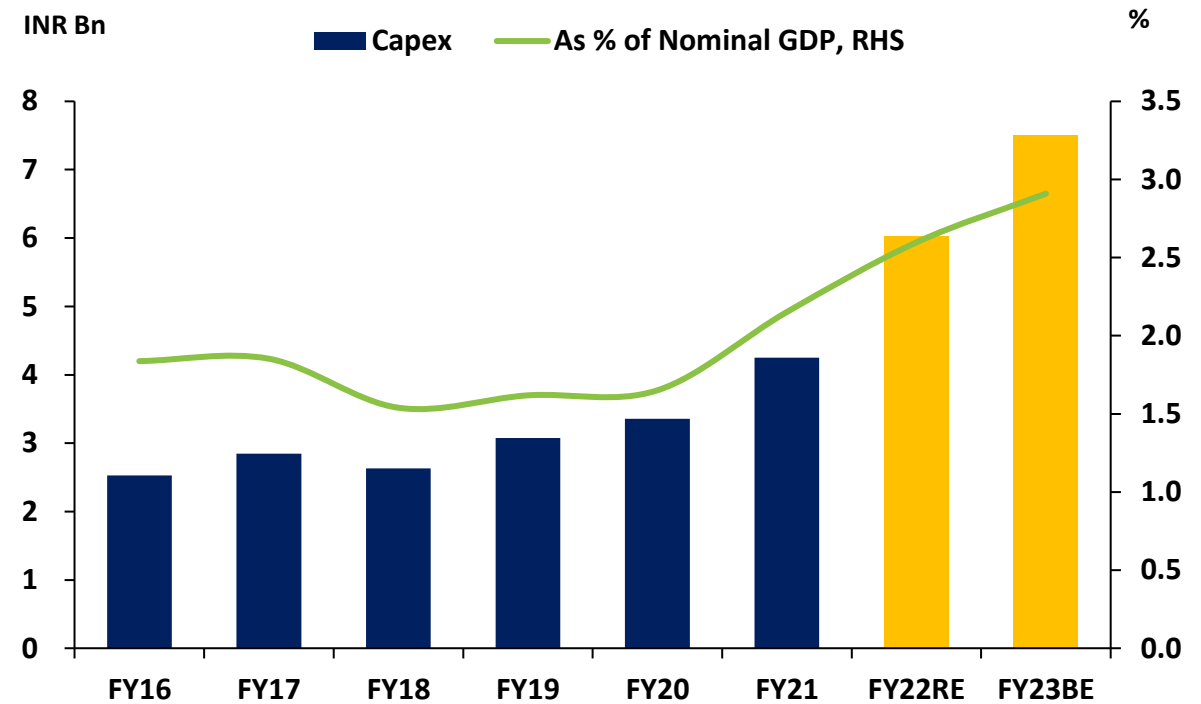


A bold capex plan (35.4% over FY22BE/ 24.5% over FY22RE) on the backdrop of a pandemic-impacted economy to ensure strong growth in GDP. Fiscal deficit to remain elevated at 6.4% (yet in a downward glide path).

