



An Institute for Civil Services

**SUMMARY
& ANALYSIS**
of

UNION
BUDGET
2022-23

for **Civil Services Examination**



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Key-Terms in Budget

1. **Annual Financial Statement:** The Annual Financial Statement is a document presented to Parliament every financial year as part of the Budget process, as required under Article 112 of the Constitution of India. The documents consist of receipts and expenditures of the government in the current year, previous year and the Budget year
2. **Economic Growth:** Economic growth is an increase in the production of economic goods and services, compared from one period of time to another. It can be measured in nominal or real (adjusted for inflation) terms.
3. **Budget:** The term 'budget' has been derived from the old French word 'bougette', which means a leather bag or wallet. The term Budget is a common word for a number of documents, including the Annual Financial Statement. The other documents in the Budget include Demand for Grants, Appropriation Bill, Finance Bill, Memorandum Explaining the Provisions in the Finance Bill, Macroeconomic Framework Statement, Fiscal Policy Strategy Statement, Medium Term Expenditure Statement, etc.
4. **GDP:** GDP stands for "Gross Domestic Product" and represents the total monetary value of all final goods and services produced (and sold on the market) within a country during a period of time (typically 1 year).
5. **Legal Tender:** Legal tender is something which is acknowledged by the laws as a mechanism to settle a private or public debt or in order to meet a fiscal responsibility which includes paying taxes, abiding by contracts, and finally damages or fines. Almost every country uses its national currency as legal tender.
6. **Special Economic Zone:** A special economic zone (SEZ) is an area in a country that is subject to different economic regulations than other regions within the same country. The economic regulations of special economic zones (SEZs) tend to be conducive to and attract foreign direct investment (FDI). Special economic zones (SEZs) are typically created in order to facilitate rapid economic growth by leveraging tax incentives to attract foreign investment and spark technological advancement.
7. **Fiscal Deficit:** The word 'fiscal' refers to annual government account statements and the word deficit stands for 'shortage'. Therefore, the fiscal deficit is the term used to define the difference between what a government spends and what it collects as revenue. Fiscal deficit is the "excess of total disbursements from the Consolidated Fund of India, excluding repayment of the debt, over total receipts into the Fund (excluding the debt receipts) during a financial year".
8. **Blended Finance:** Blended finance is the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries. Blended finance attracts commercial capital towards projects that contribute to sustainable development, while providing financial returns to investor.
9. **Carbon Trading:** Carbon trading is the process of buying and selling permits and credits that allow the permit holder to emit carbon dioxide. The carbon credits and the carbon trade are authorized by governments with the goal of gradually reducing overall carbon emissions and mitigating their contribution to climate change. Carbon trading is also referred to as carbon emissions trading.

SUMMARY

The Union Budget is finally out. Finance Minister Nirmala Sitharaman on February 1 presented the Union Budget 2022.

Projected growth

The government has projected growth at 8% to 8.5% compared with an estimated 9.2% for the current fiscal year and a 6.6% contraction the previous year.

The state of Indian Economy

- India's economy had been faltering even before the Covid-19 pandemic struck. The pace of growth had slowed down and output had started declining.
- The Covid-19 pandemic pushed gross domestic product (GDP) to its worst levels ever. India experienced its first ever technical recession in financial year 2020-21 with two successive quarters of negative growth.
- However, the arrival of Covid vaccines and consequent fall in cases led to gradual easing of restrictions and business activities started to resume.
- As a result, the economy grew by 20.1 per cent in the first quarter (Q1) of FY22, mainly on account of low base effect and has remained in the positive zone since. India's GDP for second quarter of FY22 came in at 8.4 per cent.
- Agencies like the **International Monetary Fund (IMF)** and **World Economic Forum (WEF)** have shown in their economic outlooks reports that India is on course to becoming the fastest growing economy of the world.

India projected to be fastest growing economy

World Bank has projected India's GDP to grow at a faster pace than other countries for the current year as well as for the next year.

Country	FY22	FY23
India	8.3%	8.7%
China	8.0%	5.1%
US	5.6%	3.7%
Euro Area	5.2%	4.2%
Brazil	4.9%	1.4%
South Africa	4.6%	2.1%
Russia	4.3%	2.4%
Japan	1.7%	2.9%

Four key-pillar of Budget

- PM Gati Shakti
- Inclusive development
- Productivity Enhancement and Investment, Sunrise Opportunities, Energy Transition and Climate Action
- Financing of Investment

What are the major features of Budget 2022-2023?

◉ Taxation

- **Personal Income:** No change in personal income tax slabs
- **Virtual digital asset:** The government has proposed to issue a **Digital Rupee**, or Central Bank Digital Currency (CBDC), in the fiscal year 2022-23.
- Additionally, the Budget also proposed imposing a **tax of 30 per cent** on virtual assets, effectively legitimising trading of private cryptocurrencies and non-fungible tokens.
- This is broadly in line with the Centre's plans to have a fiat digital currency, while disallowing use of private **virtual coins as legal tender**.
 - A TDS of 1% will be levied for transactions above a certain threshold. No deductions and exemptions allowed. Loss from transfer of such assets cannot be set off against any other income.
- **Digital currency:** In a major push for digital currency, the digital rupee will be issued using blockchain and other technologies by the RBI starting 2022-23.

