

Union Budget 2022 – 23

The Union Budget is the annual budget of the Indian Republic. It is presented every year in the month of February generally by the Union Finance Minister. On this page, you can read all about what a budget is, and what the Union Budget 2022-23 talks about. This is an important topic for the [UPSC exam](#).

Union Budget - Introduction

The Union Budget is also known as the Annual Financial Statement. **Article 112** of the Constitution of India lays down that it is a **statement of the estimated expenditure and receipts of the Government** for a particular year.

- The Budget keeps the account of the finances of the government for the fiscal year (from 1st April to 31st March).
- The Budget is presented on 1st February (until 2016, it was presented on the last working day of February) so that it can materialise before the commencement of the new financial year which starts on 1st April.
- In 2017, a 92-year-old tradition was broken when the railway budget was merged with the Union Budget and presented together.
- The Budget has to be passed by the [Lok Sabha](#) before it can come into effect.
- The Union Budget is divided into Revenue Budget and Capital Budget. For more on these terms, check [Union Budget - Important Economic Terms](#).
- In the Union Budget, the disbursements and receipts of the government comprise the various [types of government funds](#) in India namely, the Consolidated Fund of India, the Contingency Fund and the Public Account.
- The [Economic Survey of India](#) is released ahead of the presentation of the Budget.

Important Highlights of Budget 2022 for UPSC

The Union Budget 2022-23 seeks to complement macro-economic level growth with a focus on micro-economic level all-inclusive welfare. The budget aims to lay a strong foundation to steer the Indian economy towards Amrit Kaal for the next 25 years, from India at 75 years to India at 100.

Union Budget 2022 focusses on 4 pillars:

1. PM GatiShakti
2. Inclusive Development
3. Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action
4. Financing of Investments

Union Budget 2022-23: Top Economic Indicators

Economic Indicators	Analysis
Growth estimates	<ul style="list-style-type: none"> 9.2 percent expansion in GDP in FY22 8–8.5 percent projected GDP growth for FY23
Deficit	<ul style="list-style-type: none"> The revised Fiscal Deficit in the current year is estimated at 6.9 percent of GDP. The Fiscal Deficit in 2022-23 is estimated at 6.4 per cent of GDP.
Capital expenditure	<ul style="list-style-type: none"> The outlay for capital expenditure has been stepped up sharply by 35.4 per cent from Rs 5.54 lakh crore in the current year to Rs 7.50 lakh crore in 2022-23.
Repo rate	<ul style="list-style-type: none"> RBI kept the repo rate unchanged at 4 percent since May 2020; continues with an accommodative monetary policy stance.
FDI	<ul style="list-style-type: none"> Net FDI inflows amounted to US\$ 24.7 billion for April–November 2021, 29.5 percent lower than those for April–November 2020.
Inflation	<ul style="list-style-type: none"> CPI averaged at 5.2 percent in April–December 2021, driven primarily by food inflation and high fuel prices.
Merchandise exports	<ul style="list-style-type: none"> Merchandise exports expanded by 49.7 percent to US\$ 301.4 billion in April–December 2021, exceeding the pre-pandemic levels.

Significant Announcements under Different Sectors

Sector	Highlights
Infrastructure	<ul style="list-style-type: none"> PM Gati Shakti National Master Plan at a cost of ₹20,000 crore 5G spectrum auctions to be conducted in 2022 Scheme for design-led manufacturing for 5G will be part of the production-linked scheme To award contracts to lay optical fibre in rural areas, completion in 2025 To allocate additional 195 billion rupees for production-linked incentives towards solar equipment manufacturing
Education	<ul style="list-style-type: none"> Digital University will be established based on a networked hub model. One Class, One TV channel will be expanded from 12 to 200 TV Channels to

	provide supplementary education in all regional languages.
Health	<ul style="list-style-type: none"> National Digital Health Ecosystem to be rolled out. National Tele Mental Health program to be set up to focus on mental health. 23 tele mental health centres of excellence. Integrated benefits to women and children through Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0.
Agriculture	<ul style="list-style-type: none"> Domestic scheme introduced to reduce dependence on oilseed imports NABARD to facilitate funds with blended capital to finance startups for agriculture & rural enterprise. 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
Defense	<ul style="list-style-type: none"> Budget 2022-23 would give a push to self-reliance in defence production as part of the Atma Nirbhar Bharat initiative. The 68 per cent capital procurement budget in the sector was earmarked for domestic procurement. encourage private industry to take up the design and development of military platforms and equipment.
Finance	<ul style="list-style-type: none"> Long term capital gain surcharge to be capped at 15% Emergency credit line guarantee scheme for small and medium-sized businesses to be extended to March 2023 Public issue of Life Insurance Corporation expected shortly To amend bankruptcy code to speed up the resolution process
Railways	<ul style="list-style-type: none"> As part of the PM Gatishakti Masterplan, 2,000 kilometres of railway network will be brought under Kavach. Also, 400 new-generation Vande Bharat Trains with better energy efficiency and passenger riding experience will be developed and manufactured during the next three years.
MSMEs	<ul style="list-style-type: none"> Raising and Accelerating MSME Performance (RAMP) programme will be rolled out with a Rs 6,000 crore outlay spread over 5 years for MSMEs. The Emergency Credit Line Guarantee Scheme (ECLGS) that provided much needed additional credit to over 1.3 crore MSMEs will be extended till March

2023 with its guarantee cover expanded by Rs 50,000 crore to Rs 5 lakh crore.