Government Expenditure

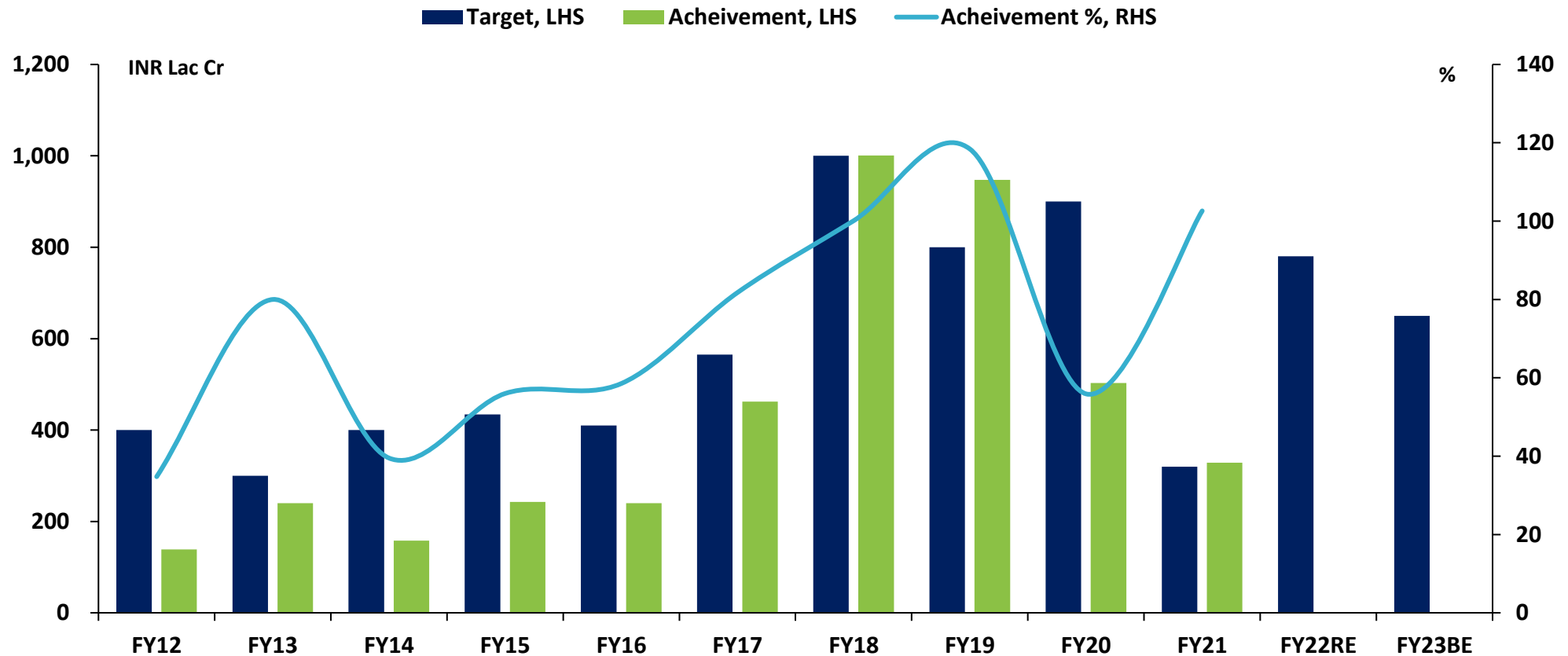


Government Capital Expenditure



No paucity of funds to kick-start growth, despite higher than average fiscal deficit

Divestment target significantly scaled down to INR 65,000 cr in FY23BE



Divestment target which has been scaled down significantly in FY22RE to INR 78,000 cr from INR 1,75,000 cr hinges heavily on the successful completion of the LIC IPO mandated for Mar 2022.