New provision of Updated Return

The budget proposes a new provision permitting taxpayers to file an **Updated Return** on payment of additional tax. This updated return can be filed within two years from the end of the relevant assessment year.

Finance

- **Emergency credit line guarantee scheme** for small and medium sized businesses to be extended to March 2023
- Energy transition and climate action will be a major government priority
- **Public issue of Life Insurance Corporation** expected shortly
- Initiatives from last year's budget have been provided adequate allocations in this budget
- **Special Economic Zones Act** to be replaced with new legislation
- To amend bankruptcy code to speed up resolution process
- Aims to lower winding up of companies to 6 months from 2 years currently
- Long term capital gain surcharge to be capped at 15%

Infrastructure Project:

- In big infrastructure projects, the government has proposed:
 - allocating Rs 60,000 crore to the Nal se Jal scheme
 - five river link projects across various states
 - an additional Rs 48,000 crore in the PM housing scheme
 - boosting infrastructure development in the North East
- **Transport:**
 - 400 energy efficient trains to be manufactured over next three years
 - national highways network to be expanded by 25,000km in 2022/23
 - a battery swapping policy

- Battery swapping policy to allow EV charging stations for automobiles will be framed
- 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.

- **PM Gati shakti masterplan** for expressways will be formulated in next financial year
 - 100 PM Gati Shakti terminals to be set up in next three years
 - Focus on public investment to modernise infrastructure over the medium term, leveraging tech platform of Gati Shakti via a multi-modal approach
 - PM Gati Shakti will pull forward the economy and will lead to more jobs and opportunities for the youth

Telecom

The government will conduct 5G auctions in 2022 and the scheme for design-led manufacturing for 5G will be part of production-linked scheme.

Railways

- 400 new generation **Vande Bharat trains** to be manufactured in next 3 years.
 - Vande Bharat is the name given to India's own semi-high speed train set, a collection of 16 coaches, self-propelled, and do not require an engine to haul them.
 - This is called distributed traction power, which is increasingly becoming the norm the world over, as opposed to locomotive-hauled trains.
 - The 400 trains will mostly be made of light-weight aluminum, as opposed to steel, marking a departure from India's traditional choice of metal for making its coaches.
 - Being made of aluminum, each train set is around 50 tons lighter, consuming much less energy than their counterparts made of steel.
- The cost of each train set is around Rs 25 crore more than current ones, which cost around Rs 106 crore per set of 16 coaches.

Railway Budget

- A separate Railway Budget was started by the British in 1924.
- The Union Cabinet in 2016 had decided to merge the Railway Budget with the General Budget, thus ending the 92-year-old tradition of having a separate Railway Budget.
- Late Shri Arun Jaitley became the first Finance Minister in 2017, presenting the unified Budget for 2017-18.

- 2,000 km of rail network to be brought under indigenous technology **KAWACH for safety and capacity augmentation**
- Railway Ministry to be allocated Rs 140367.13 crore - Rs 20,311 crore more than the revised figures of the previous fiscal
- One product one railway station will be popularized.

Education:

Giving another impetus to the pandemic affected education sector, the Union Budget focussed on providing access to students.

- **Agriculture University** syllabus would be revised to accommodate the need of natural, zero-budget and organic farming and modern day agriculture
- **One Class One TV Channel** To counter the loss of learning due to the pandemic, the PM eVidya Scheme to be expanded from 12 channels to 200 channels to facilitate supplementary learning for all classes 1 to 12 in regional languages
- **Digital University** to be developed and launched with an aim to provide access to world class quality education to the students
- **Skilling programs** will be reoriented. For skilling, upskilling & reskilling of our youth, **Digital DESH e-portal** will be launched
- **Quality e content** to be made through various means. teachers to be trained to use better e teaching outcomes
- 5 Centres of Excellence to be set with an endowment fund of Rs. 250 crore each for Urban Planning courses that would assist in Urban Sector Development
- Academic Institutes to be encouraged and supported for Research and Development within the ambit of Defence Budget

Health:

In terms of healthcare budget, India ranks 179 out of 189 countries in prioritisation accorded to health in its government budgets. As health is a **state subject** in India, spending on healthcare by the states matters the most when examining government healthcare spending

- **National Digital Health Ecosystem:** An open platform for the National Digital Health Ecosystem will be rolled out. It will consist of digital registries of health providers and health facilities, unique health identity and universal access to health facilities.
- **National Tele Mental Health program:** The pandemic has accentuated mental health problems in people of all ages.
 - To better the access to quality mental health counselling and care services, a National Tele Mental Health program will be launched.

