

Union Budget 2022 - 23 Complete Highlights

1. **Union Budget 2022-23** - Minister for Finance and Corporate Affairs Nirmala Sitharaman Presented Union Budget 2022-23 in Parliament, as her 4th Union Budget and 3rd Full Budget of elected NDA Government forming 17th Lok Sabha, led by PM Narendra Modi.

1. Key Highlights -

1. **Expenditure** -

- Government estimates to spend **39,44,909 Crores** during 2022-23, which is approx 4.6 % more than revised estimates of 2021-22.
- As per revised estimates, government spent **37.7 Lakh Crores** in 2021-22, which was 8.2 % higher than budget estimate.
- Out of total expenditure, revenue expenditure is estimated to be 31,94,663 crores (.08 % increase) and capital expenditure (Capital Outlay + Loans / Advances) is estimated to be 7,50,246 crores (24.5 % growth).

2. **Receipts** -


1. Receipts (other than net borrowings), expected to increase by 4.8 % to 22,83,713 crores (**Net tax revenue + Non Tax Revenue + Capital Receipts**).
2. Borrowings are estimated at Rs 16,61,196 crores (Total Expenditure - Total Receipts). Borrowings are estimated to see increase of 4.4% over the revised estimate of 2021-22.
3. Total Receipts of Government projected to be **39,44,909 Crores** . Break up is - **Net tax revenue + Non Tax Revenue + Capital Receipts + Borrowings**.

1. **Net Tax Revenue** -


- **Gross tax revenue** is budgeted to increase by 9.6 % over revised estimates of 2021-22, to 27,57,820 Crores.
- Of which -

Name	Amount	Hike from previous year
Corporation Tax	720000	13.4 %
Taxes on Income	700000	13.8 %
Goods and Services Tax	780000	15.6 %
Customs	213000	12.7%
Union Excise Duties	335000	-15 %
Service Tax	2000	100%
Total	2757820	9.6 %

- **Net tax revenue** (19,34,771) = Gross tax revenue (**27,57,820**) - Devolution to States (**8,16,649**) - NCCD transferred to the National Calamity Contingency Fund/National Disaster Response Fund (**6400**)
- Devolution to states to be 9.6 % more than year before.

2. **Non Tax Revenue** - 2,69,651 crores (14.1 % ). It includes Interest Receipts + Dividend and Profits + Other Non-Tax Revenue.

3. **Capital Receipts** - **79291** (20.7% ), of which - Disinvestment will be **65000** crores (16.7 % ) and Rest as loan recoveries.

4. **Borrowings** - 16,61,196 (4.4% ).

4. Therefore, Total Receipts of Government (**39,44,909** crores) - **Net tax revenue** (19,34,771) + **Non Tax Revenue** (2,69,651) + **Capital Receipts** (79,291) + **Borrowings** (16,61,196)

3. **Tax Collections** -

- **Total Indirect Taxes** - 13,30,000 Crores = GST (7,80,000) + Customs (2,13,000) + Excise Duties (3,35,000) + Service Tax (2000). It is hike of 5.6 % as compared to revised estimates last year (11,59,000).
 - **Total Direct Taxes - Corporation tax** (720000) + **Income Tax** (700000). Corporate tax anticipates 13.4% hike in 2022-23 and income tax are expected to increase by 13.8 % in 2022-23.
4. Central government will **transfer** 16,11,781 crores to states / UTs, seeing marginal increase of 0.5% over revised estimates of 2021-22
5. **Nominal GDP** is estimated to grow at a rate of 11.1 % in 2022-23. In Budget 2021-22, GDP was estimated to grow at 14.4%, which was revised to 8.9 %.

6. Deficits -

1. **Revenue Deficit** (Called राजस्व घाटा in Hindi, Revenue deficit occurs when net revenue generated by government are less than projected net income) -

1. Revenue deficit is targeted at 3.8 % of GDP in 2022-23.
2. Revenue deficit = Revenue Expenditure (31,94,663) - Revenue Receipts (22,04,422) = 9,90,241 (3.8 % of GDP)
3. In Revised estimates of FY 2021-22, Revenue deficit turned out to be 4.7 % of GDP.

