

Info Capsule

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UNION BUDGET 2022-23

Introduction

This budget seeks to lay the foundation and give a blueprint to steer the economy over the **Amrit Kaal** of the next 25 years (from India at 75 to India at 100). The government aims to attain the following vision through this budget-

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

This budget is based on the following pillars:

- 1. PM Gati Shakti**
- 2. Inclusive Development**
- 3. Productivity Enhancement & Investment, Sunrise opportunities, Energy Transition, and Climate Action.**
- 4. Financing of investments.**



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भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
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1. PM GATI SHAKTI PLAN

- The PM Gati Shakti plan involves seven engines namely: Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure.
- The mentioned engines are supported by the complementary roles of Energy Transmission, IT Communication, Bulk Water & Sewerage, and Social Infrastructure.

Highlights

- 100 PM Gati Shakti cargo terminals will be developed during the next 3 years.
- Implementation of innovative ways for building metro systems.
- Master Plan for expressways to be formulated in 2022-23 to facilitate faster movement of people and goods.
- National highway network to be expanded by 25,000 km in 2022-23.
- Mobilisation of Rs. 20,000 crores through innovative ways of financing to complement the public resources.
- A new scheme, Prime Minister's Development Initiative for North-East, PM-DevINE, will be implemented through the North-Eastern Council. An initial allocation of INR 1,500 crore will be made.
- The above mentioned scheme will fund infrastructure, in the spirit of PM Gati Shakti, and social development projects based on felt needs of the North-East.

2. INCLUSIVE DEVELOPMENT

- Rs. 2.37 lakh crore direct payment to 1.63 crore farmers for procurement of wheat and paddy.
- Chemical free Natural farming to be promoted throughout the county. Initial focus is on farmer's lands in 5 Km wide corridors along river Ganga.
- "Kisan Drones" for crop assessment, digitization of land records, spraying of insecticides and nutrients.
- 1400 crore outlay for implementation of the Ken-Betwa link project. 9.08 lakh hectares of farmers' lands to receive irrigation benefits by Ken-Betwa link project.

- **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. 50,000 Crore to total cover of Rs. 5 Lakh Crore.**
- **Rs. 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. 6,000 Crore to be rolled out.
- Reorientation of Skilling programmes and partnerships with the industry to promote continuous skilling avenues, sustainability, and employability.
- The National Skill Qualification Framework (NSQF) will be aligned with dynamic industry needs.
- 'One class-One TV channel' programme of PM eVIDYA to be expanded to 200 TV channels.
- An open platform for **National Digital Health Ecosystem** to be rolled out.
- **National Tele Mental Health Programme** for quality mental health counselling and care services to be launched.
- Integrated benefits to women and children through Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0.
- **Rs. 60,000 crore** allocated to cover 3.8 crore households in 2022-23 under Har Ghar, Nal se Jal.
- **Rs. 48,000 crore** allocated for completion of 80 lakh houses in 2022-23 under PM Awas Yojana.
- Vibrant Villages Programme for development of Border villages with sparse population, limited connectivity and infrastructure on the northern border.
- Scheduled Commercial Banks to set up 75 Digital Banking Units (DBUs) in 75 districts.

3. PRODUCTIVITY ENHANCEMENT & INVESTMENT, SUNRISE OPPORTUNITIES, ENERGY TRANSITION, AND CLIMATE ACTION

- Reduction in more than 25,000 compliances and repealing of 1486 Union Laws.
- Special Economic Zones Act to be replaced with a new legislation to enable States to become partners in '**Development of Enterprise and Service Hubs**'.
- For the **Amrit Kaal**, the next phase of Ease of Doing Business EODB 2.0 and Ease of Living, will be launched.
- This new phase of Ease of Doing Business EODB 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.
- Government contribution to be provided for R&D in 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.