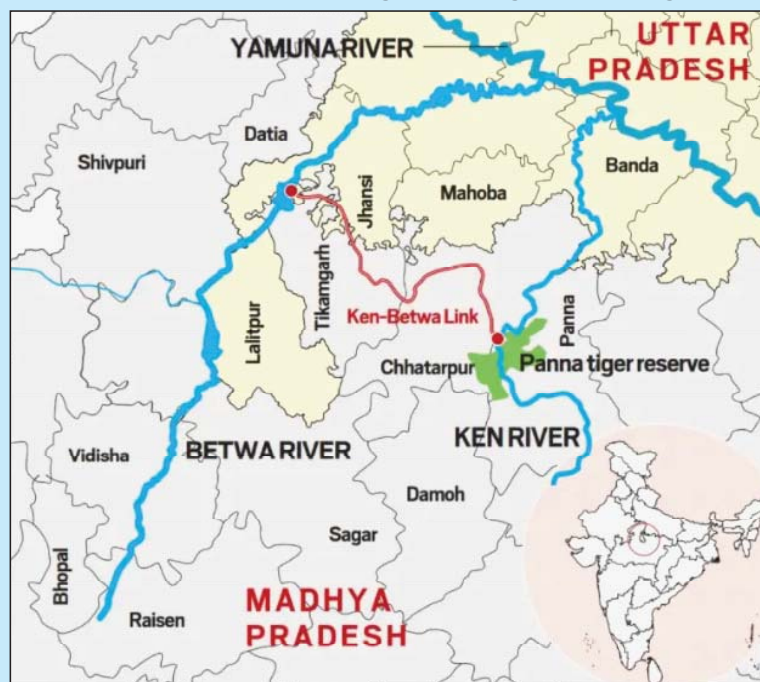
- This will include a network of 23 tele mental health centres of excellence with **Nimhans** being the nodal centre and IIIT Bangalore providing technology support.

Agriculture

- Procurement of wheat, paddy, kharif and rabi crops, benefiting over 1 crore farmers
- ₹2.37 lakh crore towards direct payments for minimum support price.
- Chemical-free, natural farming to be promoted across the country.
- 2022 to be **Year of Millet** - support for post-harvest value addition for millet products
- Using **Kisan drones** for crop assessment and spraying of pesticides
- **Ken-Betwa river linking project** at a cost of Rs 44,000 crore, to benefit 9.0 lakh hectare of farmer land

Ken-Betwa Link Project

- It is the first project under the National Perspective Plan for interlinking of rivers.
- It envisages transferring water from the Ken river to the Betwa river, both tributaries of the Yamuna.
- The Ken-Betwa Link Canal will be 221 km long, including a 2-km long tunnel.



- Railways will develop new products for small farmers and MSMEs

Defence

- The capital procurement budget for defence has been increased by 10% - from 58% to 68%.
 - **Impact:** This will reduce the country's dependence on imports of defence equipment.

- Defence R&D to be opened up for start-ups, private industry and academia. 25% of R&D budget to be set aside for this.
- Private industry will be encouraged to take up design and development of military platforms and equipment.
- **Deficit/Expenditure:** The Budget projected a fiscal deficit of 6.4 per cent of Gross Domestic Product (GDP) in 2022/23 and 4.5 per cent by 2025/26.
 - It also revised the fiscal deficit for 2021/22 at 6.9 per cent of the GDP.
 - The states will be allowed 4% fiscal deficit to GDP in FY'23.

Fiscal deficit

- The word 'fiscal' refers to annual government account statements and the word deficit stands for 'shortage'.
- Therefore, the fiscal deficit is the term used to define the difference between what a government spends and what it collects as revenue.
- Fiscal deficit is the "excess of total disbursements from the Consolidated Fund of India, excluding repayment of the debt, over total receipts into the Fund (excluding the debt receipts) during a financial year".

MSMEs & startups

- Rs 6,000 crore programme to rate MSMEs to be rolled out over 5 years
- MSMEs such as **Udyam, e-shram, NCS & Aseem portals** will be inter-linked, their scope will be widened.

Environment:

- Climate action was highlighted as one of the pillars underpinning the Budget, along with the **Gati Shakti infrastructure masterplan**, inclusive development and energy transition.
- The **Union Ministry of Environment, Forests and Climate Change (MOEFCC)** saw a higher estimated expenditure of Rs 3,030 crore compared to Rs 2,520 crore in 2021-22.
- The **Centre's electric vehicle policy 'Scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India'** saw a big boost from Rs 800 crore last year to Rs 2,908.28 crore.
- The estimated expenditure for the **Union Ministry of New and Renewable Energy**, responsible for overseeing India's ambitious renewable energy targets, has decreased marginally from Rs 7,681.80 crore to Rs 6,900.68 crore — the highest allocation is for grid-based solar power of around Rs 3,300 crore.
- The budget estimate for the **Mahatma Gandhi National Rural Employment Guarantee** Program, a scheme with great potential for **climate resilience and carbon sequestration**, has been revised downwards from Rs 98,000 crore last year to Rs 73,000 crore.
- Some other climate-relevant announcements made during the Budget presentation include:
 - An additional allocation of Rs 19,500 crore for production-linked incentives (PLI) for manufacturing of high-efficiency solar modules

- ▶ A proposal to co-fire 5-7 per cent biomass pellets in thermal power plants, resulting in estimated carbon dioxide (CO₂) reduction of 38 million tonnes annually; this will ideally provide an income to farmers and reduce stubble burning
- ▶ Energy efficiency and savings promoted for large commercial buildings through the energy service company model, via capacity-building and awareness about energy audits
- ▶ Four pilot projects for **coal gasification** and conversion of coal into chemicals
- ▶ A focus on **agroforestry** and private forestry; support to farmers belonging to **Scheduled Castes / Scheduled Tribes** who want to take up agroforestry
- ▶ **Sovereign green bonds** to be issued in public sector projects to reduce carbon intensity of the economy

Green Bonds

- Green Bonds are debt instruments, proceedings from which are used by the government to finance projects that have a positive impact on the environment.
- The green bonds were launched in 2007.