2. **Fiscal Deficit** (Called राजकोषीय घाटा in Hindi, It is Difference between Government's Revenue and Expenditure) -

1. Fiscal deficit is targeted at 6.4% of GDP in 2022-23.
2. Fiscal deficit = Total Expenditure (39,44,909) - Total Receipts (22,83,713) = 16,61,196 (6.4 % of GDP). This deficit is filled up as Borrowings.
3. In FY 2021-22 revised estimates, Fiscal deficit turned out to be 6.9 % of GDP.

3. **Primary Deficit** (Called प्राथमिक घाटा in Hindi, It is a Part of Fiscal Deficit and is obtained by deducting Interest Payments from Fiscal Deficit) -

1. Target for primary deficit (which is fiscal deficit excluding interest payments) is 2.8% of GDP.
2. In FY 2021-22 Revised estimates, primary deficit turned out to be 3.3 % of GDP.

4. Notably, In its report for 2021-26, 15th Finance Commission (Headed by N K Singh) has suggested a path for fiscal consolidation for centre by reducing fiscal deficit to 4% of GDP, and outstanding liabilities to 56.6% by 2025-26.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Fiscal Deficit	7.4%	6.0%	5.5%	5.0%	4.5%	4.0%
Revenue Deficit	5.9%	4.9%	4.5%	3.9%	3.3%	2.8%
Outstanding liabilities	61.0%		61.0%	60.1%	58.6%	56.6%

7. Fiscal Responsibility and Budget Management targets -

- Fiscal Responsibility and Budget Management (FRBM) Act 2003 requires government to progressively reduce its outstanding debt, revenue deficit and fiscal deficit.
- Central government gives three year rolling targets for these indicators when it presents Union Budget each year. Note that Medium Term Fiscal Policy Statement in both 2021-22 and 2022-23 did not provide rolling targets for budget deficits.
- In Budget 2022-23, government announced that it aims to reduce fiscal deficit to below 4.5% of GDP by 2025-26.
- **Deficits (as % of GDP) -**

	Actuals 2020-21	Revised 2021-22	Budgeted 2022-23
Fiscal Deficit	9.2%	6.9%	6.4%
Revenue Deficit	7.3%	4.7%	3.8%
Primary Deficit	5.8%	3.3%	2.8%

8. Outstanding Liabilities -

- This is estimated to decrease marginally to 60% of GDP in 2022-23, from 61 % of GDP in 2020-21.
- Outstanding liabilities is the accumulation of borrowings over the years.
- Also, interest payments as a percentage of revenue receipts have increased from 36% in 2011-12 to 42% in 2020-21. As per budget estimates, this is expected to increase further to 43% in 2022-23.

9. Disinvestment -

1. Government decreased disinvestment target in 2022-23 to INR 65000, (down from revised target of 78000 crores last year). Last year, in 2021-22, disinvestment target was 175000 crores, later revised to 78000.

10. Subsidies -

1. In 2022-23, expenditure on subsidies is estimated to be Rs 3,55,639 crores, a decrease of 27.1% from the revised estimate of 2021-22. Stats -

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022-23)
Food subsidy	5,41,330	2,42,836	2,86,469	2,06,831	-27.8%
Fertiliser subsidy	1,27,922	79,530	1,40,122	1,05,222	-24.9%
Petroleum subsidy	38,455	14,073	6,517	5,813	-10.8%
Other subsidies	50,459	33,460	54,763	37,773	-31.0%
Total	7,58,165	3,69,899	4,87,872	3,55,639	-27.1%

11. Allocations for women, children, SCs, STs and NER (Rs crores) -

	Actuals 2020-21	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022-23)
Welfare of Women	1,52,099	1,66,183	1,71,006	2.9%
Welfare of Children	77,482	80,003	92,737	15.9%
Scheduled Castes	71,811	1,39,956	1,42,342	1.7%
Scheduled Tribes	49,433	87,473	89,265	2.0%
North Eastern Region (NER)	-	68,440	76,040	11.1%

