



UNION BUDGET 2022

Budget: Major Announcements

2022-2023

The Union Budget 2022-23 focuses on preparing India@100 with an eye on big investments – both by the government and the private sector. The top headlines are around economic growth, job creation, agricultural support, greater investments in creating a digital society, improvement in the ease of doing business and further expansion of the Atmanirbhar Bharat programme. The focus on expanding capital expenditure besides the lack of new major schemes are two things that stand out for us. What it indicates is that the focus will continue being on implementing reforms and programs already underway.

Key Announcements



Infrastructure

- Increase in capex by 35% to about 3% of GDP
- Gati Shakti announced as a priority area
- 70km roads per day to be built



Telecom

- Bharatnet contracts for optical fibre networks to be given in PPP
- Scheme for design-led manufacturing will be launched to build a strong ecosystem for 5G PLI



Ken Betwa Irrigation Project

To be taken up at cost of Rs 44,605 crore- benefits to 9.08 lakh hectare of farmers' lands, drinking water supply for 62 lakh people, 103 MW of Hydro, and 27 MW of solar power



Agriculture Support

- Rs. 2.37 lakh crore direct payment of MSP to farmers
- Kisan drones for crop assessment
- Chemical-free farming will be promoted



Inclusive Development

- Boost for women and children: Mission Shakti; Mission Vatsalya Poshan 2.0
- Inclusive urban planning - job creation for women & youth



Green Initiatives

Battery-swapping policy to be brought out with interoperability standards to boost EV ecosystem



Atmanirbhar in Defence

- 68% of capital procurement budget in defence will be earmarked for domestic industry in 2022-23
- Defence R&D to be opened up for industry and startups



Health & Education

- National tele mental health program & , National Tele Mental Health Centres
- One class 1 channel- PM eVIDYA (from 12 -200 channels)



Boost to MSMEs

Credit Guarantee Trust for MSMEs (CGTMSE) revamped; Rs 2 lakh crore to be infused & expand job opportunities



Digital Push

- Digital rupee to be introduced based on blockchain technology
- Extension of present tax benefits to startups till March 2023



Transport & Linkages

- 400 Vande Bharat trains; 100 Cargo terminals
- One station, one product concept
- 4 Multimodal Logistics Parks



Taxation

- Tax deduction limit increased to 14% on employer's contribution to NPS account of state govt employees
- Taxpayers to file an updated return after 2 years

Our Take

The focus is on the citizen. Social protection aids her with job guarantees, and new initiatives in education and health. Emphasis on enhancing her quality of life comes across from programs like Ghar pe Nal, and on the ramped-up investments in infrastructure. She is also trusted, can file self-declarations, and correct her own tax returns. The budget adopts a welcome citizen-centric stance. The key will be in the efficient design and delivery of the promise.

Impact



JOBS

Promises to fire up the job market with a renewed push on capital formation across transport, energy, and urban development sectors, together with the incentives provided through PLI schemes



INFRASTRUCTURE

Emphasis on Multi modal Transport is important. The expansion of 25000 KM of National Highways will not only help drive efficiency in economy but help drive employments at local levels



DIGITAL INDIA

Digital Rupee together with creation of platforms in areas like education and support provided to startups in terms of taxation and access to funds will move India further towards sunrise sectors



EoDB

The overall focus of FM's speech on improving ease and cost of doing business is important. We have improved significantly over the last 5 years, but a lot more needs to be done

Expectations v/s Announcements

Budget 2022-2023

Our Expectations

Our Take

Expectations Met?



- Low expectations for a big bang reforms program.
- The Budget is likely to be an implementation roadmap

- Budget had no real surprise, which is positive, in a way. Markets and Investors are jittery of surprises.
- PM GatiShakti National Master Plan announced as an implementation roadmap

Met



- We should watch out for reforms in the Energy Sector and PSU Bank Privatization and the target for the overall Disinvestment Program.

- Significant focus on energy transition and sector and greening in general.
- The use of low carbon pathway tells about the seriousness. The Banking sector found lesser attention

Partly Met



- Funding to infrastructure and implementation plan for NMP and NIP is something where we expect Government to give more clarity.

- The liberal Fiscal deficit stance aimed at boosting capital expenditure is most welcome.
- Projects pertaining to the National Infrastructure Pipeline aligned with PM GatiShakti National Master Plan

Met



- The budget should provide a push for improving local and global funding sources for startups and announce some much-needed tax reforms

- Budget has announced setting up of an expert committee to examine and rationalize regulatory issues around raising funds via Venture Capital and Private Equity

Partly Met



- MNREGA may continue to get a higher allocation. A choice and family-based framework for Benefit Management may get introduced.

- Interlinking of Udyam, e-Shram, NCS and ASEEM portals announced for improving benefit-targeting for credit facilitation, skilling, and recruitment etc.

Partly Met



- Defense and Health will continue to see growth in allocation given the situation.
- Expansionary measures expected for Rural Infrastructure, Women and Child Development, and Education.

- AtmaNirbharta in Defense: 68 per cent of the capital procurement budget will be earmarked for domestic industry.
- Three new schemes announced for Women and Child Development

Met



- Unlikely to see massive changes in tax structures. Expansion of Funds for MSME may be announced.

- ECLGS will be extended up to March 2023 and its guarantee cover will be expanded by ` 50,000 crore to total cover of `5 lakh crore

Partly Met



- Emphasis may be laid on Rural Digital Infrastructure, Universalization of Higher Education through Digital Means, and Financial Inclusion, especially aimed at Women and Farmers.

- Contracts for laying optical fibre (BharatNet) project announced to be awarded through PPP in 2022-23 and completion is expected in 2025 Digital University announced for Education through Digital Means

Met



- Greening of the Economy where initiatives for Climate Financing and meeting the SDG targets could be announced.