- **Blended finance** (with the government's share limited to 20 per cent) to be promoted for climate action, agriculture and other clean technology; this will be managed by private fund managers
- Additionally, the Budget Session expects to discuss a new bill — **The Energy Conservation (Amendment) Bill, 2022** — which aims “to provide regulatory framework for:
 - ▶ **Carbon Trading** in India
 - ▶ Encouraging penetration of **renewable in energy mix**
 - ▶ Effective implementation and enforcement of the **Energy Conservation Act, 2001**.

- India is a country simultaneously vulnerable to climate change and under pressure to uplift 134 million people from poverty (people with income of \$2, or Rs 149.6, per day or less in purchasing power parity).
- India could lose 3-10 per cent of its Gross Domestic Product (GDP) annually by 2100 due to climate change.
- India has set three goals on paper that have been submitted to the **United Nations Framework Convention on Climate Change** in the form of its **Nationally Determined Contribution**. They include the goal:
 - ▶ to reduce the emissions intensity of its economy
 - ▶ to increase the non-fossil-based component of electric power
 - ▶ to expand the carbon sink from forest and tree cover
- A further verbal commitment was made at the **26th Conference of Parties** to the UNFCCC by Prime Minister Narendra Modi to achieve **Net Zero emissions** by 2070 and reduce emissions by one billion tonnes by 2030.

Ministry-wise allocation	
MINISTRY	ALLOCATION (RS CRORE)
Ministry of Communication	105406.82
Ministry of Chemical and Fertilizers	107715.38
Ministry of Agriculture and Farmers' Welfare	132513.62
Ministry of Rural Development	138203.63
Ministry of Railways	140367.13
Ministry of Home Affairs	185776.55
Ministry of Road Transport and Highways	199107.71
Ministry of Consumer Affairs, Food and Public Distribution	217684.46
Ministry of Defence	525166.15

Important Schemes announced in Budget

- **PMDevINE:** The scheme will be implemented through the North-Eastern Council.
 - ▶ Rs 15,000 crore have been allocated for the scheme which will fund infrastructure in the spirit of PM GatiShakti, and social development projects which will be based on the needs felt in the North-East.
- **National Tele Mental Health Programme:** The program would consist of a network of 23 tele-mental health excellence centers, with NIMHANS serving as the nodal center and the International Institute of Information Technology, IIIT, Bangalore providing technology assistance.
- **Saksham Anganwadi:** Under the umbrella scheme of Saksham Anganwadi, the Ministry of Women and Child Development will extend support to over 2,00,000 anganwadis, which will be upgraded to **Saksham Anganwadis**.
- **Vibrant Villages Programme:** The new Vibrant Villages Programme will include villages on the northern border. Construction of village infrastructure, housing, tourism centers, road connectivity, decentralized renewable energy, direct to house access for DoorDarshan and educational channels, and livelihood generating would all be part of the plan.
- **Parvat Mala:** The Parvat Mala project is being implemented in Himachal Pradesh, Uttarakhand, J&K, and the northeast. It will help to create a modern transportation and connectivity infrastructure in the hills, as well as make villages on our borders more alive.

ANALYSIS

Impact of Budget 2022 proposals on various sectors:

Amid lingering global headwinds and economic uncertainty, finance minister Nirmala Sitharaman continued to prioritize growth over fiscal consolidation for the second straight year, sharply expanding capital and infrastructure spending in the Union Budget for the year.

OIL & GAS SECTOR

■ PROPOSALS:

- ▶ The budget has proposed an increase in capex outlay by 35.4%, expansion of national highways network by 15% and addition of 25,000 km of roads
- ▶ development of four multi-modal logistics parks in the coming year
- ▶ focus on electric vehicle (EV) charging infra and a new battery swapping policy
- ▶ It also proposed a gradual reduction in customs duty to 7.5% for all project capital goods imports and allocation of ₹19,500 crore for production-linked incentive (PLI) scheme for manufacturing of polysilicon solar modules.

■ IMPACT:

- ▶ A better infrastructure connectivity will provide significant impetus on oil and gas projects, with refineries being set up in the south India, and pipelines and city gas projects across the country.
- ▶ New highways and EV and battery swapping push will provide a great avenue for retail growth for oil marketing companies to increase retail outlets and offerings to customers.
- ▶ Differential duty on unblended fuel to incentivize bio-fuel blending will be a boost to oil and gas companies which are already transitioning to new energy areas.

