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Union Budget

2022-23

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The Current Events are tailored to the latest RTs trends and requirements of UPSC. To optimize exam performance, focus on the following key points:

- Cover current events from the past 18 months only, up to the date of the exam. For periodic events, such as the Budget, Economic Survey, Nobel Prize, or Tournaments, refer to only the latest ones. For instance, for an April 2023 exam, study the 2023 budget, not the 2022 budget.
- The UPSC RT exam is factual, so don't delve into details or implications.
- The Return on Investment (ROI) for studying current affairs is generally low. Therefore, devote an appropriate amount of time to them while prioritizing other topics that have a higher ROI. For instance, studying 100 pages of current affairs may result in solving only 5 questions, while studying 100 pages of Polity could yield 14-15 questions.
- A few questions will always be unsolvable, no matter how much you've studied. Don't get discouraged by them, as they won't affect your selection.
- Based on experience, you can expect to answer approximately 60-70% of question in exam, from these concise current affairs booklets.
- Current affairs for UPSC RT exams are purely factual, so self-study is better than coaching classes. In fact, coaching classes are counterproductive, as a teacher may only cover 10 events in 60 minutes, while you can cover 35-40 events in the same time frame.

Finally, note that these files are specifically prepared for RT exams of UPSC and should not be used for Civil Services Preliminary exam (GS Paper 1).

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The Union Budget of 2022-23 was presented on 1st February 2022 by the Finance Minister Smt. Nirmala Sitharaman.

The Prime Minister in his Independence Day address had set-out the vision for India till 2047 (*Azadi ka Amrit Mahotsav*). Government commenced Azadi Ka Amrit Mahotsav on 12th March 2021 which started a 75-week countdown to our 75th anniversary of independence and will end post a year on 15th August 2023.

As a part of that India will enter into *AmritKaal*, the 25-year long time period starting from 2022 and will leadup to 100 years of freedom in 2047.

For achieving the goals during the *AmritKaal*, the Government aims to attain following vision

- Complementing the macro-economic level growth focus with a micro-economic level all-inclusive welfare focus,
- Promoting digital economy and fintech, technology enabled development, energy transition, and climate action, and
- Relying on virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment.

Four priorities areas of the budget are:

- PM GatiShakti
- Inclusive Development
- Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action
- Financing of Investments

Overall Financial Health

India's economic growth in the current year is estimated to be 9.2 per cent, highest among all large economies.

The government has estimated a nominal GDP growth rate of 11.1% in 2022-23 (i.e., real growth plus inflation).

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

The subsidies are spent (in decreasing order) on

- Food (mainly for Pradhan Mantri Garib Kalyan Ann Yojana, and clearing loans of FCI)
- Fertilizers,
- Petroleum (LPG and Kerosene), and
- Others (interest subsidies for various government schemes, subsidies for the price support scheme for agricultural produce, and assistance to state agencies for procurement)

Revenue deficit in 2022-23 is targeted at 3.8% of GDP, which is lower than the revised estimate of 4.7% in 2021-22. Fiscal deficit in 2022-23 is targeted at 6.4% of GDP, lower than the revised estimate of 6.9% of GDP

in 2021-22 (marginally higher than the budget estimate of 6.8% of GDP). Interest expenditure is estimated to be 43% of revenue receipts.

After a number of years, the budget has not relied on EBR or loans from National Small Savings Fund.

Among the top 13 ministries with the highest allocations, in 2022-23, the highest percentage increase in allocation is observed in the Ministry of Communications (93%), followed by the Ministry of Road Transport and Highways (52%), and the Ministry of Jal Shakti (25%). This is mainly on account of capital infusion of Rs 44,720 crore in BSNL by the Ministry of Communication.

The scheme with largest expenditure are (in decreasing order) MGNREGS, PM-KISAN, Jal Jeevan Mission/National Rural Drinking Water Mission, Pradhan Mantri Awas Yojana, National Education Mission, National Health Mission.

The disinvestment target for 2022-23 is Rs 65,000 crore.