- Services for global capital for sustainable & climate finance will be facilitated in the GIFT City.
- Sovereign Green Bonds will be issued for mobilizing resources for green Infrastructure

Met



- Expansion of the PLI Scheme for a few more sectors such as Chemicals and Energy could be taken up

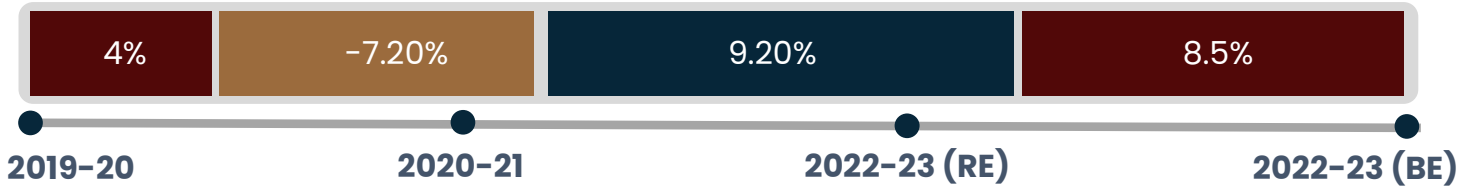
- Scheme for design-led manufacturing will be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.

Met

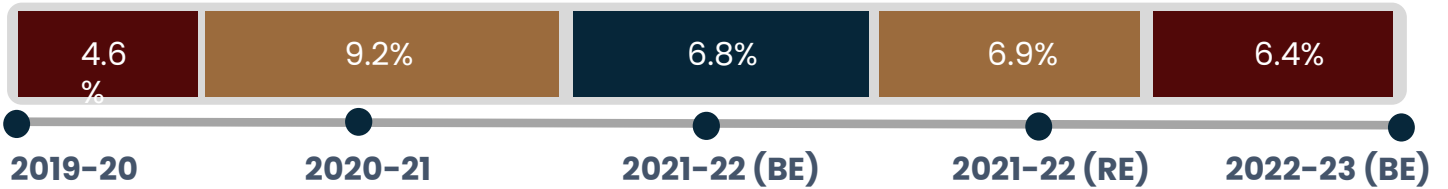
Budget in Numbers



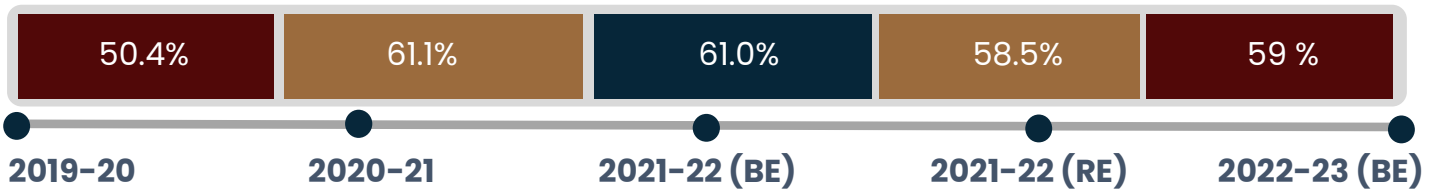
GDP Growth Rate



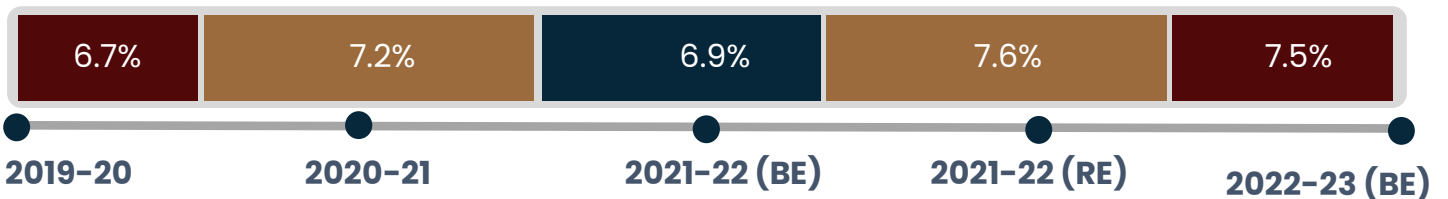
Fiscal Deficit to GDP



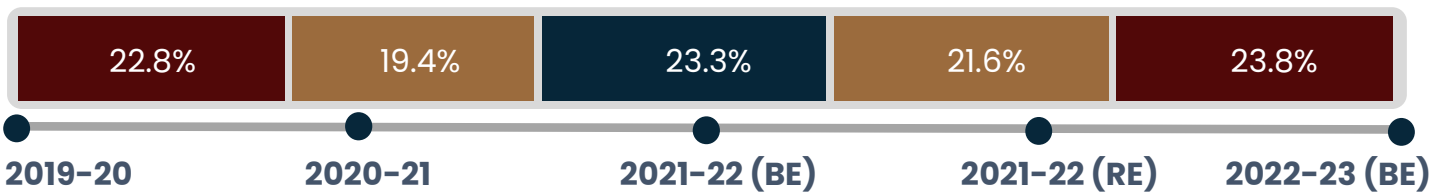
Debt to GDP



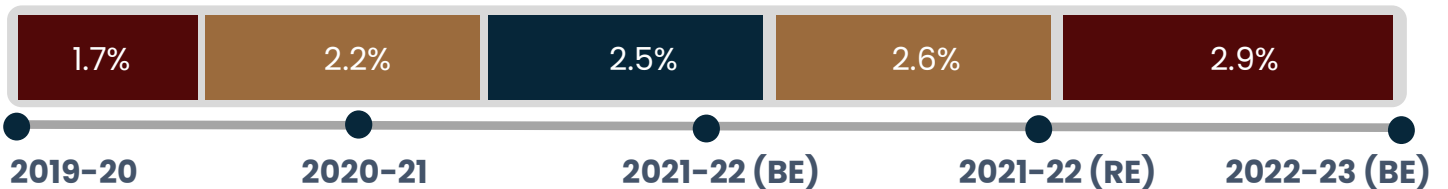
Tax Revenue to GDP



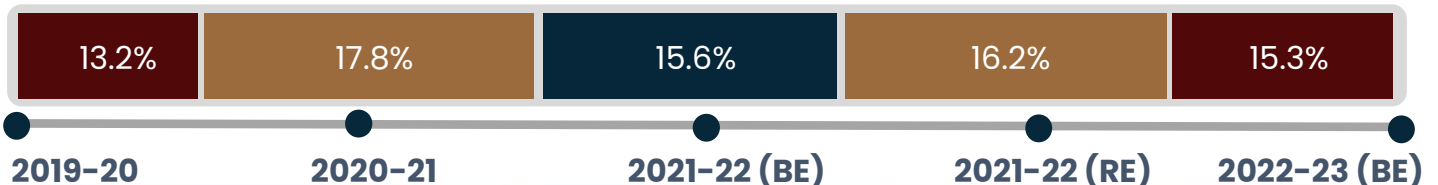
Interest Payment to Total Expenditure



Capital Expenditure to GDP



Total Budgetary Allocation to GDP



Budget: Sector Wise Allocation

2022-2023



We have analyzed the budget expenditure for FY23. The top sectors include – defense, road transport and highways, railways, communications, rural development etc. The focus of GoI is to create a holistic growth environment with a strong, sustainable infrastructure push. This is a very humane approach to create a balanced growth environment to move towards 'Sabka Saath – Sabka Vikas' motto.