CONSUMER DURABLES

■ PROPOSALS:

- ▶ To boost consumption and empower the rural economy, the finance minister has announced several measures such as
- ▶ support for millet production,
- ▶ reduced dependence on imported oilseeds,
- ▶ finance start-ups for agriculture and rural enterprise pertinent to the farm produce value chain.
- ▶ Customs exemptions on implements and tools for the farm sector have also been rationalized to boost domestic manufacturing.

■ IMPACT:

- The government's impetus on PM Gatishakti plan to build world class infrastructure and logistics is likely to give boost to the consumer sector supply chain over a longer term.
- Further, custom duty rates have been rationalized on parts of mobile phones (including camera modules), wearables/ hearables devices, loudspeakers, etc. to facilitate domestic electronics manufacturing.
- To incentivize exports, exemptions have been provided on items relevant to textiles sector.
- All these are likely to act as a catalyst for improving the conditions of lower income consumers, thereby leading to a steady acceleration in the consumption and demand for FMCG sector products.

BANKING SECTOR

■ PROPOSALS:

- The government has proposed to introduce a digital rupee—using blockchain and other technologies—issued by the Reserve Bank of India (RBI) starting 2022-23 for more efficient and cheaper currency management system.
- Further, to help micro, small and medium enterprises (MSMEs) impacted by the pandemic, the credit guarantee fund trust for micro and small enterprises (CGTMSE) will be revamped with additional credit of ₹2 trillion and thereby expand employment opportunities.
- Post office accounts will be brought under the coverage of core banking.

■ IMPACT:

- The budget proposals are aimed at boosting credit growth of both banks and non-banking financial companies (NBFCs), with schemes announced across various sectors including affordable housing, transportation and logistics, and electric vehicles (EVs), etc.
- With 1.5 lakh post offices coming under core banking, more than 35 crore post office deposit accounts will come into the mainline banking and payments system.
- The proposal for 75 digital banking units in 75 districts is a small step but a definite push towards digital banking. 'Digital Rupee' is another step towards the government's adoption of digital as means of transaction banking.

AUTOMOBILE SECTOR

■ PROPOSALS:

- The finance minister has announced a new battery swap policy to encourage electric vehicle (EV) adoption.
- The government also proposed to open up defence research and development (R&D) to private players for auto component development.

■ IMPACT:

- A policy for battery swapping will aid in reducing the upfront ownership cost of EVs, thereby driving customer preference towards such vehicles.

- ▶ This policy is also expected to encourage private sector to develop sustainable and innovative business models for 'Battery or Energy as a Service'.
- ▶ Further, interoperability standards will build efficiency in operation of charging infrastructure for EVs.
- ▶ These changes, along with recently announced production linked incentives (PLI) for EVs, would give the necessary fillip to EV revolution in India.

DEFENCE SECTOR

■ PROPOSALS:

- ▶ The budget has proposed the highest ever allocation for the defence sector at ₹ 5.25 trillion for FY 2022-23, with a significant increase of about 10% from last year.

■ IMPACT:

- ▶ The proposals will go a long way in modernizing the Indian armed forces further, while ensuring the current government's commitment to reduce dependence on import of defence equipment.
- ▶ Another notable update in the area of defence is the opening up of defence research and development (R&D) for industry, startups and academia by earmarking 25% of defence R&D budget for them.
- ▶ This is a positive move which will help to leverage the capabilities of the private industry in defence research.

HEALTHCARE AND PHARMA SECTOR

■ PROPOSALS:

- ▶ The government has made a path breaking move with the introduction of Ayushman Bharat Digital Mission in Budget 2022.
- ▶ However, there has been no policy amendments to facilitate private participation to provide an impetus in strengthening the overall healthcare infrastructure and accessibility to healthcare services.
- ▶ The government will launch a national tele-mental health program to provide 24x7 free counselling and care to people.

■ IMPACT:

- ▶ The government has extended the benefit of concessional tax regime for manufacturing companies.
- ▶ The government has also considered pharmaceutical sector as one of the sunrise opportunity sectors that will benefit from future supportive policies, among other things.
- ▶ The government, however, did not consider the long-standing demand/expectation of industry to incentivize research and development needed to enable India to move from being an incremental innovator to becoming a global player in innovative drugs.

START UP SECTOR

■ PROPOSALS:

- The existing tax benefits for start-ups has been extended by one more year till 31 March 2023.
- Also, a fund, raised under the co-investment model, will be facilitated through NABARD to finance start-ups for agriculture and rural enterprise relevant for the farm produce value chain.
- Start-ups will be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS).

■ IMPACT:

- Budget 2022 was high on the development and inclusiveness agenda of the government, with significant allocations on infrastructure, healthcare, education, fin-tech, agriculture, etc.
- Similarly, policies aimed at the faster adoption of electric vehicles and a committee set up for promoting private equity/venture capital ecosystem would be beneficial in the longer term.

REAL ESTATE SECTOR

■ PROPOSALS:

- Affordable housing was clearly in focus, with the finance minister announcing the allocation of ₹48,000 crore under the Pradhan Mantri Awas Yojana. Around 8 million houses are expected to be completed by 2023 across the country.

