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BY ASIT C. MEHTA INVESTMENT INTERMEDIATES LTD



# 2022-23 BUDGET UNION REVIEW

## Union Budget 2022-23 Review

Finance Minister Nirmala Sitharaman today presented the Union Budget 2022 in the second year of the COVID-19 pandemic. Key focus areas of the budget were: PM Gati Shakti, Inclusive Development, Energy Transition & Climate Action, and Financing of Investments. The other focal point of the budget was a big boost to capital expenditure - up 35% for FY23. The Budget also placed a strong emphasis on tax compliance, simplicity, and digitization, as well as ease of doing business. Measures to support small businesses and the rural economy were also included in the Budget. Overall, the budget is healthier for the economy since it places greater importance on capital spending, which will create jobs and support infrastructure development.

### Budget Estimates (INR Cr)

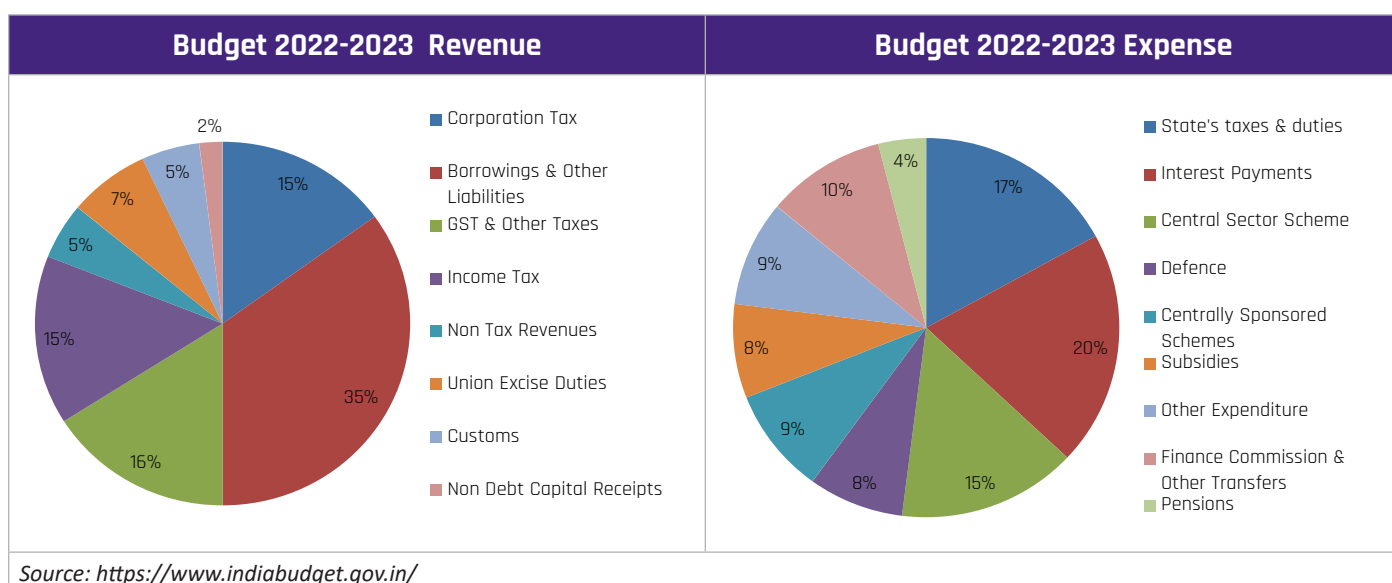
Particulars	BE 2021-2022	RE 2021-2022	BE 2022-2023
Revenue Receipts	1788424	2078936	2204422
Capital Receipts	188000	99975	79291
Total Receipts	1976424	2178911	2283713
Revenue Expenditure	2929000	3167289	3194663
Capital Expenditure	554236	602711	750246
Total Expenditure	3483236	3770000	3944909
Fiscal Deficit	1506812	1591089	1661196
Fiscal Deficit (% of GDP)	6.8	6.9	6.4

Source: <https://www.indiabudget.gov.in/>

### Major Sector Expenditure (INR Cr)

Sectors	BE 2021-2022	RE 2021-2022	BE 2022-2023
Agriculture & Allied Activities	148301	147754	151521
Education	93224	88002	104278
Health	74602	85915	86606
Rural Development	194633	206948	206293
Social Welfare	48460	44952	51780
Transport	233083	325443	351851
Urban development	54581	73850	76549

Source: <https://www.indiabudget.gov.in/>



## Sector highlights of Union Budget 2022-23

### Agriculture

- Government to pay Rs.2.37 lakh crore towards procurement of wheat and paddy under MSP operations.
- Rationalised and comprehensive scheme to be implanted to reduce dependence on oil seed imports.
- Kisan Drones for crop assessment, land records, spraying of insecticides.
- Ken Betwa river linking project worth Rs.44,605 crore announced.

Positive for Escort, Hero Motocorp, HUL, Britannia, Paras Defense.