- Expansion of the scope of the single window portal, PARIVESH to provide information to the applicants. Based on the location of the units, information about specific approvals will be provided.
- e-Passports with embedded chip and futuristic technology to be rolled out.
- A high-level committee of reputed urban planners, urban economists and institutions will be formed to make recommendations on urban sector policies, capacity building, planning, implementation and governance.
- Modernization of building byelaws, Town Planning Schemes (TPS), and Transit Oriented Development (TOD) will be implemented.
- Battery swapping policy to be brought out for setting up charging stations at scale in urban areas.
- 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.
- Four pilot projects to be set up for coal gasification and conversion of coal into chemicals for the industry.
- Necessary amendments in the Insolvency and Bankruptcy Code will be carried out to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.
- An animation, Visual Effects, Gaming, and Comic (AVGC) promotion task force to be set-up to realize the potential of this sector.
- Scheme for design-led manufacturing to be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.
- 68% of capital procurement budget earmarked for domestic industry in 2022-23, up from 58% in 2021-22. Defence R&D to be opened up for industry, startups and academia with 25% of defence R&D budget earmarked. Independent nodal umbrella body to be set up for meeting testing and certification requirements.
- Financial support to farmers belonging to Scheduled Castes and Scheduled Tribes, who want to take up agro-forestry.

4. FINANCING OF INVESTMENTS

- Outlay for capital expenditure stepped up sharply by 35.4% to Rs. 7.50 lakh crore in 2022-23 from Rs. 5.54 lakh crore in the current year.
- Effective Capital Expenditure' of Central Government estimated at Rs. 10.68 lakh crore in 2022-23, which is about 4.1% of GDP.
- World-class foreign universities and institutions to be allowed in the GIFT City.
- An International Arbitration Centre will be set up in the GIFT City for timely settlement of disputes under international jurisprudence.
- Services for global capital for sustainable & climate finance in the country will be facilitated in the GIFT City.
- Data Centres and Energy Storage Systems to be given infrastructure status.

- Venture Capital and Private Equity invested more than Rs. 5.5 lakh crore last year facilitating one of the largest start-up and growth ecosystem. Measures to be taken to help scale up this investment.
- Blended funds to be promoted for sunrise sectors.
- Sovereign Green Bonds to be issued for mobilizing resources for green infrastructure.
- Introduction of Digital Rupee by the Reserve Bank of India starting 2022-23.
- Enhanced outlay for 'Scheme for Financial Assistance to States for Capital Investment', i.e., from Rs. 10,000 crore in Budget Estimates to Rs. 15,000 crore in Revised Estimates for current year.
- Allocation of Rs. 1 lakh crore in 2022-23 to assist the states in catalysing overall investments in the economy: fifty-year interest free loans, over and above normal borrowings.
- In 2022-23, States will be allowed a fiscal deficit of 4% of GSDP, of which 0.5% will be tied to power sector reforms.
- Budget Estimates 2021-22: Rs. 34.83 lakh crore.
- Revised Estimates 2021-22: Rs. 37.70 lakh crore.
- Total expenditure in 2022-23 estimated at Rs. 39.45 lakh crore.
- Fiscal deficit in current year: 6.9% of GDP (against 6.8% in Budget Estimates).
- Fiscal deficit in 2022-23 estimated at 6.4% of GDP.

UNION BUDGET 2022-23 - TOPIC WISE HIGHLIGHTS

1. Micro, Small and Medium Enterprises (MSMEs)

- Udyam, e-Shram, National Career Service (NCS) and ASEEM portals will be interlinked ***to formalise the economy and create job opportunities for all. The scope of all the portals collectively will be widened offering G2C, B2B and B2C services.***
- Revamping of Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) with the required Infusion of Funds.

Additional Rs 2 lakh crore under CGTMSE will increase the number of entrepreneurs on one side and will create more jobs on the other side.

- Rs. 6,000 crore Raising and Accelerating MSME Performance (RAMP) programme will be rolled out in next 5 years to improve the competitiveness and productivity of MSMEs.

RAMP is an initiative to revitalize the MSME sector that has been heavily impacted by the Covid pandemic. While this is a positive measure taken by the government and will help MSMEs stand up and grow.

- Extending Emergency Credit Line Guarantee Scheme (ECLGS) to March 2023 and expanding its guarantee cover by Rs. 50,000 crore to total cover of Rs. 5 lakh crore with focus on hospitality and related enterprises.