■ IMPACT:

- The allocation to the PM Awas Yojana and the credit guarantee for the hospitality sector are all welcome measures.
- The proposal to replace the Special Economic Zone (SEZ) Act with a legislation that would permit states to partner in creating enterprise and service hubs and the push for digitization of land records are also laudable.
- The budget has also proposed the rationalization of tax withholding provisions relating to purchase or rental of properties and including units of Real Estate Investment Trusts (REITs) within the dividend provisions.

METAL & MINING

PROPOSALS:

- The budget has proposed an increase in outlay for capital expenditure.
- It also proposed the setting up of four pilot projects for coal gasification and conversion of coal into chemicals.
- By continuing the exemption on customs duty for steel scrap for a year, the government has been successful in pushing a larger problem a day beyond and providing temporal relief.

■ IMPACT:

- The increase in outlay for capital expenditure may provide the much-needed impetus to mining and metals (M&M) industry which forms the backbone around which blueprints for capital expenditure are drawn up.

- ▶ The pilot projects for coal gasification and conversion of coal into chemicals will boost the transition to a carbon neutral economy.
- ▶ A slew of measures has also been announced from indirect tax perspective such as extension of customs duty exemption on import of steel scrap by another year (up to 31 March 2023) and revocation of anti-dumping and countervailing duty on specified steel products.

RETAIL SECTOR

■ PROPOSALS:

- ▶ Though there was no specific proposal for this sector, the thrust on employment, infrastructure and financial inclusion is expected to boost consumption over the medium term.
- ▶ The 1.5 lakh post offices into the core banking system is a positive particularly for rural India and a higher minimum support price (MSP) allocation will drive consumption of fast-moving consumer goods (FMCG) products in the hinterland.

■ IMPACT:

- ▶ With an estimated gross domestic product (GDP) growth of over 9%, and the initiatives in the budget, consumer goods companies could expect an increase in consumption over the short to medium term driven by the thrust on investment, employment, and financial inclusion.

GREEN ENERGY

■ PROPOSALS:

- ▶ The government will launch sovereign bonds and increase the funding for solar equipment.
- ▶ It will also install 500 gigawatts(GW) of non-fossil capacity by 2030,
- ▶ Reduction in emission intensity of GDP by 45% over 2005 levels,
- ▶ Source 50% of the electricity from non-fossil by 2030 and
- ▶ Reduction in carbon emission by 1 billion tonnes till 2030 and
- ▶ Achieving net-zero by 2070.

■ IMPACT:

- ▶ The budget is inclusive and focused on sustainable development of a climate-adaptive and resilient Indian economy.
- ▶ It supports the development of sunrise business areas and reduction of carbon intensity by supporting the emergence of technology and innovative financing ecosystems.
- ▶ It has a clear direction around stimulating a circular economy by developing a policy and regulatory framework, and facilitating innovation.

TEXTILE SECTOR

■ PROPOSALS:

- ▶ The custom duty exemptions announced on items such as embellishment, trimming, buttons, zipper, lining material, and packaging boxes would benefit apparel exporters.

- ▶ The extension of emergency credit guarantee scheme for micro, small and medium enterprises (MSMEs) for one more year and increasing the guarantee by ₹50,000 crore.

■ **IMPACT:**

- ▶ The abolishing of concessional duties on imported capital goods, especially for fabric manufacturing and processing will increase the capital cost of new projects till such machineries are manufactured in India.
- ▶ While phasing out of customs duty exemption on fabrics will support the growth of domestic textiles manufacturing in the long run, it is expected to adversely impact the competitiveness of apparel exporters in the short run.
- ▶ The extension of emergency credit guarantee scheme for MSMEs for one more year and increasing the guarantee by ₹50,000 crore is also expected to benefit over 50 lakh MSME units in textile and apparel sector.

PETROCHEMICAL SECTOR

■ **PROPOSALS:**

- ▶ Reduction of customs duty on certain critical chemicals namely, methanol, acetic acid and heavy feed stocks for petroleum refining, while increasing the duty on sodium cyanide.
- ▶ To promote blending of fuel, the government proposes to charge an additional differential excise duty of ₹2 per litre from 1 October 2022 on unblended fuel.

■ **IMPACT:**

- ▶ The changes in the customs duty of petrochemical and petroleum feedstocks used by domestic manufacturers result in reduced cost of inputs and correction of the inverted duty structure.
- ▶ Setting up of pilot projects for coal gasification and conversion of coal into chemicals are important, primarily to reduce dependence on methanol and acetic acid, which top the list of imported chemicals in terms of volume.
- ▶ The lack of availability of cheap natural gas, guarded nature of technology and stiff competition from the Middle East and China are the major barriers to methanol and acetic acid production.

TELECOM SECTOR

■ **PROPOSALS:**

- ▶ Spectrum auctions will be conducted to roll out 5G services and a scheme for design-led manufacturing in 5G will be launched.
- ▶ The national capital will also launch a scheme for design-led manufacturing to boost 5G.
- ▶ To enable affordable broadband and mobile service proliferation in rural and remote areas, 5% of annual collections under the universal service obligation (USO) fund will be allocated.