12. Expenditure on Major Schemes -

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022-23)
MGNREGS	1,11,170	73,000	98,000	73,000	-25.5%
PM-KISAN	60,990	65,000	67,500	68,000	0.7%
Jal Jeevan Mission/National Rural Drinking Water Mission	10,998	50,011	45,011	60,000	33.3%
Pradhan Mantri Awas Yojana	40,260	27,500	47,390	48,000	1.3%
National Education Mission	28,088	34,300	30,796	39,553	28.4%
National Health Mission	37,478	37,130	34,947	37,800	8.2%
Saksham Anganwadi and POSHAN 2.0*	-	20,105	20,000	20,263	1.3%
Modified Interest Subvention Scheme*	-	-	-	19,500	-
Pradhan Mantri Gram Sadak Yojana	13,688	15,000	14,000	19,000	35.7%
Pradhan Mantri Fasal Bima Yojana	14,161	16,000	15,989	15,500	-3.1%
National Livelihood Mission-Ajeevika	10,025	14,473	12,505	14,236	13.8%
AMRUT and Smart Cities Mission	9,754	13,750	13,900	14,100	1.4%
Pradhan Mantri Krishi Sinchai Yojana	7,877	11,588	12,706	12,954	2.0%
Rashtriya Krishi Vikas Yojana	-	-	-	10,433	-
PM-POSHAN	-	-	-	10,234	-

* For More, see **Allocations for Centrally sponsored schemes in Budget 2022-23**

13. Expenditures by Ministeries -

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022- 23)
1. Defence	4,85,681	4,78,196	5,02,884	5,25,166	4.4%
Consumer Affairs, Food and Public Distribution	5,66,797	2,56,948	3,04,454	2,17,684	-28.5%
Road Transport and Highways	99,159	1,18,101	1,31,149	1,99,108	51.8%
Home Affairs	1,44,258	1,66,547	1,73,083	1,85,776	7.3%
Railways	1,12,159	1,10,055	1,20,056	1,40,367	16.9%
Rural Development	1,97,593	1,33,690	1,55,043	1,38,204	-10.9%
Agriculture and Farmers' Welfare	1,15,827	1,31,531	1,26,808	1,32,514	4.5%
Chemicals and Fertilisers	1,29,510	80,715	1,41,735	1,07,715	-24.0%
Communications	60,903	75,265	54,517	1,05,407	93.3%
Education	84,219	93,224	88,002	1,04,278	18.5%
Health and Family Welfare	80,694	73,932	86,001	86,201	0.2%
Jal Shakti	23,199	69,053	69,046	86,189	24.8%
Housing and Urban Affairs	46,701	54,581	73,850	76,549	3.7%
Other Ministries	13,63,136	16,41,398	17,43,372	18,39,751	5.5%
Total Expenditure	35,09,836	34,83,236	37,70,000	39,44,909	4.6%

2. Notably -

- Allocation to Ministry of Communications is estimated to increase by Rs 50,890 crore (93%) in 2022-23, over revised estimate of 2021-22. This is mainly on account of capital infusion of Rs 44,720 crore in BSNL.
- Allocation to Ministry of Road Transport and Highways is estimated to increase by Rs 67,959 crore (52%) in 2022-23, over revised estimate of 2021-22. This is mainly on account of an increase in investment in National Highway Authority of India (Rs 1,34,015 crore in 2022-23 as compared to Rs 65,060 crore in 2021-22).
- In 2021-22, transfer to states as support for COVID-19 vaccines was 39000 crore, higher than budget estimate of 35000 crore. Allocation for 2022-23 is 5000 crores.
- Allocation towards Ministries of Consumer Affairs, Food and Public Distribution, and Chemicals and Fertilisers have decreased mainly on account of a reduction in food subsidy and fertiliser subsidy, respectively.
- 68% of capital procurement budget earmarked for domestic industry in 2022-23, up from 58% in 2021-22.