Rupee comes from		Rupee goes to	
Borrowings and Other Liabilities	35p	Centrally Sponsored Schemes	9p
Corporation Tax	15p	Central Sector Schemes	15p
Income Tax	15p	Interest Payments	20p
Customs	5p	Defence	8p
Union Excise Duties	7p	Subsidies	8p
Goods and Services Tax	16p	Finance Commission and Other Transfers	10p
Non-Tax Revenue	5p	States' Share of Taxes & Duties	17p
Non-Debt Capital Receipts	2p	Pensions	4p
		Other Expenditure	9p

The fiscal health of the country is tabled below.

as as % of GDP	2021-22 (RE)	2022-23 (BE)
Fiscal Deficit	6.9%	6.4%
Revenue Deficit	4.7%	3.8%
Primary Deficit	3.3%	2.8%

Tax Proposals

In the Direct Tax administration, the Budget introduced the Faceless Assessment and Faceless Appeal and further steps to simplify the tax administration, ease compliance, and reduce litigation. The main tax proposals are highlighted below.

- *There are no changes in income tax rates for individuals and corporations.*

- Currently, the surcharge on Long Term Capital Gains (LTCG) on listed equities and equity mutual funds is capped at 15%. The surcharge on other LTCG is 25% if total income is between Rs 2 crore and Rs 5 crore, and 37% if it is above Rs 5 crore. The budget proposes to cap these at 15%.
- Income from the 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.
- Taxpayers will be permitted to file an updated return of income within two years of the 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.
- 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.
- 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 the first ten years if they incorporate by April 1, 2022. Both these deadlines have been extended by one year.

PM GatiShakti

- PM GatiShakti is a transformative approach driven by 7 engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure. These engines are supported by the complementary roles of Energy Transmission, IT Communication, Bulk Water & Sewerage, and Social Infrastructure. Finally, the approach is powered by Clean Energy and SabkaPrayas – the efforts of the Central Government, the state governments, and the private sector together – leading to huge job and entrepreneurial opportunities for all, especially the youth.
- PM GatiShakti Master Plan for Expressways will be formulated in 2022-23 to facilitate faster movement of people and goods.
- 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.
- Contracts for implementation of Multimodal Logistics Parks at four locations through PPP mode will be awarded in 2022-23.
- ‘One Station-One Product’ concept will be popularized to help local businesses & supply chains.
- As a part of Atmanirbhar Bharat, 2,000 km of network will be brought under Kavach, the indigenous world-class technology for safety and capacity augmentation in 2022-23.
- 400 new-generation Vande Bharat Trains with better energy efficiency and passenger riding experience will be developed and manufactured during the next three years.
- One hundred PM GatiShakti Cargo Terminals for multimodal logistics facilities will be developed during the next three years.
- As a preferred ecologically sustainable alternative to conventional roads in difficult hilly areas, National Ropeways Development Programme (Parvatmala) will be taken up on PPP mode.

Inclusive Development

- Chemical-free Natural Farming will be promoted throughout the country, with a focus on farmers’ lands in 5-km wide corridors along river Ganga.
- 2023 has been announced as the International Year of Millets.
- Use of ‘Kisan Drones’ will be promoted for crop assessment, digitization of land records, spraying of insecticides, and nutrients.