Financial Summary of Budget Estimates

Figures in Rs Crores	FY19	FY20	YoY Gr (%) - FY20 over FY19	FY21	YoY Gr (%) - FY21 over FY20	FY22 BE	FY22 RE	YoY Gr (%) - FY22RE over FY21	FY23 BE	YoY Gr (%) - FY23BE over FY22RE
Revenue Receipts	15,52,916	16,84,059	8.4	16,33,920	-3.0	17,88,424	20,78,936	27.2	22,04,422	6.0
<i>Revenue Receipts as % of GDP</i>	<i>8.2</i>	<i>8.3</i>		<i>8.3</i>		<i>7.7</i>	<i>9.0</i>		<i>8.5</i>	
Net Tax Revenue	13,17,211	13,56,902	3.0	14,26,287	5.1	15,45,396	17,65,145	23.8	19,34,771	9.6
Non Tax Revenue	2,35,705	3,27,157	38.8	2,07,633	-36.5	2,43,028	3,13,791	51.1	2,69,651	-14.1
Capital Receipts	7,62,197	10,02,271	31.5	18,75,917	87.2	16,94,812	16,91,064	-9.9	17,40,487	2.9
Recovery of Loans	18,052	18,316	1.5	19,729	7.7	13,000	21,975	11.4	14,291	-35.0
Other Receipts (Divestments)	94,727	50,304	-46.9	37,897	-24.7	1,75,000	78,000	105.8	65,000	-16.7
Borrowings & Other Liabilities	6,49,418	9,33,651	43.8	18,18,291	94.8	15,06,812	15,91,089	-12.5	16,61,196	4.4
Total Receipts	23,15,113	26,86,330	16.0	35,09,837	30.7	34,83,236	37,70,000	7.4	39,44,909	4.6
Total Expenditure	23,15,113	26,86,330	16.0	35,09,836	30.7	34,83,236	37,70,000	7.4	39,44,909	4.6
On Revenue Account	20,07,399	23,50,604	17.1	30,83,519	31.2	29,29,000	31,67,289	2.7	31,94,663	0.9
- Interest Payments	5,82,648	6,12,070	5.0	6,79,869	11.1	8,09,701	8,13,791	19.7	9,40,651	15.6
- Grants in aids	1,91,781	1,85,641	-3.2	2,30,865	24.4	2,19,112	2,37,685	3.0	3,17,643	33.6
- Others	12,32,970	15,52,893	25.9	21,72,785	39.9	19,00,187	21,15,813	-2.6	19,36,369	-8.5
On Capital Account	3,07,714	3,35,726	9.1	4,26,317	27.0	5,54,236	6,02,711	41.4	7,50,246	24.5
Revenue Deficit	4,54,483	6,66,545	46.7	14,49,599	117.5	11,40,576	10,88,353	-24.9	9,90,241	-9.0
<i>Revenue Deficit as % of GDP</i>	<i>2.4</i>	<i>3.3</i>		<i>7.3</i>		<i>4.9</i>	<i>4.7</i>		<i>3.8</i>	
Effective Revenue Deficit	2,62,702	4,80,904	83.1	12,18,734	153.4	9,21,464	8,50,668	-30.2	6,72,598	-20.9
<i>Effective Revenue Deficit as % of GDP</i>	<i>1.4</i>	<i>2.4</i>		<i>6.2</i>		<i>4.0</i>	<i>3.7</i>		<i>2.6</i>	
Fiscal Deficit	6,49,418	9,33,651	43.8	18,18,290	94.8	15,06,812	15,91,089	-12.5	16,61,196	4.4
<i>Fiscal Deficit as % of GDP</i>	<i>3.4</i>	<i>4.6</i>		<i>9.2</i>		<i>6.5</i>	<i>6.9</i>		<i>6.4</i>	
Primary Deficit	66,770	3,21,581	381.6	11,38,421	254.0	6,97,111	7,77,298	-31.7	7,20,545	-7.3
<i>Primary Deficit as % of GDP</i>	<i>0.4</i>	<i>1.6</i>		<i>5.8</i>		<i>3.0</i>	<i>3.3</i>		<i>2.8</i>	
Nominal GDP	1,90,10,200	2,03,39,849	7.0	1,97,45,670	-2.9	2,32,14,703	2,32,14,703	17.6	2,58,00,000	11.1