14. Rupee Earned by Government -

1. Borrowings & Other Liabilities - 35
2. Corporate Tax - 15
3. Goods and Service Tax - 16
4. Income-Tax - 15
5. Non-Tax Revenue - 5
6. Union Excise Duties - 7
7. Non-Debt Capital Receipts - 2
8. Customs - 5

15. Rupee Spent By Government -

1. States' share of taxes & duties - 17
2. Interest Payments - 20
3. Central Sector Scheme - 15
4. Finance Commission & Other Transfers - 10
5. Other Expenditure - 9
6. Centrally Sponsored Scheme - 9
7. Defence - 8

8. Subsidies - 8

9. Pension - 4

16. Tax Proposals in Finance Bill -

1. **Income tax:** no change in income tax rates for individuals and corporations.
2. Payment of annuity and lump sum amount from insurance scheme to be allowed to differently abled dependent during the lifetime of parents/guardians, i.e., on parents/ guardian attaining the age of 60 years.
3. **Surcharge on Long Term Capital Gains (LTCG):** Currently, surcharge on LTCG on listed equities and equity mutual funds is capped at 15%. Surcharge on other LTCG is 25% if total income is between 2 - 5 crore, and 37% if it is above Rs 5 crore. Budget proposes to cap these at 15%.
4. **Tax on virtual digital assets:** Income from transfer of cryptocurrencies and non-fungible tokens will be taxed at the rate of 30%. Any loss incurred from such transfers cannot be set off against any other income or carried forward to subsequent years.
5. **Updating return of income -** Taxpayers will be permitted to file an updated return of income within two years of assessment year. They will have to pay 25% penalty on tax and interest due if it is filed in the year after the assessment year, and 50% penalty in the second year.
6. **Co-operatives:** Alternate minimum tax for co-operatives will be reduced from 18.5% to 15%. Surcharge will be reduced from 12% to 7% for co-operatives whose total income is between one crore and ten crore rupees.
7. More than 350 exemption entries proposed to be gradually phased out, like exemption on certain agricultural produce, chemicals, fabrics, medical devices, & drugs and medicines for which sufficient domestic capacity exists. Apply moderate tariff of 7.5% is proposed, to push Make in India.
8. **New companies and start-ups -** New domestic companies engaged in manufacturing have an option to pay tax at 15% (without claiming any deductions) if they start manufacturing by March 31, 2023. Certain types of start-ups have an option for tax holiday for three out of first ten years if they incorporate by April 1, 2022. Both these deadlines have been extended by one year.
9. **Changes in customs duty -** Customs duties on over 500 items have been changed. Many customs exemptions are also being phased out.
10. Tax deduction limit increased from 10 to 14 % on employer's contribution to NPS account of State Government employees, Bringing them at par with central government employees.

17. Non-Tax proposals in the Finance Bill -

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

18. Policy Highlights -

1. Legislative proposals -

- Special Economic Zones Act 2005 will be replaced with a new legislation that will enable states to become partners in 'Development of Enterprise and Service Hubs', covering all existing and new industrial enclaves.
- Customs Administration of SEZs to be fully IT driven and function on the **Customs National Portal** – shall be implemented by 30th September 2022.
- Legislative changes will also be brought in to promote agro-forestry and private forestry. Amendments will be made in the Insolvency and Bankruptcy Code to facilitate cross border insolvency resolution.
- For 2022-23 States will be allowed a fiscal deficit of 4% of GSDP of which 0.5% will be tied to power sector reforms.

2. Education -

- 'One class-One TV channel' programme of PM eVIDYA to be expanded to 200 TV channels.
- Digital University for world-class quality universal education with personalised learning experience to be established.

3. **Fiscal Management:** Rs 51,971 crore has been budgeted in 2021-22 towards settling the liabilities of Air India.

4. MSMEs:

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

- Raising and Accelerating MSME performance (RAMP) programme with outlay of Rs 6000 Crore to be rolled out.