- Implementation of the Ken-Betwa river linking Project, will be taken up. Other river linking projects are Damanganga-Pinjal, Par-Tapi- Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery.
- Udyam, e-Shram, NCS and ASEEM portals will be interlinked by the Ministry of Labour and Employment.
- Emergency Credit Line Guarantee Scheme (ECLGS) will be extended up to March 2023 and its guarantee cover will be expanded by Rs 50,000 crore to total cover of Rs 5 lakh crore, with the additional amount being earmarked exclusively for the hospitality and related enterprises.
- Raising and Accelerating MSME Performance (RAMP) programme with outlay of Rs 6,000 crore over 5 years will be rolled out. This will help the MSME sector become more resilient, competitive and efficient.
- Digital Ecosystem for Skilling and Livelihood – the DESH-Stack e-portal – will be launched. This aims to empower citizens to skill, reskill or upskill through on-line training.
- Startups will be promoted to facilitate ‘Drone Shakti’ through varied applications and for Drone-As-A-Service (DrAAS).
- ‘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.
- A Digital University will be established to provide access to students across the country for world-class quality universal education with personalised learning experience at their doorsteps. This will be made available in different Indian languages and ICT formats.
- 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, consent framework, and universal access to health facilities.
- To better the access to quality mental health counselling and care services, a ‘National Tele Mental Health Programme’ will be launched. This will include a network of 23 tele-mental health centres of excellence, with NIMHANS being the nodal centre and International Institute of Information Technology-Bangalore (IIITB) providing technology support.
- The government has comprehensively revamped the schemes of the Ministry of Women & Child Development. Accordingly, 3 schemes, namely, Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0 were launched recently to provide integrated benefits to women and children. Saksham Anganwadis are a new generation anganwadis that have better infrastructure and audio-visual aids, powered by clean energy and providing improved environment for early child development.
- A new scheme, Prime Minister’s Development Initiative for North-East, PM-DevINE, will be implemented through the North-Eastern Council. It will fund infrastructure, in the spirit of PM GatiShakti, and social development projects based on felt needs of the North-East.
- Aspirational Blocks Programme will be launched on the lines of, previously launched, Aspirational District Programme.
- The villages on the northern border of the country will be covered under the new Vibrant Villages Programme. The activities will include construction of village infrastructure, housing, tourist centres, road connectivity, provisioning of decentralized renewable energy, direct to home access for Doordarshan and educational channels, and support for livelihood generation.
- In 2022, 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts.
- It is proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by Scheduled Commercial Banks.

Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action

- In recent years, over 25,000 compliances were reduced and 1486 Union laws were repealed for enabling Ease of Doing Business. The next phase will be guided by an active involvement of the states, digitisation 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. Crowdsourcing of suggestions and ground level assessment of the impact with active involvement of citizens and businesses will be encouraged.
- The issuance of e-Passports using embedded chip and futuristic technology will be rolled out in 2022-23 to enhance convenience for the citizens in their overseas travel.
- For urban capacity building, support will be provided to the states. Modernization of building byelaws, Town Planning Schemes (TPS), and Transit Oriented Development (TOD) will be implemented.
- Considering the constraint of space in urban areas for setting up charging stations at scale, a battery swapping policy will be brought out and inter-operability standards will be formulated. The private sector will be encouraged to develop sustainable and innovative business models for 'Battery or Energy as a Service'.
- States will be encouraged to adopt Unique Land Parcel Identification Number to facilitate IT-based management of records. The facility for transliteration of land records across any of the Schedule VIII languages will also be rolled out.
- The adoption or linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' will be promoted as an option for uniform process for registration and 'anywhere registration' of deeds & documents.
- The Special Economic Zones Act will be replaced with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'. This will cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports.
- There will be focus on Sunrise Opportunities like Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems have immense potential to assist sustainable development at scale and modernize the country.

Financing of Investments

- As a part of the government's overall market borrowings in 2022-23, sovereign Green Bonds will be issued for mobilizing resources for green infrastructure. The proceeds will be deployed in public sector projects which help in reducing the carbon intensity of the economy.
- World-class foreign universities and institutions will be allowed in the GIFT City to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations, except those by IFSCA to facilitate availability of high-end human resources for financial services and technology.
- An International Arbitration Centre will be set up in the GIFT City for timely settlement of disputes under international jurisprudence.
- Introduction of Central Bank Digital Currency (CBDC) will give a big boost to digital economy. Digital currency will also lead to a more efficient and cheaper currency management system. It is, therefore, proposed to introduce Digital Rupee, using blockchain and other technologies, to be issued by the Reserve Bank of India starting 2022-23. The Reserve Bank of India Act, 1934 is being amended to enable RBI to issue its digital currency.