**Rs 5,25,166 Cr |
Defence**

**Rs 1,99,107
Cr | Road
Transport
and
Highways**

**Rs 1,32,514
Cr |
Agriculture
and Farmer
Welfare**

**Rs
1,40,367
cr |
Railways**

**Rs 2,17,684 Cr |
Consumer
Affair, Food
and Public
Distribution**

**Rs
1,38,203
Cr | Rural
Developm
ent**

**Rs 105,407
Cr |
Communica
tions**

**Rs 86,201
Cr |
Housing &
Urban
Affairs**

**Rs 1,07,715 Cr
| Chemicals
& Fertilizers**

**Rs 86,201
Cr | Health
& Family
Welfare**

**Rs 104,278 Cr |
Education**

**Rs 268,944
Cr | Others**

TAXATION



Key Announcements

- Income from transfer of virtual digital assets to be taxed at 30%; no deductions allowed except for cost of acquisition; TDS at 1%
- Period of commencement of manufacturing for newly incorporated manufacturing entities extended up to 31st March 2024 for availing concessional tax regime of 15%
- Period of incorporation for Startups extended to 31st March 2023 for availing tax incentive in 3 consecutive years out of 10 years from incorporation
- Proposal to gradually phase out 350 custom exemptions and inclusion of rates in the Customs Tariff Schedule
- Taxpayers allowed to file updated return within 2 years from the relevant AY

Focus Period



- Short to Medium Term (0-3 years)
- Medium Term (1-3 years)
- Medium Term (1-3 years)
- Long Term (3 years and above)
- Short Term (up to a year)



Overall Impact/Who it Impacts

- Bringing virtual digital assets under the tax net will help reduce speculative play, especially in cryptocurrency
- Regulations around tax incentives and customs rationalization will help capture the shift in the manufacturing supply chain from China to India
- The provision of filing updated returns will help inculcate a sense of voluntary compliance

Why it is Important



- As of January 2022, India has over 10 Cr Crypto owners, showcasing strong interest in the new investment class
- Incentives around taxation and custom rationalization are critical tools to achieve Make in India and Atmanirbhar India outcomes
- Ensuring voluntary compliance will help optimize compliance costs



What we Expected

- Taxability of digital assets
- Rationalization of corporate tax rates
- Improving tax compliance
- Bringing Petrol, Diesel, Crude Oil, Natural Gas under ambit of GST regime
- Rationalization on controversial GST issues
- Increase in current limit of interest on housing loan for tax deduction

Expectations Achieved



Our Take



Shrvan Shetty
Managing Director

“Given past tax collection volumes, along with record GST collections in January 2022, the Government was correct not to alter current structures. Further, taxation on virtual digital assets which has witnessed an increase in market size, will augment collections and reduce speculative play. Extension of the 15% concessional tax regime for new manufacturing entities and tax incentives for startups is a right step in making India an attractive destination vis-à-vis global counterparts.”



INFRASTRUCTURE



Key Announcements

- Gati Shakti was announced as a priority area in the budget, which is driven by 7 sectors and to be aligned with PM GatiShakti framework.
- Gati Shakti Master Plan for railways to be drawn up this financial year. 400 new-generation Vande Bharat Trains to be manufactured.
- The National Highways network will be expanded by 25,000 km in 2022-23, allocation to MORTH has been increased by 30%. Rs 20,000 Cr is to be mobilized through innovative financing methods.
- Multimodal Logistics Parks at 4 locations through PPP mode will be awarded this year
- Sovereign Green Bonds to be issued to mobilize capital for infrastructure projects

Focus Period



- Long Term (3 years and above)
- Long Term (3 years and above)
- Long Term (3 years and above)
- Long Term (3 years and above)
- Long Term (3 years and above)



Overall Impact/Who it Impacts

- Fillip to railway sector, national highways and airports
- Emphasis on enhancing quality of life through ramped-up investments in infrastructure.
- Focus on increase in PPP, blended finance and other innovative financing mechanisms

Why it is Important



- Infrastructure is the backbone of the economy and contributes to employment and investment besides having a big multiplier effect on the economy.



What we Expected

- To strengthen IIFSC and Private Financing of Infrastructure programs
- Enhancing the Financing / Liquidity in the sector and bring more investments

Expectations Achieved



Our Take



Davinder Sandhu
Co-founder & Chairman

“The government has made building of infrastructure sector a top priority to bring down logistics-related costs. Infrastructure creation has a significant multiplier effect on the larger economy which is reflective on the increase in outlay for capital expenditure in the Union Budget being stepped up sharply by 35.4% .

Infrastructure push will sustain economic momentum in the long term, and lead to creation of jobs in the short term, especially for those who are at the bottom of the pyramid and have lost the most during this pandemic”.

AEROSPACE AND DEFENCE



Key Announcements

- Higher allocation (68% of capital budget) for domestic industry procurement corresponding with a ~13% increase in capital component
- 25% of Defence R&D budget allocation earmarked for private industry, start ups and academia
- Independent nodal body for making wide ranging testing requirements
- Private industry encouraged to design and develop military platforms with DRDO etc. through SPV model
- Reduction of customs duty on components or parts including engines for manufacture of aircraft by DPSUs

Focus Period



- Long Term (3 years and above)
- Long Term (3 years and above)
- Long Term (3 years and above)
- Long Term (3 years and above)
- Long Term (3 years and above)



Overall Impact/Who it Impacts

- Domestic industry benefits via:
 - Higher allocations for domestic procurement
 - Part funding of R&D through budget impacts
 - SPV formation by Private industry with public entities enhances their scope

Why it is Important



- Will ensure that there is an order visibility for domestic industry to plan investments in capability and capacity
- Will help R&D and production for domestic industry to move in parallel



What we Expected

- Higher allocation for capital procurement from private industry from within domestic procurements share
- Announcement of merger of Defence pension head with Central Govt pension – would have released a significant amount for capital procurements and R&D
- A “Defence fund” sourced from statutory reserves of government or investments from government entities

Expectations Achieved



Our Take

A core Defence Budget of Rs 3.92 lakh cr (+6.8% YoY) split between revenue (+3.3% YoY) and capital allocations (+12.8%), is good. However, an increased allocation for domestic procurement is a positive. A share for private industry in the Defence R&D budget is also a welcome step and will encourage the DcPP process of DRDO. However, the budget in R&D appears nominal, especially when one considers that R&D is no longer being financed for the Ordnance Factories.