Summary of Tax and Non Tax Revenue

Figures in Rs Crores	FY19	FY20	YoY Gr (%) - FY20 over FY19	FY21	YoY Gr (%) - FY21 over FY20	FY22 BE	FY22 RE	YoY Gr (%) - FY22RE over FY21	FY23 BE	YoY Gr (%) - FY23BE over FY22RE
Gross Tax Revenue	20,80,465	20,10,059	-3.4	20,27,104	0.8	22,17,059	25,16,059	24.1	27,57,820	9.6
Coporation Tax	6,63,572	5,56,876	-16.1	4,57,719	-17.8	5,47,000	6,35,000	38.7	7,20,000	13.4
Taxes on Income other than Corp	4,73,003	4,92,654	4.2	4,87,144	-1.1	5,61,000	6,15,000	26.2	7,00,000	13.8
Customs	1,17,813	1,09,283	-7.2	1,34,750	23.3	1,36,000	1,89,000	40.3	2,13,000	12.7
Union Excise Duties	2,31,982	2,40,615	3.7	3,91,749	62.8	3,35,000	3,94,000	0.6	3,35,000	-15.0
Service Tax	6,904	6,029	-12.7	1,615	-73.2	1,000	1,000	-38.1	1,000	0.0
GST	5,81,559	5,98,750	3.0	5,48,777	-8.3	6,30,000	6,75,000	23.0	7,80,000	15.6
- Central GST (CGST)	4,57,534	4,94,072	8.0	4,56,334	-7.6	5,30,000	5,70,000	24.9	6,60,000	15.8
- Integrated GST (IGST)	28,945	9,125	-68.5	7,251	-20.5	0	0		0	
- GST Compensation Cess	95,081	95,553	0.5	85,192	-10.8	1,00,000	1,05,000	23.3	1,20,000	14.3
Taxes of Union Territories	5,592	5,835	4.3	5,336	-8.6	7,059	7,059	32.3	7,820	10.8
Other Taxes	41	17	-58.6	14	-17.6	0	0		1,000	
Less - NCCD transferred	1,800	2,480	37.8	5,820	134.7	6,100	6,130	5.3	6,400	4.4
Less - State's share	7,61,455	6,50,678	-14.5	5,94,997	-8.6	6,65,563	7,44,785	25.2	8,16,649	9.6
Net Tax Revenue	13,17,210	13,56,901	3.0	14,26,287	5.1	15,45,396	17,65,144	23.8	19,34,771	9.6
Non Tax Revenue	2,35,704	3,27,157	38.8	2,07,633	-36.5	2,43,028	3,13,791	51.1	2,69,651	-14.1
Interest Receipts	12,145	12,349	1.7	17,113	38.6	11,541	20,894	22.1	18,000	-13.9
Dividends & Profits	1,13,420	1,86,132	64.1	96,877	-48.0	1,03,538	1,47,353	52.1	1,13,948	-22.7
External Grants	1,063	373	-64.9	1,752	369.7	747	1,345	-23.2	620	-53.9
Other Non Tax Revenue	1,07,187	1,26,540	18.1	90,292	-28.6	1,24,671	1,41,668	56.9	1,34,276	-5.2
Receipts of Union Territories	1,889	1,762	-6.7	1,598	-9.3	2,531	2,531	58.4	2,807	10.9