2. Digital Innovations

(i) Digital Innovations in education sector

- Digital University to be built for providing world-class quality universal education with personalized learning experience facilitated with door step education facility in regional languages on hub and spoke model.
- 'One class-One TV channel' programme of PM eVIDYA to be expanded to 200 TV channels, launched in keeping view of COVID-19 impact on education and to enable supplement classes to children in remote areas from class 1 to 12 in regional languages.
- Virtual labs and skilling e-labs to be set up to promote critical thinking skills and simulated learning environment.
- High-quality e-content will be developed for delivery through Digital Teachers.
- Digital Ecosystem for Skilling and Livelihood (DESH-Stack e-portal) will be launched to empower citizens to skill, reskill or upskill through on-line training programmes.
- Integrated benefits to women and children through Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0. Under Saksham Anganwadi Mission 2.0 around two lakh anganwadis to be upgraded for early child education equipped with new generation virtual aids, clean energy.
- Animation, visual effects, gaming, and comic promotion task force to be set up for exploring youth employment opportunities.

(ii) Digital Innovations in corporate sector

- As a robust step towards digitalization: Udyam, e-shram, NCS and ASEEM portals to be interlinked. These portals will now perform as live organic database.
- Centre for Processing Accelerated Corporate Exit (C-PACE) to be established for speedy voluntary winding-up of companies. Shrinking up the general time frame of voluntary winding up of company from 2 years to 6 months.
- Single-window portal for all green clearances - Parivesh launched in 2018 extension of scope related to provide information to applicants.
- Government procurement to be eased by end-to-end online e-bill system & utilizing surety bonds as a substitute for bank guarantee. The e-Bill system will enable the suppliers and contractors to submit online their digitally signed bills and claims and track their status from anywhere.

(iii) Digital Innovation in Banking sector

- RBI will launch blockchain-based digital rupee starting from FY 2022-23, digital rupee to be rolled out by 2023.
- In order to encourage digital payment regime, 75 digital banks at 75 districts will be set up by scheduled commercial banks to encourage and facilitate digital payments.
- Digital Banking by Post Offices: 100% of post offices to come on the core banking system.

(iv) Digital Innovation in Taxation matters

- For FY 2022-23 the government will levy income tax from digital asset transfers at 30%.
- The budget tabled reforms in Customs Administration of Special Economic Zones will be undertaken, and it shall henceforth be fully IT driven and function on the Customs National Portal with a focus on higher facilitation and with only risk-based checks. This reform shall be implemented by 30th September 2022.

(v) Digital Innovation in Health sector

- Planned to launch an open platform for national digital health ecosystem, consisting digital registries of health providers and health facilities, unique health identity and universal access to health facilities.

(vi) Digital Innovation in other matters

- In context of economy the goal to complement macro-growth with micro all inclusive welfare, digital economy and fintech, tech-enabled development and energy transition is tabled.
- e-Passports with embedded chip and futuristic technology to be rolled out for FY 2022-23
- Technology is planned enter more into agricultural sector by way of introduction of tech-driven Kisan drones for crop assessment, spraying insecticides and land records.
- Integration of central and state-level systems proposed through I-T bridges.
- Unique land parcel identification number proposed to facilitate IT-based management of land records.

3. Start-ups

- ‘Kisan Drones’ for crop assessment, digitisation of land records, spraying of insecticides and nutrients. Start-ups will be promoted to facilitate Drone Shakti for Drone-As-A-Service (DrAAS). ***The use of drones for startups will push the startups for excellence. It will ensure business momentum and drive faster adoption of unmanned aerial vehicle (UAVs) in the country.***
- In view of Covid-19 pandemic, it is proposed to extend the start-up tax holiday scheme to start-ups incorporated till March 31, 2023, in addition to the start-ups that had already been eligible for the exemption. ***These private companies were eligible for a 100% tax rebate on profit for a period of three years in the first ten years of their existence.***
- NABARD to facilitate fund with blended capital to finance start-ups for agriculture & rural enterprise.

4. Ease of Doing Business

- With the advent of *Amritkaal*, the next phase of Ease of Doing Business (EODB 2.0) and Ease of Living will be launched.
- Establishment of ‘One Nation, One Registration’ mechanism for uniform process of registration of land records.
- Expanding scope of PARIVESH Portal by providing information to the applicants tracking of the process through Centralized Processing Centre-Green (CPC-Green).
- Integration of central and state level systems through IT bridges
- Establishing Centre for Processing Accelerated Corporate Exit (C-PACE) to facilitate voluntary winding up of companies

- Issuance of chip embedded e-Passports. ***The new passport jacket will contain an electronic chip with security-related data encoded on it for advanced security and convenience for citizens.***
- Scheme for design-led manufacturing to be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme. An animation, visual effects, gaming, and comic (AVGC) promotion task force to be set-up to realize the potential of this sector.