■ **IMPACT:**

- ▶ Auctions for 5G spectrum and roll-out will happen in the fiscal year 2022-23. The roll-out across the country will also happen much faster than other previous generation roll-outs with the completion of fibre network in all villages by 2025 .

- ▶ Focus on digital education including digital universities will further push the need for high-speed broadband.
- ▶ While the details of the production linked incentive (PLI) for design-led manufacturing in the 5G space are awaited, it could be broadened beyond manufacturers to the telecommunication service providers (TSPs) and telecom infrastructure players.
- ▶ A 5% allocation towards research and development and commercialization of the technology could help some of the indigenous niche players building up technologies around O-RAN and private networks.

INFRASTRUCTURE SECTOR

■ PROPOSALS:

- ▶ The PM Gati Shakti National Master Plan announced with an aim to making logistics connectivity seamless.
- ▶ The national highways network will be expanded by 25,000 km, with an outlay of ₹20,000 crores via financing.
- ▶ A scheme for expressways will be formulated to facilitate faster movement of people and goods.
- ▶ Railways will develop new products and logistics services for small farmers, and small and medium enterprises.

■ IMPACT:

- ▶ The Gati Shakti initiative highlights the importance of quality multi-modal transport in achieving overall cost competitiveness.
- ▶ With global studies pegging India's average logistics costs at around 14% of GDP as against 8-9% for advanced economies, this is clearly a factor which needs to be addressed for attracting quality anchor investors across sectors.
- ▶ Infrastructure financing has also been mainstreamed, with particular focus on environment and sustainability, as evident from the announcement around green bonds, focus of National Infrastructure and Investment Fund (NIIF) and National Small Industries Corporation (NSIC) Fund of funds on the renewables sector, etc.

River Inter-linking project

- ▶ Budget 2022-23 allocated Rs. 1,400 crore to Ken-Betwa river interlinking project.
- ▶ Both rivers are tributaries of Yamuna.
- ▶ Aim of the project is to transfer surplus water from Ken to Betwa.
- ▶ Benefits of project-
 - Irrigation
 - Drinking water
 - Power generation
- ▶ Bundelkhand region of Uttar Pradesh and Madhya Pradesh would benefit from the project.

- ▶ Work of Project is expected to be completed in 8 years.
- ▶ Environmentalists are concerned that this river linking project would submerge core area part of area of Panna Tiger Reserve in Madhya Pradesh.
- ▶ Other River linking projects announced by Finance Minister in 2022-23 Budget-
 - Damanganga-Pinjal
 - Par-Tapi-Narmada
 - Godavari-Krishna
 - Pennar-Cauvery

MSME SECTOR

- Allocation to MSME sector in Budget 2022-21 went up to Rs.21,422 crore, which is 26.71% more than what it had received in budget 2021-22.
- Emergency Credit Line Guarantee Scheme (ECLGS) extended to March 2023. The guaranteed cover under the scheme has also been extended by an additional Rs 50,000 crore. The aim of this scheme was to provide assistance to COVID hit MSMEs. To provide **fully guaranteed and collateral free additional credit** to MSMEs, business enterprises, **MUDRA borrowers** and individual loans for business purposes.
- Total outlay for all the schemes and projects for the Development of Khadi, Village and Coir Industries in this budget stands at Rs.1,168 crore.
- Notable reduction has been seen in Technology Upgradation and Quality Certification Scheme. Funds allotted to this scheme have been slashed by about 75%. The basic objectives of the scheme include inculcating **Zero Defect & Zero Effect** practices in manufacturing processes, ensure continuous improvement and supporting the Make in India initiative.
- Amounts received by Interest Subvention Scheme for Incremental Credit and the Distressed Assets Fund both received massive cuts.

CAPITAL GOODS

■ PROPOSALS:

- ▶ The government is planning a gradual phase out of concessional tariff rates offered for capital goods and project imports.
- ▶ The Budget 2022-23 has proposed a 7.5% tariff on all such products and services. Exemptions are being introduced on inputs, like specialized castings, ball screw and linear motion guide, to encourage domestic manufacturing of capital goods.

■ IMPACT:

- ▶ The production linked incentive (PLI) schemes and other government measures have augmented investments in various sectors like food, textile, electronics, chemicals, etc. However, the dependency on import of capital goods still continues.
- ▶ Increase in customs duty on capital goods in these sectors would mean that such investments would be dearer and thereby also affect cash flows and profitability.

IT SECTOR

■ PROPOSALS:

- ▶ Blockchain-enabled digital currency will be issued by the Reserve Bank of India starting 2022-23. The government is promoting digital economy, digital health eco-system and e-passport, amongst others to drive India's growth.

■ IMPACT:

- ▶ Nearly every sector is expected to receive digital impetus driving further growth in technology and related sectors.
- ▶ The number of digital initiatives planned (digital currency, PM Gati Shakti, e-passport, Kisan drone, etc) are not incremental but transformational and will require a build-up of a complete IT ecosystem.
- ▶ Many of these proposals will have significant downstream opportunities for software, hardware, and services companies.
- ▶ The government plans to make financial services available to everyone with planned connectivity of 1.5 lakh post offices to core banking systems. Digitalization of financial services will not only reduce the cost of services but will also make it available to a larger base.