### Automobiles

- Battery swapping policy to allow EV charging stations for automobiles will be framed.
- The private sector will be encouraged to create sustainable and innovative business models for battery and energy as a service, improving the efficiency in the EV ecosystem.

Positive for Exide Industries, Amara Raja Batteries, Hero Motocorp.

### Construction

- National highway network to be expanded by 25,000 km during FY22-23.
- Under PM Gati Shakti scheme 100 terminals will be set up in next three years.
- Four multi-modal national parks contracts will be awarded in FY23.
- Rs.20,000 crore will be mobilised through innovative ways of financing to compliment the public resources.

Positive for KNR Constructions, PNC Infratech, Ashoka Buildcon.

### Defence

- 68% of defence procurement budget earmarked for domestic private industry.
- Defence R&D to be opened for startups, institutes and academic outlets, 25% of R&D budget allotted towards this.

Positive for Bharat Electronics, Bharat Dynamics, Bharat Forge, Paras Defense.

### Housing & urban planning

- Rs.48,000 crore is allotted for PM Awas Yojana
- 60,000 houses will be identified as beneficiaries for PM Awas Yojana in rural & urban areas.
- 60,000 crore allocated for providing access to tap water to 3.8 crore households.

Positive for HDFC, Canfine homes, Tata Steel, Kirloskar Brothers.

### Infrastructure

- Capital expenditure will exceed FY22BE of Rs.5.54 lakh crore. Revised estimate stands at Rs.6.02 lakh crore.
- FY23 capital expenditure pegged at Rs.7.50 lakh crore (up 35%).
- 400 new-generation Vande Bharat trains will be developed and manufactured in next 3 years.
- 'One station, one product' concept will be popularised to help local businesses.

Positive for L&T, GMR Infra, Rites, Ambuja Cement, Ultratech Cement.

### Solar

- An additional allocation of Rs.19,500 crore in the PLI scheme for the manufacturing of high-efficiency solar modules.
- This will facilitate domestic manufacturing for the ambitious goal of 280 GW of solar capacity.

Positive for Tata Power, Reliance Industries.

## Telecom

- Spectrum auction will be conducted in 2022 for the rollout of 5G.
- Scheme for design-led manufacturing to be launched for 5G eco-system as part of PLI scheme to enable affordable broadband and mobile communication in rural and remote areas.
- Contracts for laying optical fiber in villages to be awarded under BharatNet project under PPP in 2022-23.
- Data center and energy storage system to be given infrastructure status; move to provide easy financing.

Positive for Bharti Airtel, Reliance Industries, Sterlite Technologies, HFCL.

## Other Key announcement

- FY22 GDP Growth Estimated At 9.2%.
- The government has lowered its disinvestment target for FY23 at Rs.65,000 crore.
- The government has set a gross market borrowing target of Rs.14.95 lakh crore for FY23.
- ECLGS (Emergency Credit Line Guarantee Scheme) for MSMEs to be extended upto March 2023, guaranteed cover extended by another Rs.50,000 crore.
- India to introduce **digital rupee** issued by RBI in FY23.
- 100% of India's 1.5 lakh post offices will be on-boarded on core banking system in 2022.
- 'One class, one TV channel' program 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 to 12.
- SEZ Act to be replaced with new legislation.

## Direct Tax

- No change in the income tax slabs for individuals & company.
- Any income from transfer of any virtual digital asset (Crypto Currencies etc) to be taxed at 30%. No deduction on any expenditure or allowance other than cost of acquisition. TDS at 1% above certain monetary threshold. Loss cannot be set off from any other income.
- Gift of digital asset to be taxed at receiver's end.
- A new provision to allow taxpayers to file an updated return. Updated return can be filed within 2 years from the end of the relevant assessment year.
- Tax deduction limit increased to 14% on employer's contribution to NPS account of state govt employees.
- Alternate Minimum Tax for cooperative societies to be cut to 15%.
- Reduce surcharge on cooperative societies to 7%, for those whose income is between Rs.1 crore and Rs.10 crore.
- A concessional corporate tax rate of 15% would be available for one more year till March 2024 for newly incorporated manufacturing companies.

## Indirect Tax

Particulars	Impact	Stock in Focus
Decrease of custom duty on Gems and Jewellery reduce from 7.5% to 5%.	<b>Positive for Jewellery and gold finance company.</b>	<b>Titan, Rajesh Exports.</b>
Decrease of custom duty on certain critical chemicals namely methanol, acetic acid and heavy feed stocks for petroleum refining from 5% to 2.5%.	<b>Positive for Consumer companies</b>	<b>Laxmi Organic, Jubilant Ingrevia, Anupam Rasayan, Balaji Amines</b>
Exempting duty on steel scrap till March 2023.	<b>Positive for Steel manufactures.</b>	<b>Jindal Steel, Jindal Stainless (Hisar).</b>
<b>Other Changes in Custom duty</b>		
Raising customs duty on umbrellas to 20%.		

Source: <https://www.indiabudget.gov.in>, ACMIIL Research

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