The announcement of DRDO-Private industry partnerships in SPV model can bring about a focused approach to weapons and platform deliveries. India should learn from global best practices in this arena.





Key Announcements

- Anti Dumping Duty & CVD on Stainless Steel & Coated Steel Flat products, Bars of alloys and High-Speed Steel has been revoked, considering high prices of metals.
- Custom Duty exemption on Steel Scrap is being extended for another year to provide relief to MSME secondary steel producers.

Focus Period



- Short to medium term (1-3 years)
- Short to medium term (1-3 years)



Overall Impact/Who it Impacts

- Flat Steel Producers will be negatively impacted, and their margin may drop
- Flat Steel producers:
 - JSW (Coated Steel Flat Product, Stainless steel)
 - Tata Steel (Coated Steel, Stainless Steel, High Speed Steel)

Why it is Important



- Given the capacity expansion envisaged through PLI schemes for Steel Sector, this policy might have counter productive impact as incentive may get offset with the price drop expected.



What we Expected

- Steel Scrap to remain custom duty free
- Green Steel making to be incentivized through a dedicated budget outlay.

Expectations Achieved



Our Take



Davinder Sandhu
Co-founder & Chairman

“Steel sector has witnessed robust growth with super normal profits. In view of thrust on infrastructure building, the demand will remain elevated. To ensure the smooth supply at competitive prices, Anti Dumping Duty & CVD has been revoked on certain products. To further enhance supply, and to encourage participation of MSMEs in secondary steel making, custom duty exemption on scrap steel has been extended for one more year. These steps will raise domestic supply of steel in line with expected rise in demand.”



Key Announcements

- Emergency Credit Line Guarantee Scheme (ECLGS) will be extended to March 2023 with an increased cover of Rs 50,000
- Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme will be revamped with required infusion of funds. This will facilitate additional credit of Rs 2 lakh crore for Micro and Small Enterprises and expand employment opportunities.
- MSMEs such as Udyam, e-shram, NCS, and Aseem portals will be interlinked, their scope will be widened; they will now perform as portals with live organic databases providing G-C, B-C & B-B services such as credit facilitation, enhancing entrepreneurial opportunities
- Rs 6,000 crore Raising and Accelerating MSME Performance (RAMP) programme to rate MSMEs will be rolled out in the coming five years.

Focus Period



- The ECLGS announcement will provide immediate relief (upto a year)
- Owing to RAMP, the sector will witness positive results in the long term (3 years and above)



Overall Impact/Who it Impacts

- The MSME sector employs over 110 million Indians as per the data of the financial year 2021
- Out of 633.88 estimated number of MSMEs, 324.88 lakh MSMEs (51.25%) are in rural area and 309 lakh MSMEs (48.75%) are in the urban areas

Why it is Important



- MSME GVA in GDP at current prices (2011-12) for 2019-20 stood at 30 %.
- ECLGS has been a huge benefit for MSMEs in the pandemic. This extension along with the raise in amount allocated will ensure sustained credit. The Rs 6,000 crore Raising and Accelerating MSME Performance (RAMP) programme would improve the competitiveness and productivity of MSMEs.
- The end-to-end online e-Bill System will enable the suppliers and contractors to submit online their digitally signed bills and claims and track their status from anywhere.



What we Expected

- Continuing the tenure of Emergency Credit Linked Guarantee Scheme beyond Mar'22 to sustain credit access for small businesses

Expectations Achieved



Expert Take



Ram Mohan Mishra
Former bureaucrat

"The announcement pertaining to the extension in Emergency Credit Line Guarantee Scheme (ECLGS) along with an enhanced guarantee cover will aid small businesses in terms of access to credit. This was a much-needed step given that the MSME sector has faced massive brunt owing to the pandemic. Moreover, linking of Udyam, e-Shram, NCS and ASEEM portals along with live, organic databases, providing G2C, B2C and B2B services can be leveraged for credit facilitation, skilling, and recruitment".

RURAL DEVELOPMENT AND BENEFIT MANAGEMENT



Key Announcements

- Rs. 2.37 lakh crore DBT payment of MSP to bank accounts of 163 lakh farmers for wheat and paddy.
- Chemical-free Natural Farming to be promoted
- Support for millet for post-harvest value addition and branding millet products
- Scheme to increase domestic production of oilseeds and reduce dependence on import
- Encouragement to revise syllabi of agricultural universities to meet the needs of natural, zero-budget and organic farming, modern-day agriculture, value addition and management
- Package for production and harvesting techniques for fruits and vegetables
- Vibrant village program for sparsely populated border villages in North

Focus Period



- The focus on DBT for payment of MSP would start showing benefits over the short to mid term period (1-3 years)
- The impact of many of the schemes like natural farming, increasing production of oilseed, creating vibrant villages would be seen in the medium to long term period. (3 years and above)



Overall Impact/Who it Impacts

- The schemes would have a positive impact on the entire rural population and especially the farmers.
- Adopting modern farming techniques like zero budget farming, organic farming and chemical free farming can help increase farmers income too.

Why it is Important



- Focus on agriculture and DBT would be crucial to drive consumption and growth in the rural economy. This is extremely crucial as more than 50% of the population depend directly or indirectly on agriculture.



What we Expected

- Strengthening of FPOs
- Use of technology
- Sustainable agriculture
- Strengthening the whole value chain
- Enhancement of role of agri research institutes like State Universities and KVKs

Expectations Achieved



Our Take



Devroop Dhar
Co-founder & MD

“The focus on natural, zero-budget and organic farming and modern-day agriculture techniques is the need of the hour and is a welcome step in the budget. DBT is another important step, and would ensure that the right price reaches the farmer without any leakage. Emphasis on millets can be a game changer, with its nutritional value and requirement of less fertile land to grow”.



