An Overview of Budget 2022-23

Why in news?

India unveiled a bigger budget of Rs 39.4 lakh crore for the coming fiscal year, to put growth on a firmer footing as the economy recovers from the pandemic.

What does the budget 2022-23 propose?

- Referring to the next 25 years of the country leading to the 100th anniversary of independence as Amrit Kaal (a period of emancipation), finance minister emphasised to provide more trust-based governance, with a futuristic and inclusive vision.
- **GDP growth-** The Centre's 2022-23 Budget provides a nominal GDP growth estimate of 11.1% for 2022-23.
- The Economic Survey had provided a real GDP growth range of 8%-8.5% for this year.
- **Fiscal deficit-** The Budget pegged the government's fiscal deficit for the financial year 2022-23 at 6.4% of GDP from 6.9% in the current year.

Why infrastructure spending has become the cornerstone of Budget 2022?

- **Capital expenditure**- The capital expenditure is budgeted to increase to Rs 7.5 lakh crore for crowding in private investments.
- The Budget provides for incentivising the States to expand their capital expenditures by permitting them a fiscal deficit limit of 4% of GDP and 0.5% points is marked for expanding power infrastructure.
- Rs. 1 lakh-crore has been allocated to States for capital expenditure in 2022-23 as 50-year interest-free loans, over and above the normal borrowings allowed to them.
- **PM Gati Shakti-** This 100 lakh crore rupee project for building holistic infrastructure which was launched in 2021 received its first ever outlay of Rs. 20,000 crore in the Budget for FY22-23.
- The approach is driven by seven engines - roads, railways, airports, ports, mass transport, waterways, and logistics infrastructure.
- **Master Plan for Expressways-** The Budget lists a Master Plan for Expressways that will be formulated in 2022-23 and projects the addition of 25,000 kilometres of roads to National Highways network.
- It is being said that 400 new generation Vande Bharat trains would be manufactured by 2025 as part of the master plan.
- The touchstone of the master plan will be world-class modern infrastructure and logistics synergy among different modes of movement and location of projects.
- As part of Atmanirbhar Bharat, 2,000 km of railway network will be brought under Kavach, the indigenous world-class technology for safety and capacity augmentation in 2022-23.
- **Multimodal logistics** - 100 PM GatiShakti cargo terminals for multimodal logistics facilities will be developed during the next 3 years.

- Four multi-modal logistics parks on PPP mode were also being included.
- **Incorporation of schemes-** The PM Gati Shakti intends to incorporate the infrastructure schemes like Bharatmala, Sagarmala, inland waterways and UDAN scheme, along with economic zones like textile and pharmaceutical clusters, defence and industrial corridors, electronic parks, fishing clusters and agri zones.
- The programme will also leverage technology including spatial planning tools with imagery developed by BiSAG-N (Bhaskaracharya National Institute for Space Applications and Geoinformatics).
- **Parvatmala-** The government also announced Parvatmala, a national Ropeways Development Programme, that is being positioned as a sustainable alternative to conventional roads in difficult hilly areas.
- The National Ropeways Development Programme will be taken up on PPP mode.
- **Ken-Betwa river link project-** This is the first project under the Union government's *National Perspective Plan* for interlinking of rivers.
- The implementation of Ken-Betwa river linking project at a sum of Rs. 44, 605 crore will be taken up.
- The project in drought-prone region of Bundelkhand, spread across 13 districts in Uttar Pradesh and Madhya Pradesh, is expected to provide drinking water, irrigation, hydropower and solar power.
- **National Infrastructure Pipeline (NIP)-** It would have provided greater transparency if a medium-term assessment of NIP had been undertaken in the Budget indicating the sectors of deficient investment as compared to the original targets.

What about the social sector?

- India continues to rank poorly in various global indices that reflect the human capital in the country, such as the Human Development Index (rank 131 out of 189 countries) and the Global Hunger Index (rank 101 out of 116 countries).
- The Oxfam's 'Inequality Kills' report and the ICE360 survey, establish that the incomes of the poorer sections of the society are decreasing, while those of the richer sections are increasing.
- **Social sector spending-** The overall social sector spending, which includes education, well-being, housing, and social welfare, is set to fall next fiscal.
- From 6.5% of total expenditure in the ongoing fiscal, it will decline to 6.1%.