Union Budget 2022-23: Top Policy Highlights

Policy	Analysis
Multimodal Connectivity	<ul style="list-style-type: none"> Enhance multimodal connectivity through the expansion of roadways by 25,000 km Inclusion of 2,000 km of rail network under indigenous technology Develop eight ropeway projects and 100 cargo terminals
International Arbitration Centre	<ul style="list-style-type: none"> International Arbitration Centre to be set up; and foreign universities permitted to operate in GIFT City.
Amendments to the Insolvency and Bankruptcy Code	<ul style="list-style-type: none"> To enhance the resolution process, including for cross-border insolvency. To establish a centre to reduce the process of voluntary winding up of companies to six months
Digital Rupee	<ul style="list-style-type: none"> Launch of digital rupee using blockchain and other technologies in FY22-23 Scheduled Commercial Banks to set up 75 digital banking units Extend the core banking system to post offices
Tax on Virtual Digital Assets	<ul style="list-style-type: none"> All virtual digital assets will be taxed at 30 per cent rate, while digital gifting will also be charged per the same rates on the receiver's end.
Committee to govern different processes	<ul style="list-style-type: none"> A committee or task force to be set up for urban planning, augmenting the Animation, Visual Effects, Gaming, and Comic sector, and reviewing the regulatory framework governing venture capital and private equity investments
5G spectrum	<ul style="list-style-type: none"> 5G spectrum auction proposed in FY22 along with the launch of a design-led manufacturing scheme (as part of the PLI scheme); Contracts to be awarded for laying optical fibre in remote areas through Public-Private Partnership
Data centres	<ul style="list-style-type: none"> Infrastructure status accorded to data centres and energy storage systems to facilitate credit availability

Green Bonds	<ul style="list-style-type: none"> • Issuance of sovereign green bonds which will help reduce carbon intensity • Set-up of government-backed funds for climate action, tech-based and agricultural initiatives
Battery swapping policy	<ul style="list-style-type: none"> • Battery swapping policy and interoperability standards to be formulated • Additional INR 195 billion to be allocated to PLI for manufacturing solar PV modules
Emergency Credit Line Guarantee Scheme for MSMEs	<ul style="list-style-type: none"> • The Emergency Credit Line Guarantee Scheme for MSMEs extended up to March 2023 with an additional guarantee cover of INR 500 billion for hospitality and related enterprises
Special Economic Zone Act	<ul style="list-style-type: none"> • Special Economic Zone Act to be replaced with new legislation to enable the States' partnership in the development of enterprise and service hubs, optimally utilise the available infrastructure, and enhance export competitiveness
PLI scheme	<ul style="list-style-type: none"> • Production Linked Incentive (PLI) Scheme of the Centre has the potential to create 60 lakh new jobs during the next five years. • A scheme for design-led manufacturing will be launched to build a strong ecosystem for 5G as part of the PLI scheme. • For facilitating domestic manufacturing, an additional allocation of Rs 19,500 crore for PLI scheme for manufacturing of high efficiency (solar) modules.
Empowerment of women	<ul style="list-style-type: none"> • Schemes such as Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0. • Allocation of Rs 60,000 crore will be made under 'Har Ghar Nal Se Jal' scheme to cover 3.8 crore households in 2022-23.
PM GatiShakti	<ul style="list-style-type: none"> • PM GatiShakti National Master Plan will encompass the seven engines for economic transformation, seamless multimodal connectivity and logistics efficiency. <ul style="list-style-type: none"> ◦ The seven engines include roads, railways, airports, ports, mass transport, waterways, and logistics infrastructure. • To facilitate better movement of people and goods, The National Highways Network will be expanded by 25,000 km in FY23

	<ul style="list-style-type: none"> • 400 new gen Vande Bharat trains to be manufactured in the next 3 years • Railways will develop new products and logistic services for small farmers and MSMEs • ‘One Station- One Product’ concept will be promoted to help local businesses and supply chains built on a hub and spoke model • 2,000 km of network to be brought under a new scheme, Kavach – for safety and capacity augmentation
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Union Budget 2022-23: Top Tax Highlights

Factor	Analysis
Income tax	<ul style="list-style-type: none"> • No change to corporate or personal income tax rates
Revised Income Tax return policy	<ul style="list-style-type: none"> • Taxpayers now have a two-year window to correct errors and file a revised income tax return for the relevant assessment year
Tax holiday	<ul style="list-style-type: none"> • Tax holiday extended for start-ups incorporated up to 31 March 2023 and for new manufacturing companies commencing operations by 31 March 2024
surcharge or cess	<ul style="list-style-type: none"> • Retrospective amendment to deny the deduction of any surcharge or cess paid on income and profits
Virtual digital assets (VDA):	<ul style="list-style-type: none"> • Gains taxed at 30 percent; deduction allowed only for the cost of acquisition; • Benefit of set-off and carry forward of losses not available; • Deemed gift tax provisions to apply; tax deduction at source (TDS) at 1 percent introduced.
International Financial Services Centre (IFSC)	<ul style="list-style-type: none"> • Income-tax exemption expanded to, inter alia, specified income of non-resident from lease of a ship to IFSC units; • Income of a nonresident from the transfer of specified derivative instruments
Concessional tax regime	<ul style="list-style-type: none"> • Concessional tax regime on foreign-sourced dividends to be withdrawn from FY22
Alternate minimum tax	<ul style="list-style-type: none"> • Cooperative societies pay 18.5% alternate minimum tax and

	companies pay 15%. From now on the cooperatives too will have to pay only 15%
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