AGRICULTURE & ALLIED SERVICES

■ PROPOSALS:

- ▶ The government will promote the use of 'Kisan Drones' for crop assessment along with chemical-free farming.
- ▶ NABARD will finance start-ups for agriculture and rural enterprises and these start-ups will include inter-area support for farmer-producer organizations, machineries for farmers on a rental basis at the farm level.

■ IMPACT:

- ▶ On agriculture, some new age reforms like delivery of digital and hi-tech services to farmers in PPP mode, use of Kisan drones to aid farmers have been announced.
- ▶ Similarly, proposal on steps for promotion of chemical-free natural farming, updating the syllabus of agricultural universities to meet the needs of natural, organic farming, modern-day agriculture has been made.
- ▶ To increase domestic production of oilseeds and reduce dependence on imports, proposal to implement a rationalized and comprehensive scheme has been made.

■ Agriculture Education and Research

- ▶ Allocation of funds to Agriculture education and research reduced in Union Budget 2022-23.
- ▶ Budget has provisioned Rs 8,513 crore to the Department of Agricultural Research and Education.
- ▶ Largest allocation from the above amount has been made to Indian Council of Agricultural Research.
- ▶ Budget for Crop Sciences has been reduced by 14.35%.
- ▶ Budget also saw cut in financial resources to animal sciences and Management of Natural Resources by 14.25% and 17% respectively.

SOCIAL SECTOR

Nutrition for Women and Children

- ▶ Pradhan Mantri Poshan Shakti Nirmal Programme (PM POSHAN) has received Rs. 10,234 crore in Budget 2022-23. This scheme focuses on providing cooked meals to school children between the ages of 6 and 14.
- ▶ Saksham Anganwadi and POSHAN 2.0 Scheme was allocated Rs. 20,263 crore. This is an Umbrella for Integrated Child Development Schemes which includes Poshan Abhiyan, Scheme for Adolescent Girls, Anganwadi Services and National Creche Scheme. The aim of the scheme is to strengthen nutritional content, delivery, outreach and outcome, with renewed focus on developing practices that nurture health, wellness and immunity to disease and malnutrition in the country.
- ▶ Pradhan Mantri Matri Vandana Yojana also saw increase in the budget allocation. This scheme ensures good food to pregnant and lactating women.

PRACTICE QUESTIONS

- Q1: Financing fight against Climate Change is a costly exercise. “Green bonds” offers a solution to innovative financing in meeting climate goals and achieve “net zero”. Analyse.
- Q2: The government’s intension to keep fiscal deficit at 6.4% as announced in Union Budget, 2022 will lead to crowding of credit for private investments and rise in interest rates. Critically analyse.
- Q3: ”A virtuous cycle can happen only with the government leading the way”, the idea of public Investment led growth strategy in times of high retail inflation may not yield to real growth. Discuss.
- Q4: Though a variety of models exist for E-Mobility, battery swapping provides a way out to usher in E-Mobility revolution in India. Examine.
- Q5: What do you understand by “Digital Currency”? Is crypto currency in present forms truly digital currencies or merely digital assets? Elaborate.
- Q6: The proposal to setup a Digital University based on “Hub and Spoke” model can revolutionise the education sector. Elaborate the model and analyse the impact of such university.
- Q7: The newly announced “National Tele-Mental Health Programme” in Buget-2022 can go a long way in addressing mental health related issues. Discuss the programme in light of National health Policy 2017, telemedicine ecosystem.
- Q8: The proposal for 75 digital banking units in 75 districts is a small step but a definite push towards digital banking. Analyse the spread and potential of Digital Banking for rural India.
- Q9: A “design-led manufacturing scheme” for building an ecosystem for 5G will give boost to the vision of Aatmnirbhar Bharat. Elucidate.
- Q10: “Blockchain-enabled digital currency will lead to more efficient and cheaper currency management system”. Analyse.

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- ☑ Ethics Test Series
- ☑ Optional Test Series
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 - Geography
 - History
 - Public Administration
 - Anthropology

TOP 100
ALL INDIA RANKING
CSE 2020

8	9	12	13	14	16	17	19	20
24	26	28	30	31	36	38	41	50
51	52	55	56	58	59	67	68	70
71	73	74	76	78	83	84	85	86
89	93	98	99	100				

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TOP 100
ALL INDIA RANKING
CSE 2019

3	6	10	11	16	17	21	22	28
30	33	38	39	42	44	46	53	54
59	66	69	70	72	77	78	80	82
84	86	87	94	97	98			

TOP 100
ALL INDIA RANKING
CSE 2018

2	3	5	7	27	36	37	40	44
49	51	52	56	58	62	74	81	89
92	94	98	100					

TOP 100
ALL INDIA RANKING
CSE 2017

3	10	19	31	33	35	40	41	44
45	48	54	57	63	64	68	71	75
77	80	83	93	97	100			