Education

- The Ministry of Education has received a record budgetary allocation of Rs. 1 lakh crore for the financial year (FY) 2022-23.

- The focus was provided to Flagship Scheme of Samagra Shiksha for school education sector, World Bank aided Scheme of STARS, etc.,
- **Digital learning-** The announcements to further digital learning mode were included such as the expansion of PM e-VIDYA initiative, proposal to launch a digital university and development of e-content in all Indian languages.
- The "**one class-one channel**" initiative launched in 2020 under PM e-VIDYA will be scaled up from 12 channels to 200 channels to enable all states to provide supplementary education in regional languages to children for classes I o XII.

Healthcare

- The Economic Survey, released a day before this year's Budget, reported that expenditure on health reached **2.1% of GDP** suggesting that we are on track to reach the government's

target of 2.5% by 2025.
- The budget allocation for the Department of Health and Family Welfare increased by 16.5 % over 2021-22.
- By including water, sanitation and air pollution control in the budget for health, there is an increase being shown in health spending as a proportion of GDP.
- **Har Ghar, Nal Se Jal scheme**- An allocation of Rs. 60,000 crore has been made to Har Ghar, Nal Se Jal scheme, a component of the Jal Jivan Mission that aims to provide piped drinking water to every household in the country by 2024.
- **Pollution control-** Initiatives for pollution control includes expansion of zero emission public transport services, incentives to reduce crop stubble burning and battery-swapping policy.
- **National Health Mission-** The National Health Mission budget has increased marginally by 1% over the previous year from putting the burden of financing the programme on the states.
- **Pradhan Mantri Swasthya Suraksha Yojana**- This scheme which focuses on expansion of tertiary care facilities, has been allocated a 35.1% increase, keeping in with the promise of an AIIMS in every State and upgrading of several medical college hospitals.
- **AYUSH** - AYUSH has been given a 14.5% increase.
- **Mental health**- It also proposed to set up a National Tele Mental Health program in India, with 23 tele-mental health centers being launched with the National Institute of Mental Health and Neuro Sciences (NIMHANS) as the nodal center.
- The budget outlays for public hospitals has increased by 30% though the much-needed investment for strengthening the surveillance system has a nominal 16.4% increase.
- **Health research**- The Department of Health Research sees an increase of only 3.9%, despite the continuing need for COVID-19 research and development of new vaccines.
- Vaccines for COVID-19 received an allocation of Rs. 5,000 crore as against Rs. 39,000 crore the previous year.
- **PMJAY-** The flagship Ayushman Bharat health insurance scheme (PMJAY) continues to be grossly underfunded same as last year.
- **PM-POSHAN-** The allocations for the National Programme of Mid-Day Meal in schools, now renamed as Pradhan Mantri Poshan Shakti Nirman, has declined by 11% over the previous year.
- **Health Infrastructure Mission-** The allocation for this mission seems to fall short of ambition.

Social security

- **Food subsidy-** The food subsidy for 2022-23 is only enough to cover the regular NFSA entitlements indicating that there is no plan to extend the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY).
- **MGNREGA-** The budget estimate for the coming year at Rs 73,000 crore is insufficient, given the increase in demand for work from returning migrants as well as distressed rural workers.
- Budgets for important schemes such as Saksham Anganwadi, maternity entitlements and social security pensions are around the same as the allocations for last year.
- On the whole, the resources allocated for crucial government schemes in the fields of health, education, nutrition, and social protection have remained stagnant or show negligent increase.

What are the budget proposals on economical aspect?

- **Domestic manufacturing**- The Minister has proposed earmarking 68% of the armed forces' capital procurement budget to domestic industry in 2022-23 to reduce import dependence in procurement for the country's defence forces.
- **Digital Currency-** It proposed to introduce a Central Bank Digital Currency that will leverage

blockchain technology to boost the digital economy for a more efficient and cheaper currency management system.

- The income from the transfer of any virtual digital asset will be taxed at the rate of 30%.
- **Disinvestment-** The latest budget shows a sharp decline in capital receipts from disinvestment with just Rs. 65,000 crore budgeted from asset sale for fiscal 2023.
- **MSMEs-** The use of drones for start-ups will push for excellence and the promotion of fintech and technology-based development will help create better job prospects for individuals.
- In a bid to boost local manufacturing and promote self-reliance, the FM announced extending the Emergency Credit Line Guarantee Scheme (ECLGS) up to March 2023.

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