5. Energy Transition and Climate Action

- Allocation of Rs. 19,500 crore for Production Linked Incentive for manufacture of high efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar PV modules, will be made.
- The Circular Economy transition is expected to help in productivity enhancement as well as creating large opportunities for new businesses and jobs. The focus now will be on addressing important cross cutting issues of infrastructure, reverse logistics, technology up-gradation and integration with informal sector. This will be supported by active public policies covering regulations, extended producers' responsibilities framework and innovation facilitation.
- **Co-firing of five to seven** per cent biomass pellets in thermal power plants has been proposed by Union Minister that will result in **CO2 savings of 38 MMT annually**. *This will also provide extra income to farmers and job opportunities to locals and help avoid stubble burning in agriculture fields.*
- Four pilot projects for coal gasification and conversion of coal into chemicals to also come up.
- Energy efficiency and saving measures through **setting up of Energy Service Company (ESCO)** business model in large commercial buildings will also facilitate **capacity building** and **awareness** for **energy audits, performance contracts**, and common **measurement & verification** protocol.
- **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.
- Battery swapping policy and inter operability standards will be formulated.

6. Farmers and Agriculture related initiatives

- Rs. 2.37 lakh crore direct payment to 1.63 crore farmers for procurement of wheat and paddy.
- Railways to provide new products and efficient logistics services to small farmers.
- Financial inclusion of farmers and senior citizens in rural areas through post offices providing Core Banking System (CBS).
- Promotion of chemical-free natural farming throughout the country, with a focus on farmers' lands in 5-km wide corridors along river Ganga, at the first stage.
- Use of **'Kisan Drones'** for crop assessment, digitization of land records, spraying of insecticides, and nutrients.
- Rationalized and comprehensive scheme to increase domestic production of oilseeds to be implemented.
- Year 2023 announced as the **International Year of Millets** for promoting post-harvest value addition, enhancing domestic consumption, and branding of millet products.

- NABARD to facilitate fund with blended capital to finance startups for agriculture & rural enterprise.
- Delivery of Digital and Hi-Tech services to farmers in PPP mode.
- Implementation of the Ken-Betwa Link Project, aimed at providing irrigation benefits to 9.08 lakh hectare of farmers' lands.
- Draft DPRs of five river links have been finalized and after consensus among beneficiary states, Centre to provide support for implementation.

7. Housing and Urban Development

- Innovative ways of financing and faster implementation of building metro and Multimodal connectivity between mass urban transport and railway stations to be encouraged and facilitated.
- Allocation of Rs. 60,000 crore has been made with an aim to cover 3.8 crore households in 2022-23 under the scheme **Har Ghar, Nal Se Jal**. Out of 8.7 crore 5.5 crore households were provided tap water in last 2 years.
- 80 lakh houses to be completed in 2022-23 under PM Awas Yojana, both rural and urban. Rs. 48,000 crore is allocated for this purpose.
- Central Government to work with the state governments for reduction of time required for land and construction related approvals for promoting affordable housing for middle class and Economically Weaker.
- **A high-level committee of reputed urban planners, urban economists and institutions to be formed** to make recommendations on urban sector policies, capacity building, planning, implementation and governance.
- Modernization of building byelaws, Town Planning Schemes (TPS), and Transit Oriented Development (TOD) to be implemented. Support to be provided to the states for urban capacity building.

8. Health

- An **open platform for National Digital Health Ecosystem** to 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.

9. Women & Children

- Recognising the importance of 'Nari Shakti', 3 schemes namely, Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0 were launched to provide integrated development for women and children. 2 lakh Anganwadis to be upgraded for improving child health.
- 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.

TAX PROPOSALS

Direct Tax

1. Introducing new 'Updated return'

- Provision to file an Updated Return on payment of additional tax.
- This will enable the assessee to declare income missed out earlier.
- Updated return can be filed **within two years** from the end of the relevant assessment year.