HEALTHCARE



Key Announcements

- **Ayushman Bharat Digital Mission-** An open platform for the National Digital Health Ecosystem to be established in an effort to strength accessibility and transparency of healthcare delivery.
- Launch of **National Tele Mental Health Program**, which will have 23 tele mental health Centres of Excellence with NIMHANS being the nodal centre and IIT Bangalore providing technical support.
- **Pharmaceuticals identified as a sunrise industry.** Supportive policies, light-touch regulations, facilitative actions to build domestic capacities, and promotion of R&D will be in focus.



Overall Impact/Who it Impacts

- **Patients:** Improved accessibility to quality Mental Healthcare and ownership of all health records.
- **Healthcare Providers:**
 - Streamlined system of healthcare delivery and maintenance of health records.
 - Opportunity creation for mental health professionals.
 - Upskilling opportunities through digital learning initiatives.
- **Pharmaceuticals:** Improved R&D will encourage Make in India initiative in the sector and boost drug manufacturing in the country.



What we Expected

- Strengthening of digital health infrastructure
- Focus on research and development in healthcare
- Relief from substantial out of pocket expenditure through policy reforms in govt. insurance schemes and improved primary health infrastructure.
- Skill development schemes for paramedical and other support staff to effective implementation of health programs.
- Promotion of "Atmanirbhar Bharat" in the drugs and vaccines space



Expert Take



Rishabh Chopra

Deputy Director, Strategy and Digital Health, PATH South Asia

"It is great to see the GOI focusing on women-led programs related to health and nutrition. Making schemes more gender responsive by advising ministries to submit gender-responsive budgets is a good start and can be a gamechanger in the long run. To improve access to quality mental health counseling and care services, a National Tele Mental Health program will be launched. This is a welcome move, considering the glaring need for access to advanced mental health care in the country. There is an urgent need for increasing allocation towards mental health sector, which received only one percent of the overall spending on health. Focus on roll-out of National Digital Health Mission (MDHM) is critical. The digital ecosystem consists of digital registries of health providers and health facilities, unique health identity, consent framework etc. This has come at a critical juncture for the Indian health sector, since the COVID 19 pandemic has further emphasized the need for interoperable, and efficient digital health platforms in the country. The budget allocation for NDHM has seen a manifold rise and has been kept at INR 200 cr in 2022-23. This will give a fillip to the NDHM which was announced by the PM in August 2020 and launched in September 2021. The initiative could bridge the vast technological and procedural variations in maintaining health records across private and public sector facilities. Global experiences have shown us that digital health help make health systems efficient and scalable, enabling them to deliver good quality, affordable and equitable care".

Focus Period



- Short to Mid Term (1-3 years)
- Short to Mid Term (1-3 years)
- Mid to Long Term (3 years and above)

Why it is Important



- Accessibility and transparency in healthcare delivery is critical to improve public's perception of public health system
- The pandemic has had a huge impact on people's mental health which is not only a health crisis but also an economic burden. National Tele Mental Health Program will help bridge the gap between in quality mental healthcare delivery.

Expectations Achieved



EDUCATION



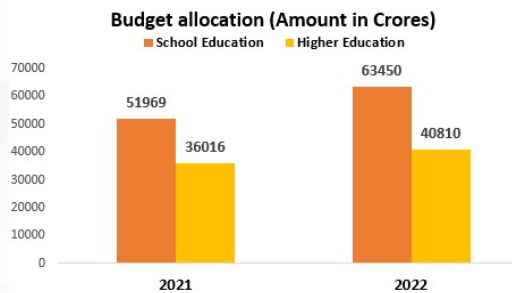
Key Announcements

NEP 2020 has laid the foundation, equitable access will now be key

- Digital university to be set up with focus on ICT using network hub and spoke mode to provide students access to world class quality universal education
- One class, one TV channel' program of PM eVIDYA to be expanded from 12 to 200 TV channels which will enable all states to provide supplementary education in regional languages
- Competitive mechanism for development of high quality e-content by teachers to be delivered through various modes
- Agricultural universities syllabi to be revised by States
- Five academic educational institutions for urban planning to be declared centres of excellence and receive an endowment fund of Rs 250 crore each
- National Skill Qualification Framework to be aligned with dynamic industry needs
- Select ITIs in all states to offer courses for skilling



Overall Impact/Who it Impacts



What we Expected

- Allocations for central digital university
- Skill Universities and Incubation cells to be set up across the country to further entrepreneurial exposure and skills
- Vocational education to be introduced at grade 6- 8 to expose students to the world of work and 'hand knowledge'
- Fintech and Agroforestry courses to be added in the curriculum from middle school up to college
- Science Scholarships in collaboration with experts
- Technical education in vernaculars to be made available



Our Take



Charu Malhotra
Co-Founder and MD

On Supplementary Education:

"We welcome the announcement of supplementary education channels and hope that a quality assurance process for certification of e content will be brought in".

On Digital University :

"A central digital university has potential to help bridge not just a digital divide but a learning divide by creating access with a wide mix of courses, faculty, and digital learning tools through virtual learning environments".

Focus Period



- Long term (3 years and above)
- Short term (up to a year)
- Mid-term (1-3 years)
- Mid-term (1-3 years)
- Mid-term (1-3 years)
- Mid-term (1-3 years)
- Mid-term (1-3 years)
- Mid-term (1-3 years)

Why it is Important



40% of India's population is under 18 years of age but only 3% of its GDP (Gross Domestic Product) is spent on the education sector. An increase in budget will be a big step towards implementation of various interventions under NEP 2020.

Expectations Achieved



GREENING OF THE ECONOMY



Key Announcements

- To promote transition to EV, a battery swapping policy has been announced
- Complementing public transport with clean technology, special mobility zones with zero fossil fuel policies & EVs
- 5-7% biomass pellets will be co-fired in thermal power plants resulting in CO₂ savings
- Promotion of energy efficiency and saving measures in large commercial buildings
- Sovereign green bonds to be issued for mobilizing resources in green infrastructure
- Rs. 19,500 crore allocated for solar modules under PLI scheme
- Rs. 2217 crore to tackle air pollution for 42 urban centres with a million plus population

Focus Period



- Short term (up to a year)
- Mid Term (1-3 years)
- Short term (up to a year)
- Short term (up to a year)
- Short term (up to a year)
- Short term (up to a year)
- Short term (up to a year)



Overall Impact/Who it Impacts

- Increase in budgetary allocation to MoEF&CC from the previous year is a positive development
- The lowering of cost of capital will provide impetus for investments in green infrastructure and technologies
- Additional funds have been allocated for tackling air pollution, however, without an implementation structure. Efficacy is a question.