5. **Health and Nutrition**

- Under Ayushman Bharat Digital Mission, an open platform for National Digital Health Ecosystem will be established.
- It will consist of digital registries of health providers and health facilities, unique health identity, consent framework, and universal access to health facilities.
- A network of 23 tele-mental health centres of excellence will be set up, with NIMHANS being the nodal centre and International Institute of Information Technology-Bangalore (IIITB) providing technology support.

6. **River linking:**

- Ken-Betwa Link Project will be implemented at an estimated cost of Rs 44,605 crore. Five more river linking projects are being implemented.

7. **Labour and Employment -**

- Digital Ecosystem for Skilling and Livelihood (DESH) Stack e-portal will be launched. The portal will help citizens learn skills, acquire credentials, and assist in finding relevant jobs.
- Startups will be promoted to facilitate 'Drone Shakti' and for Drone-As-A-Service (DrAAS).

8. **Infrastructure -**

- 7 engines that drive PM GatiShakti are Roads, Railways, Airports, Ports, Mass Transport, Waterways and Logistics Infrastructure. Projects pertaining to these engines in National Infrastructure Pipeline will be aligned with PM GatiShakti framework.
- Prime Minister's Development Initiative for North-East (**PM-DevINE**) will be implemented through North-Eastern Council to fund development projects in the North-East region. Initial allocation of 1500 crores for enabling livelihood activities for youth and women under the scheme.
- Also, one lakh crore rupees is being allocated to states for catalysing investments, in the form of 50 year interest free loans.

9. **Roadways -**

- PM GatiShakti Master Plan for Expressways will be formulated in 2022-23.
- National Highways network will be expanded by 25,000 km in 2022-23.
- 4 Multimodal Logistics parks through PPP to be awarded in 2022-23.

10. **Railways -**

- One Station One Product concept to help local businesses & supply chains.
- 2000 Km of railway network to be brought under Kavach, the indigenous world class technology and capacity augmentation in 2022-23.
- 400 new generation Vande Bharat Trains to be manufactured during the next three years.
- 100 PM GatiShakti Cargo terminals for multimodal logistics to be developed during the next three years.

11. **Telecom -**

- Spectrum auctions will be conducted to facilitate rollout of 5G mobile services within 2022-23.
- A scheme for design-led manufacturing will be launched to build an ecosystem for 5G as part of the Production Linked Incentive (PLI) Scheme.

12. **Energy and Environment -**

- A battery swapping policy for electric vehicles will be implemented.
- Four pilot projects for coal gasification and conversion of coal into chemicals required for the industry will be set-up.
- Sovereign Green Bonds will be issued in 2022-23 for mobilising resources for green infrastructure.

13. **Social Welfare -**

- Har Ghar, Nal Se Jal: 3.8 crore households to be covered in 2022-23, with 60000 crores allocation.
- PM Awas Yojana: 80 lakh houses to be completed in 2022-23, with 48000 crores allocation.
- Aspirational Blocks Programme to be launched - For development of lagging blocks of aspirational districts
- Vibrant Villages Programme - Targeting development of villages on the Northern Border left out from the development gains.
- Digital Banking by Post Offices: 100% of post offices to come on the core banking system
- Digital Payments: Scheduled Commercial Banks to set up 75 Digital Banking Units in 75 districts

14. **Other Notable Announcements -**

- Unblended fuel to attract an additional differential **excise duty of Rs 2/ litre** from the 1st of October 2022 - to encourage blending of fuel.
- An animation, visual effects, gaming, and comic (AVGC) promotion task force to be set-up to realize the potential of this sector.
- Data Centres and Energy Storage Systems to be given infrastructure status.

- Additional allocation of Rs. 19,500 crore for Production Linked Incentive for manufacture of high efficiency solar modules to meet the goal of 280 GW of installed solar power by 2030.
- Centre for Processing Accelerated Corporate Exit (C-PACE) to be established for speedy winding-up of companies.
- Entering Amrit Kaal, the 25 year long lead up to India @100, the budget provides impetus for growth along four priorities -
 - PM GatiShakti
 - Inclusive Development
 - Productivity Enhancement & Investment, Sunrise opportunities, Energy Transition, and Climate Action
 - Financing of investments

