

The Sure Shot- Growth Oriented Budget 2022

1. Four priority areas in Budget to steer economy for 25 years

The Budget for 2022-23 will aim to steer the economy for the next 25 years. For this, PM Gati Shakti, Inclusive Development, Climate Action and Energy Transition, as among the four priority areas.

2. Emergency Credit Line Guarantee Scheme (ECLGS) to be extended till March 2023

Impact: Extension to help services sector, especially the hospitality and contact intensive activities, guarantee cover will be raised by Rs 50,000 crore to Rs 5 lakh crore for MSME's.

3. National Tele Mental Health Programme

The Government will initiate a transparent platform for the national digital health ecosystem. This will use the unique health ID framework to provide universal healthcare that was worsened by the Covid-19 pandemic.

4. Markets gains 1.5% ahead of the budget

The benchmark at the BSE was up by 850 points. The markets were up in line with the Asian markets, they also drew comfort from the fact that the government has enough fiscal space to push growth in the economy.

5. Budget proposes 75 digital banking units in 75 districts

Impact: This takes forward the NDA government's digital inclusion agenda.

6. Battery swapping policy to be brought out

Impact: The battery swapping policy to mitigate concerns over space crunch for expanding EV infrastructure. Make EVs more viable and lower range anxiety for buyers.

7. Auction of 5G spectrum in 2022

The Finance Minister has announced the auction of 5G spectrum in 2022. From here onwards, India will join other nations around the world and begun rolling of 5G services.

8. 5 big infra push projects:

- a) Highway expansion by 25,000 km
- b) Rs 60,000 crore on Nal se Jal Yojana
- c) Five river link projects across various states
- d) Rs 48,000 crore on PM Awaas Yojana
- e) North East infrastructure development

9. Rs 19,500 crore for PLI for manufacturing high-efficiency solar modules

Impact: A step taken in direction of achieving 280 GW of total installed solar capacity by 2030.

10. Outlay for public capital expenditure stepped up sharply by 35.4% to Rs 7.50 lakh crore

Impact: The public investment is necessary to support private investment that will in turn create demand. Private investments are still lagging.

11. Data centers, energy storage systems to be included in harmonized list of infra sectors

Impact: This move will facilitate credit availability for digital infrastructure and clean energy storage.

12. Eight ropeway projects to ease congestion in hilly areas, push tourism

The Parvat Mala announcement with 8 ropeway projects to ease transport linked congestion in hilly areas and promote tourism.

13. Capital expenditure raised, but concern over ability to spend

Considering that private sector investments remain subdued, the government hopes that the continuing focus on ramping up public capital spending will help crowd in private sector investments.

14. Introduction of a Digital Rupee using block chain

Impact: Introducing RBIs digital currency to boost digital economy, and lays down a strong plan of the government to improve public digital currency.

15. Fiscal deficit estimated at 6.9 per cent

The Finance Minister has announced only a marginal slippage as against a budget target of 6.8% of GDP in 2021-22, the fiscal deficit is estimated at 6.9%. Next year, in line with the glide path of consolidation, the Center has pegged to bring down its deficit to 6.4%.

16. Key challenges and concerns for Indian economy

A projected 9.2% growth in GDP in FY22 to above pre-pandemic levels, the Indian economy continues to face a slew of structural challenges that existed prior to the pandemic and new challenges brought on by Covid-19. Inflation is the most important headwind.

17. No changes in Income Tax

The Govt employees' tax deduction limit increased to 14%. A reduction in corporate surcharge from 12% to 7%. No deduction in respect of any expenditure or allowance shall be allowed except the cost of acquisition.

18. Income from transfer of digital assets to be charged 30% tax

Impact: This will officially bring cryptocurrencies and non-fungible tokens under the tax net. The government's plans on banning private cryptocurrency still remain to be implemented. Gains from such investments will be levied at 30%. However, losses on account of such investments will not be allowed to be set off.

19. Reduction of surcharge on unlisted shares from 28.5% to 23%

Impact: This will likely facilitate investor exits and investment churn will ease exits from startups and Unicorns.

20. IT Returns can now be revised for omission, mistakes

Tax returns can now be revised for omissions and mistakes including undeclared income. The alterations can be made through a one-time window till 2 years from payment of tax. Surcharge on transfer of any long-term capital gains has been capped at 15%. Minimum Alternate Tax rate for cooperatives at 18.5% has been reduced to 15%. Also, the surcharge for cooperatives has been reduced to 7% from 12% for total income ranging between Rs 1-10 crore.