Why it is Important



- Risks of climate change are strongest negative externalities that affect India and have immediate finance requirement
- 14 of the world's top 20 most polluted cities are in India, requiring immediate Government attention & action.
- Allocation to initiatives under climate change showcase Government's strong commitment to sustainable development.



What we Expected

- A Green Budget to mainstream climate priorities in the annual budgeting and planning process.
- Increase in budgetary allocation to MoEF&CC
- Increase in allocation for CCAPs.
- Attractive financing options for electric vehicles, implementation of a faster roll-out of tax refunds and incentives.

Expectations Achieved



Our Take



Sameer Jain

Managing Director

"The budget has touched upon certain areas of climate change, however, looking at India's stand on Climate Finance in past, more was expected at this stage. Through the voluntary vehicle scrapping policy, funds for tackling air pollution, battery swapping policy, allocation for waste management to reduce plastic waste, the Government has shown that climate change is an area of immediate priority for the nation. Even though the announcement on sovereign green bonds is a welcome step, it is imperative to define a structured framework for the realization of its potential."

REAL ESTATE & HOUSING



Key Announcements

- Central Government to work with State Government towards reduction of time required for all land and construction related approvals
- Government to work with financial sector regulators to expand access to capital along with reduction in cost of intermediation.
- Rs 48K Crore allocated for 80 lakh houses to be completed for the identified eligible beneficiaries of PM Awas Yojana (PMAY), both rural and urban.
- Adoption of 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 to be rolled out.
- National Generic Document Registration System (NGDRS) linkage with the 'One-Nation One-Registration Software' will be promoted as an option for uniform process for registration and 'anywhere registration' of deeds & documents.

Focus Period



- Short to Mid Term (1- 3 years)
- Short to Mid Term (1- 3 years)
- Short to Mid Term (1- 3 years)
- Mid to Long Term (3 years and above)
- Mid to Long Term (3 years and above)
- Mid to Long Term (3 years and above)



Overall Impact/Who it Impacts

- Middle Class and Economically Weaker sections in Urban Areas: Structural reforms leading to reduction of cost and greater affordability
- Real Estate Players: Reduction in time required for approvals and Single Window system for green clearances will greatly increase the turn around time

Why it is Important



- For India@100, the long-term structural reforms will play key role in transforming the Real Estate Sector in India and will be beneficial for all the stakeholders involved.



What we Expected

- The Government should extend the PMAY scheme by 3 years
- Current limit of interest deduction under Section 24 of IT Act 1961 on housing loan should be increased from INR 2 lakhs to 5 lakhs
- Affordable Rental Housing stock to be developed across the country.

Expectations Achieved



Our Take



Aarti Harbhajanka
Co-founder & CFO

"Owing the Covid-19 Pandemic, a lot of fiscal incentives were provided by the Central and State Governments which has led to the revival of the Real Estate sector, as was as was presented in the Economic Survey Report 2022. The Budget 2022-23 focused on the much-needed long term structural reforms which is the need of the hour and will play significant role towards transforming the sector. The intent of Government to boost Ease of Doing Business is evident in the present budget. Further, Modernization of Building Byelaws, Town Planning Schemes and Transit Oriented Development are fundamental announcements catering to the future demand and strategic Urban Planning".

URBAN DEVELOPMENT



Key Announcements

- Infusion of Rs 48,000 crore with target of 80 lakh houses under PMAY scheme
- "Har Ghar Nal Se Jal" received a boost of Rs. 60,000 crores for drinking water supply to 3.8 Crore households.
- Expert committee to be formed to recommend suggestions for capacity building in urban development subjects.
- Endowment funds of 250 Crore for 5 academic institutions to designate a center of excellence in urban studies
- Public transport complemented by clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles.
- Faster approvals will be facilitated for construction works.
- Reimagine our cities into centers of sustainable living with opportunities for all.

Focus Period



- Short to Mid Term (1- 3 years)
- Short to Mid Term (1- 3 years)
- Short to Mid Term (1- 3 years)
- Mid to Long Term (3 years and above)
- Mid to Long Term (3 years and above)
- Short to Mid Term (1- 3 years)
- Mid to Long Term (3 years and above)



Overall Impact/Who it Impacts

- Citizens, especially middle class and economically weaker Sections.
- State Government agencies working in urban development and municipal administrations
- Academia
- Contractors, Consultants and Entrepreneurs focusing on clean tech/EV/civil engineering products

Why it is important



- Cities contribute over 65% of nation's GDP.
- Readiness of cities to handle half of population in next 2 decades.
- Equipped cities to leverage economic and livelihood enhancement potential.
- Availability of skilled human capital to achieve the desired outcomes from investments.



What we Expected

- Adequate allocation for development of urban infrastructure to match pace of rapid urbanization.
- Propose measures to fill gaps identified with respect to policies, reforms, capacity building, private investments, sustainability aspects, in last 7 years from missions like AMRUT, Smart Cities, Swachh Bharat Mission.
- Promotion of environmental sensitive ecosystem in Infrastructure

Expectations Achieved



Our Take



Sameer Jain
Managing Director

"The fact that cities contribute over 65% of nation's GDP, the area & latent potential of India's economic growth is highly dependent upon how cities transform. The budget has effectively catered 3 important features of urban development i.e. 1) Quality of life, 2) Environmentally sustainable development and 3) Availability of skilled human capital. With the budget focusing on Capacity Building dedicatedly, is the much-needed lever to achieve a higher urban rate (as compared to BRICS nations) and prosper much sooner".