Expenditure on Major Items

Figures in Rs Cr	FY19	FY20	YoY Gr (%) - FY20 over FY19	FY21	YoY Gr (%) - FY21 over FY20	FY22 BE	FY22 RE	YoY Gr (%) - FY22RE over FY21	FY23 BE	YoY Gr (%) - FY23BE over FY22RE
Pension	1,60,211	1,83,955	14.8	2,08,473	13.3	1,89,328	1,98,962	-4.6	2,07,132	4.1
Defence	2,90,802	3,18,665	9.6	3,40,094	6.7	3,47,088	3,68,418	8.3	3,85,370	4.6
Subsidy-										
Fertilizers	70,605	81,124	14.9	1,27,922	57.7	79,530	1,40,122	9.5	1,05,222	-24.9
Food	1,01,327	1,08,688	7.3	5,41,330	398.1	2,42,836	2,86,469	-47.1	2,06,831	-27.8
Petroleum	24,837	38,529	55.1	38,455	-0.2	14,073	6,517	-83.1	5,813	-10.8
Agriculture & Allied Activities	63,259	1,12,452	77.8	1,34,420	19.5	1,48,301	1,47,764	9.9	1,51,521	2.5
Commerce & Industry	27,851	27,299	-2.0	21,554	-21.0	34,623	45,833	112.6	53,116	15.9
Development of North East	1,961	2,658	35.5	1,854	-30.2	2,658	2,658	43.4	2,800	5.3
Education	80,345	89,437	11.3	84,219	-5.8	93,224	88,002	4.5	1,04,278	18.5
Energy	45,461	43,542	-4.2	32,728	-24.8	41,747	48,684	48.8	49,220	1.1
External Affairs	15,514	17,246	11.2	14,329	-16.9	18,155	16,000	11.7	17,250	7.8
Finance	14,920	18,535	24.2	37,038	99.8	91,916	51,904	40.1	21,354	-58.9
Health	54,477	63,425	16.4	80,026	26.2	74,602	85,915	7.4	86,606	0.8
Home Affairs	98,116	1,19,850	22.2	96,652	-19.4	1,13,521	1,15,550	19.6	1,27,020	9.9
Interest	5,82,648	6,12,070	5.0	6,79,869	11.1	8,09,701	8,13,791	19.7	9,40,651	15.6
IT & Telecom	14,868	20,597	38.5	32,778	59.1	53,108	28,757	-12.3	79,887	177.8
Others	74,497	79,523	6.7	91,998	15.7	87,528	1,01,864	10.7	1,13,301	11.2
Planning & Statistics	5,322	5,479	3.0	3,172	-42.1	2,472	4,808	51.6	5,720	19.0
Rural Development	1,32,803	1,42,384	7.2	2,14,246	50.5	1,94,633	2,06,948	-3.4	2,06,293	-0.3
Scientific Departments	24,755	27,367	10.6	22,100	-19.2	30,640	28,510	29.0	30,571	7.2
Social Welfare	43,664	44,649	2.3	37,563	-15.9	48,460	44,952	19.7	51,780	15.2
Tax Administration	69,416	1,69,331	143.9	1,46,439	-13.5	1,31,100	1,95,351	33.4	1,71,677	-12.1
- Transfer to GST Compensation	54,275	1,53,910	183.6	1,06,317	-30.9	1,00,000	1,10,795	4.2	1,20,000	8.3
Transfer to States	1,19,144	1,48,907	25.0	2,11,475	42.0	2,93,302	2,85,394	35.0	3,34,339	17.1
Transport	1,43,626	1,53,437	6.8	2,16,795	41.3	2,33,083	3,25,443	50.1	3,51,851	8.1
Union Territories	14,073	15,128	7.5	47,605	214.7	53,026	57,533	20.9	58,757	2.1
Urban Development	40,612	42,054	3.6	46,701	11.1	54,581	73,850	58.1	76,549	3.7
Grand Total	23,15,114	26,86,331	16.0	35,09,835	30.7	34,83,236	37,69,999	7.4	39,44,909	4.6

Budgetary Proposal 2022-23

Infrastructure

PM Gati-Shakti is a transformative approach for wholistic economic growth and sustainable development. The approach is driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure.

- The **National Highways network** will be expanded by 25,000 km in FY23. INR 23,000 cr will be mobilized through innovative ways of financing to complement the public resources
- **Multimodal Logistics Parks** at four locations through PPP mode to be awarded in FY23.
- Railways will develop new products and efficient logistics services for small farmers and MSMEs.
- 2,000 km of network to be brought under **Kavach**, the indigenous technology for safety & capacity augmentation in FY23. Besides, 400 new-generation Vande Bharat Trains with better energy efficiency and passenger riding experience to be developed and manufactured during the next 3 years.
- 100 **PM Gati Shakti Cargo Terminals** for multimodal logistics facilities to be developed during the next three years.
- Multimodal connectivity between mass urban transport (Metro Rail) and railway stations to be facilitated.
- **National Ropeways Development Program** – Contracts for 8 ropeway projects for a length of 60 km to be awarded under PPP mode in FY23.
- The data exchange among all mode operators will be brought on Unified Logistics Interface Platform (ULIP), designed for Application Programming Interface (API). This will provide for efficient movement of goods through different modes, reducing logistics cost and time, assisting just-in-time inventory management, and in eliminating tedious documentation.