2. Reduction in Alternate Minimum Tax Rate and Surcharge for Co-operative societies

- Alternate Minimum Tax paid by cooperatives brought down from **18.5% to 15%**.
- This will provide a level playing field between cooperative societies and companies.
- Surcharge on co-operative societies reduced from **12% to 7%** for those having total income of more than Rs 1 crore and up to Rs 10 crores.

3. Tax relief to persons with disability: 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.

4. Parity in National Pension Scheme Contribution: Tax deduction limit increased from **10% to 14%** on employer's contribution to the NPS account of State Government employees. This will bring them at par with central government employees and would help in enhancing social security benefits.

5. Incentives for Start-ups: Period of incorporation extended by **one year, up to 31.03.2023** for eligible start-ups to avail tax benefit. Previously the period of incorporation valid up to 31.03.2022.

6. Incentives under concessional tax regime: Last date for commencement of manufacturing or production under section 115BAB extended by **one year i.e. from 31st March, 2023 to 31st March, 2024**.

7. Scheme for taxation of virtual digital assets

- Specific tax regime for virtual digital assets introduced.
- Any income from transfer of any virtual digital asset to be taxed at the rate of 30%.
- No deduction in respect of any expenditure or allowance to be allowed while computing such income except cost of acquisition.
- Loss from transfer of virtual digital asset cannot be set off against any other income.
- To capture the transaction details, TDS to be provided on payment made in relation to transfer of virtual digital asset at the rate of 1% of such consideration above a monetary threshold.
- Gift of virtual digital asset also to be taxed in the hands of the recipient.

8. Litigation Management: In cases where question of law is identical to the one pending in High Court or Supreme Court, the filing of appeal by the department **shall be deferred** till such question of law is decided by the court. This will greatly help in reducing repeated litigation between taxpayers and the department.

9. Tax incentives to IFSC: Subject to specified conditions, the following to be exempt from tax:

- Income of a non-resident from offshore derivative instruments.
- Income from over the counter derivatives issued by an offshore banking unit.
- Income from royalty and interest on account of lease of ship.
- Income received from portfolio management services in IFSC.

10. Rationalization of Surcharge

- Surcharge on AOPs (consortium formed to execute a contract) capped at 15%.
- This will reduce the disparity in surcharge between individual companies and AOPs.
- Surcharge on long term capital gains arising on transfer of any type of assets capped at 15%.

11. Health and Education Cess: Any surcharge or cess on income and profits **not allowable** as business expenditure.

12. Deterrence against tax-evasion” No set off, of any loss to be allowed against undisclosed income detected during search and survey operations.

13. Rationalizing TDS Provisions

- Benefits passed on to agents as business promotion strategy taxable in hands of agents.
- Tax deduction provided to person giving benefits, if the aggregate value of such benefits exceeds Rs. 20,000 during the financial year.

II. Indirect Taxes

- The Gross GST collections for the month of January 2022 are Rs. 1,40,986 crores which is highest since inception of Goods and Services Tax (GST).
- Customs Administration of SEZs to be fully IT driven and function on the Customs National Portal – shall be implemented by September 30, 2022.
- A moderate tariff of 7.5 percent on capital goods and project imports.
- A few exemptions introduced on inputs, like specialised castings, ball screw and linear motion guide - to encourage domestic manufacturing of capital goods.
- 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.
- Concessions in customs duty will be given to certain consumer electronic devices to promote manufacturing of wearable devices, hearable devices and electronic smart meters.

- Duty concessions to parts of transformer of mobile phone chargers and camera lens of mobile camera module and certain other items.
- Customs duty on cut and polished diamonds and gemstones being reduced to 5 per cent and Nil customs duty to simply sawn diamond.
- Customs Duty on umbrellas raised up to 20 percent and exemption to parts of umbrellas being withdrawn.
- Customs duty exemption given to steel scrap last year extended for another year to provide relief to MSME secondary steel producers.
- Certain Anti-Dumping Duties and Countervailing Duties on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel are being revoked – to tackle prevailing high prices of metal in larger public interest.
- Unblended fuel to attract additional excise duty of Rs. 2/litre from October 1, 2022 to promote blending biofuels in petrol and diesel.

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082269

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