WOMEN AND CHILD DEVELOPMENT



Key Announcements

- Re-iterated recent revamping of Ministry of Women and Child Development schemes: Mission Poshan 2.0 and Saksham Anganwadi (1.3% increase in budget relative to 2021/22 RE), Mission Shakti (50% increase) and Mission Vatsalya (77% increase)
- 2 lakh Anganwadis to be upgraded to Saksham Anganwadis with better infrastructure, audio-visual aids, clean energy and improved environment for early child development
- Recognition of Nari shakti and women-led development over next 25 years across Budget initiatives (eg, women's livelihood through PM's Development Initiative for North-East Region, inclusive and sustainable urban development etc)

Focus Period



- Short-term (upto a year): Budgeting for immediate protection needs of women and children
- Medium- to long-term (1-3 years): Budgeting for women's empowerment
- Long-term (3 years and above): Improved Anganwadi infrastructure to drive better early childhood care and education, enabling future generations to live up to their full potential



Overall Impact/ Who it Impacts

- 61% of India's population comprising children and women of reproductive age
- 312 million women from 15 to 49 years
- 139 million children from 0 to 5 years
- 49 million stunted children (35.5% aged 0-5 years)
- 27 million wasted children (19.3%)
- 45 million underweight children (32.1%)

* Source: Population from Census 2011, malnutrition rate from NFHS-5

Why it is Important



- Malnutrition remains high and its reduction is essential for human resource development
- Women and child safety concerns are high and rose during Covid-19
- Increasing labour force participation of women needed to accelerate economic growth, especially after Covid-19 led slowdown



What we Expected

- Increased budget for Mission Poshan 2.0 given high malnutrition levels
- Anganwadi infrastructure enhancement
- Focus on the economic empowerment of women and child protection
- Introduction of more comprehensive Gender Budgeting framework

Expectations Achieved



Our Take



Charu Malhotra
Co-founder & MD

"As India embarks on its India@100 journey, the budget presents a more focused approach on curbing the high rates of malnourishment in the country, and yet again brings to public attention the role of the development of women and children in social and economic upliftment. As we race towards the 2030 SDG target for Zero Hunger, Mission Poshan 2.0 with upgradation of 2,00,000 green Saksham Anganwadis, brings health to families at the grassroot level with added emphasis on eating well for immunity. We welcome the Year of Millets 2023 as a more inclusive approach for curbing malnutrition by going back our roots of healthy and climate resilient diets that also support sustainable agriculture, thereby enabling India to become a part of the solution, rather than the problem".



AUTOMOTIVE



Key Announcements

- Battery Swapping Policy to be introduced and interoperability standards to be formulated; private sector to be encouraged to develop sustainable and innovative models to offer 'Battery or Energy as a Service' (BaaS)
- Increased focus on use of clean technologies and governance solutions such as mobility zones with zero fossil-fuel policy and electric vehicles for public transport
- Defence R&D will be opened for industry, startups and academia with 25% of defence R&D budget earmarked. Private industry to be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO and others through SPV model
- Clean Mobility Systems identified as a sunrise opportunity and to be provided Government contribution
- Allocation of Rs. 20,000 crore for infrastructure projects



Overall Impact/Who it Impacts

- Increase in infrastructure spending leads to greater demand for commercial vehicles
- Battery Swapping Policy and private players' increased involvement in BaaS will help reduce use of fossil fuels, lower emission levels and promote faster adoption of EVs



What we Expected

- Reduction of GST on automobiles
- Restore tax credit for R&D expenditures to 200% from 150%
- Inclusion of auto components and parts under RoDTEP to help increase exports by compensating tax costs such as electricity duty, road tax, tax on fuel, etc.
- Subsidy under FAME-2 for retrofitted vehicles



Our Take



Anurag Singh
Managing Director

"We welcome the move on the Battery Swapping Policy with private players being encouraged to enable battery-swapping stations and technology. Land resources will also be provided for the same. This is a huge push in the direction for increasing use of clean energy and responsible environment friendly transportation. With new clean technologies and emerging business models, there is also a need for many regulation updates. With big ticket announcements last year including Production-Linked Incentive (PLI) Scheme and Vehicle Scrappage Policy, continuation of policy is also a welcome step for the auto industry.

With steel being an important material for the automotive industry, revocation of anti-dumping and CVD on stainless steel, coated steel flat products, bars of alloy steel and high-speed steel will help the auto industry and the benefits could be passed onto the end-users. In addition, this step will promote competitiveness of the local industry with better capacity utilization".



Focus Period

- Short term to mid-term (1-3 years)
- Short term to mid-term (1-3 years)
- Mid-term to long term (3 years and above)
- Mid-term to long term (3 years and above)
- Mid-term to long term (3 years and above)
- Mid-term to long term (3 years and above)

Why it is Important



- Opening of defence R&D to private players implies a new growth area for auto component companies, thereby encouraging localization and indigenization
- Battery Swapping Policy and increasing use of EVs in public transport will help it become cleaner and efficient in the long-run

Expectations Achieved



CHEMICALS AND FERTILIZERS



Key Announcements

- Reduction on custom duties on chemicals like methanol, acetic acid and key feed stocks for petroleum refineries, ensuring increased availability of critical chemicals
- Rationalization of duty on certain chemicals like Sodium Cyanide to promote higher domestic value addition, and supporting local manufacturing & supply chain
- Promotion of chemical-free and natural farming techniques
- Setting up of pilot projects for conversion of coal into chemicals

Focus Period



- Short to medium term (1-3 years)
- Short to medium term (1-3 years)
- Medium to long term (3 years and above)
- Long term (3 years and above)



Overall Impact/Who it Impacts

- The promotion of chemical-free farming methods shall impact the agricultural sector and farmers in a phased manner.
- Custom duty rationalization and conversion of coal into chemicals will impact both the raw material production and the refinery output of the country.

Why it is Important



- Chemical industry is one of the important enabler for downstream industries and petroleum refineries
- Fertilizer industry plays key role in supporting farmers and agriculture output.



What we Expected

- Overall stability in policy support to the sector
- Higher, more coverage of production linked incentives for the industry
- Reduction in budget allocated for fertilizer subsidy

Expectations Achieved



Our Take



Anurag Singh
Managing Director

“The chemical and fertilizer sector plays important role in both the agriculture as well as industrial growth of the economy. The calibration of custom duties, keeping domestic manufacturing, consumption, and production in consideration, is a welcome move. Promotion of natural-farming techniques shall provide a new dimension to the fertilizer industry in long term. While there are no big-ticket reforms announced this year, the policy stability and continuation of incentives announced in past will provide a boost to the sectors”.