Agriculture

- The procurement of wheat in Rabi Season 2021-22 and the estimated procurement of paddy in Kharif Season 2021-22 will cover 1,208 lakh MT of wheat and paddy from 163 lakh farmers, and INR 2.37 lakh cr direct payment of MSP value to their accounts.
- **Chemical-free Natural Farming** to be promoted, with a focus on farmers' lands in 5-km wide corridors along river Ganga, at the first stage.
- 2023 has been announced as the **International Year of Millets**. Support to be provided for post-harvest value addition, enhancing domestic consumption, and for branding millet products nationally and internationally.
- To reduce the dependence on import of oilseeds, a rationalized and comprehensive scheme to increase domestic production of oilseeds to be implemented.
- For delivery of digital and hi-tech services to farmers with involvement of public sector research institutions along with private agri-tech companies and stakeholders of agri-value chain, a scheme in PPP mode to be launched.
- Use of 'Kisan Drones' to be promoted for crop assessment, digitization of land records, spraying of insecticides, and nutrients.
- States will be 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.
- A fund with blended capital, raised under the co-investment model, to be facilitated through NABARD. This is to finance startups for agriculture & rural enterprise, relevant for farm produce value chain. The activities for these startups to include support for FPOs, machinery for farmers on rental basis at farm level, and technology including IT-based support.

MSME

- Udyam, e-Shram, NCS and ASEEM portals will be interlinked. Their scope will be widened. They will now perform as portals with live, organic databases, providing G2C, B2C and B2B services. These services will relate to credit facilitation, skilling, and recruitment with an aim to further formalize the economy and enhance entrepreneurial opportunities for all.
- Emergency Credit Line Guarantee Scheme (ECLGS) has provided much-needed additional credit to more than 130 lakh MSMEs. This will be extended up to March 2023 and its guarantee cover will be expanded by INR 50,000 crore to total cover of INR 5 lakh crore, with the additional amount being earmarked exclusively for the hospitality and related enterprises.
- Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme will be revamped with required infusion of funds. This will facilitate additional credit of INR 2 lakh crore for Micro and Small Enterprises and expand employment opportunities.
- Raising and Accelerating MSME Performance (RAMP) programme with outlay of INR 6,000 crore over 5 years will be rolled out. This will help the MSME sector become more resilient, competitive and efficient.

Ease of Doing Business 2.0

- To improve productive efficiency of capital and human resources, and follow the idea of 'trust-based governance', India will launch the next phase of Ease of Doing Business EODB 2.0 and Ease of Living.
- This new phase will be guided by an active involvement of the States, digitization of manual processes and interventions, integration of the Central and State-level systems through IT bridges, a single point access for all citizen-centric services, and a standardization and removal of overlapping compliances.
- Over 25,000 compliances were reduced and 1,486 Union laws were repealed.
- This reduction in number of compliances is positive as 25% to 30% of India's compliance issues arise because of overlapping.

Housing for all and Education

Housing for All

- In 2022-23, 80 lakh houses will be completed for the identified eligible beneficiaries of PM Awas Yojana, both rural and urban. INR 48,000 crore is allocated for this purpose.
- The Central Government will work with the State Governments for reduction of time required for all land and construction related approvals, for promoting affordable housing for middle class and Economically Weaker Sections in urban areas. It will also work with the financial sector regulators to expand access to capital along with reduction in cost of intermediation.