Key Announcements

- Creation of digital currency by RBI using blockchain
- Setting up a committee focusing on removing regulatory frictions for PE & VC investments
- Introduction of thematic funds by NIF & SIDBI for sunrise sectors, with govt. funding up to 20%
- Total borrowing estimated to stand at INR 11.58 lakh crores, 2 lakh crores higher than previous estimates – Govt to sell bonds in the market to help fill the gap
- ECLGS extended to March 2023 and cover to be expanded by INR 50,000 crore, totaling INR 5 lakh crore and guarantee trust for MSME (CGTMSE scheme) to be infused with additional credit of 2 lakh crore for MSME to expand employment – short to medium
- 75 digital banking units to be set up via SCBs in 75 districts



Overall Impact/Who it Impacts

- Promoting investments by PE & VCs will increase funding opportunities for start-ups.
- Extension of ELGCS provides MSMEs, especially those in the hospitality sector, additional cushion for a year in case of impending third wave
- Issuance of bonds to support government borrowing will increase and harden bond yields



What we Expected

- Ease of operations for foreign investments -
- Financial inclusion, especially in the districts
- Improvement in NPA management
- Privatization of PSU banks



Our Take



Shravan Shetty
Managing Director

“Union budget 2022 has taken the right steps in rendering regulatory and financial support to MSMEs, with extension in the ELGCS and CGTMSE schemes providing much needed relief for MSMEs under stress due to covid. The approach will also bolster employment in the MSME sector and help with economic recovery.

Attracting global funds by reducing regulatory frictions will help supplement the government’s aggressive capex plans in various sectors, along with providing the impetus for higher investments in MSMEs and start-ups in India”

Focus Period



- Long term (3 years and above)
- Medium term (1-3 years)
- Long Term (3 years and above)
- Short to Medium term (1-3 years)
- Short Term (up to 1 year)
- Long Term (3 years and above)

Why it is Important



- Gross NPA ratio of public sector banks @ 8.8% in September 2021
- ELGCS helped MSME loan accounts worth INR 1.8tn from slipping into NPAs
- INR 5.5. lakh crores PE-VC investments in Indian start-ups in 2021, doubling the unicorns existing in India

Expectations Achieved



TECHNOLOGY



Key Announcements

- 5G services rollout in the FY 2022-23
- 5% of annual collections under the USO of funds allocated for affordable broadband and mobile service proliferation in rural and remote areas
- PPP in Bharatnet and target completion by 2025
- Infrastructure status for data centre industry
- Issuance of ePassport with embedded chip
- Unique Land Parcel Identification Number to facilitate IT-based management of land records
- One Nation, One Registration in the land reforms
- PPP led Digital and hi-tech services to farmers
- Use of Kisan drones and introduction of the concept of 'Drones as a Service'
- Interlinking Udyam, e-Shram, NCS and ASEEM portals
- Scheme for design-led manufacturing to build a strong ecosystem for 5G as part of the PLI.

Focus Period



- The key announcements in the technology segment would show benefits over the short to mid term period (1-3 years)
- The digital initiatives focus on the agriculture segment is expected to show benefits over a longer period of time. (3 years and above)



Overall Impact/Who it Impacts

- A key highlight of the budget has been the focus on technology in driving various schemes, which would enable timebound delivery of services and equitable access
- The announcements like launch of 5G, Bharatnet, registration, land records are expected to touch the lives of almost every citizen.

Why it is Important



- Technology plays a pivotal role in the overall delivery of service and cuts across all sectors and segments.
- 5G and Bharatnet would form the Digital backbone, which is necessary for deeper penetration service delivery



What we Expected

- Focus on digital transformation and use of innovative technology
- Support to domestic companies for digital infrastructure
- Focus on start-ups
- Cyber readiness and resilience

Expectations Achieved



Our Take



Devroop Dhar
Co-founder & MD

"The highlight of this budget is the focus on technology as an enabler across multiple schemes and programs. The benefits of technology would be seen across multiple segments including agriculture, healthcare, education, registration, land records. The budget also provides a thrust to digital infrastructure and backbone with focus on 5G, BharatNet and Data Centers, which in turn would help create high end tech jobs in India".

ENERGY



Key Announcements

- 5 to 7 % biomass pellets will be co-fired in thermal power plants resulting in Co2 savings of 38mmt annually
- A battery swapping policy will be announced, and inter-operability standards will be formulated.
- An additional allocation of Rs 19,500 crore for Production Linked Incentive for manufacture of high efficiency solar modules, with priority to fully integrated manufacturing units.
- In large commercial buildings, energy efficiency and savings measures will be promoted through the Energy Service Company (ESCO) business model
- Four pilot projects for coal gasification

Focus Period



- Utilization of biomass can happen immediately as it can easily be blended with coal
- An infrastructure for battery swapping will need medium term view.
- The benefit of PLI scheme can be availed in short to medium term by wafer and solar panels/modules manufacturers
- Adoption of energy efficiency measures will take effect in short to medium term.



Overall Impact/Who it Impacts

- Thermal Power Plants
- Coal Mining company
- Domestic solar panels/modules Manufacturer
- Electric vehicle Manufacturer

Why it is Important



- Biomass pellets help in Reduction in overall GHG emissions from Thermal power plants
- e-mobility will get a boost from battery swapping policy
- Facilitation of domestic manufacturing for the ambitious goal of installed solar capacity.



What we Expected

- Availability of biomass pellets in sufficient quantity at appropriate rate can be achieved by promoting manufacturing of biomass pellets through suitable incentives, primarily from agri residue,.
- For bringing down the cost of green hydrogen, a production linked incentive (PLI) scheme can support indigenization of electrolyzers and achieve the target of 10GW equivalent capacity.
- The potential of Pumped Hydro Storage can be tapped by incentives for infrastructure and tariff rationalization measures, similar to Hydro policy.
- Providing Viability Gap Funding (VGF) or grants for offshore wind and storage projects

Expectations Achieved



Our Take



Davinder Sandhu
Co-founder and Chairman

“Union Budget 2022-23 has focused on accelerating initiatives to achieve the goal of 500 gigawatt renewable energy by 2030. There is a push for public electric mobility infrastructure and renewable capacity. A battery swapping policy is envisaged to accelerate the growth of EVs.

Use of biomass pellets in Thermal Power Plants is a welcome step as it does not require large capital inputs, and can address the climate and pollution issues around the burning of agri residues”.



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