Education

- For this purpose, 'one class-one TV channel' programme of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1-12.
- In vocational courses, to promote crucial critical thinking skills, to give space for creativity, 750 virtual labs in science and mathematics, and 75 skilling e-labs for simulated learning environment, will be set-up in 2022-23.
- High-quality e-content in all spoken languages will be developed for delivery via internet, mobile phones, TV and radio through Digital Teachers.
- A competitive mechanism for development of quality e-content by the teachers will be set-up to empower and equip them with digital tools of teaching and facilitate better learning outcomes.

Direct Tax

- **No change in income tax slabs & tax rates-** In a big disappointment, the budget did not announce any change in income tax slabs for FY2022-23.
- Parity between the Central and State Government for tax deduction on contribution to NPS. Tax deduction limit increased to 14% for State Government employees. Benefit not extended to non- govt employees.
- Health and education cess not allowable as business expenditure.
- Reduced AMT rates for Co-operatives from 18.5% to 15%.
- Taxpayers who have made errors while filing return (omission of income, etc.), can file updated returns by payment of taxes within 2 years from the end of the relevant AY.
- Annuity and lump sum received to parents or guardians attaining 60 years during the lifetime of the disabled person will be eligible for tax relief.
- No set-off of loss allowed against an income detected during search and seizure.

Direct Tax

- **Taxation of virtual / digital assets.**
 - Any income from transfer of any virtual digital assets shall be taxed @ 30%.
 - No deduction except for cost of acquisition is allowed.
 - Loss from transfer cannot be set-off against any other income.
 - Gift of virtual assets to be taxed in the hands of recipients.
 - TDS @ 1% on payment made for transfer above a monetary threshold.
- Start-ups established before 31.03.2023 (earlier it was 31.03.2022; now it will be extended by 1 year) will be provided tax breaks.
- Last date for commencement of manufacturing for claiming lower tax regime of 15% under Section 115BAB extended by 1 year to 31.03.2024.
- Rationalization of surcharge – Surcharge on AOPs and long term capital gains capped at 15%.
- Long term capital gains to be subject to surcharge only at 15% for all assets as against a graded surcharge. Earlier this was available only for listed shares and units of mutual funds.

Indirect Tax

Gems and Jewellery Sector

- Customs duty on cut and polished diamonds and gemstones being reduced to 5% from 7.5% earlier.
- Customs duty of Imitation Jewellery will now be 20% or Rs 400 per Kg, whichever is higher from only 20% earlier.

Electrical and electronic items

- Customs duty on Single or multiple loudspeaker, headphones and earphones increased from 15% to 20%.
- Smart meters and printed circuit board assembly of smart meters increased to 25% & 20% respectively.

MSME sector

- Umbrellas customs duty increased from 10% to 20%.
- Revocation of anti-dumping and CVD on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel to tackle high prices of metal in larger public interest.

Edible Oils

- Customs duty on Microbial fats and oils and their fractions duty to 100% from 30% currently.

Solar Energy Sector

- Customs duty on Solar cells duty increased to 25% from 20% and solar molecules increased to 40% from 20% .

Indirect Tax

Fuels, Chemicals and Plastics

- Reduction in duty of fuel oil, straight run fuel oil, low sulphur wax residue and vacuum gasoil to 2.5% from 5% currently.

Metals

- Nil rate on Iron and steel scrap including stainless steel scrap exemption available till 31.3.2022 is being extended by one year.

Capital Goods

- Custom duty on S. G. Ingot Castings , Ball Screw & Linear Motion Guide used in manufacturing of Plastic Processing Machinery got reduced from 10% to 7.5% and 7.5% to 5% respectively.

Paper

- Custom duty on recovered (waste and scrap) paper or paperboard used in manufacturing of paper, paperboard or newsprint to now have 2.5% custom duty.

Medical devices

- Health cess on Surgical needles imported for manufacturing of Surgical sutures reduced to nil rate from 5% earlier.

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