Budget 2022-2023

This years' budget is presented in the context of the symptoms of attractable economic recovery though the covid is continuing with new variants. The finance minister Ms Nirmala Sitharaman observed that covid is impacting with higher incidence and milder effects. Adverse health and economic effects of the pandemic is addressed with empathy in the budget.

Introduction

The budget ratifies that there is overall, sharp rebound and recovery of the economic activities. The economy has achieved a growth rate of 9.2% in the current year which is the highest among all large economies. Speed vaccination and accelerated improvement of health infrastructure have helped India to become in a strong position to withstand covid induced challenges. With everyone's effort (*Sabka Prayas)* India can continue the journey of strong growth.

Amrit Kaal - the Blueprint for the next 25 years

The PM has elaborated the vision of *Amrit Kaal*-the 25-year-long leadup to India@100 in his Independence Day address.

For the *Amrit Kaal, vision the government sets the following goals:* the government aims to attain the vision. They are:

- 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 climate action, and
- Relying on virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment.

This Budget will be laying a foundation and a blueprint to drive the economy over the *Amrit Kaal* of the next 25 years – from India at 75 to India at 100.

Progress in the measures taken in the last years' budget

The initiatives of the last year's Budget have seen significant progress.

1. These includes:

- Strengthening of health infrastructure and the speedy implementation of the vaccination programme.

- The Productivity Linked Incentive in 14 sectors under Atma Nirbhar Bharat has the potential to create 60 lakh new jobs, and an additional production of Rs 30 lakh crore during next 5 years.
- As part of the new Public Sector Enterprise policy, the strategic transfer of ownership of Air India has been completed. The strategic partner (Tata Steel Long Products Ltd) for NINL (Neelanchal Ispat Nigam Limited) has been selected. The public issue of the LIC will start shortly.
- The National Bank for Financing Infrastructure and Development (NaBFID) and National Asset Reconstruction Company have started their activities.

Vision and initiatives under budget 2022-23

This Budget continues to support growth on two tracks:

(1) a blueprint for the *Amrit Kaal*, which is futuristic and inclusive, and

(2) big public investment for modern infrastructure, readying for India at 100.

For these two parallel tracks, there are four priorities: Tojo

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

A. PM Gati Shakti

PM Gati Shakti as a transformative approach for economic growth and sustainable development, is driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure. These engines are supported by the complementary roles of Energy Transmission, IT Communication, Bulk Water & Sewerage, and Social Infrastructure. Finally, the approach is powered by Clean Energy and *Sabka Prayas* – the efforts of the Central Government, the state governments, and the private sector together.

PM Gati Shakti National Master Plan

The PM Gati Shakti National Master Plan containing the seven engines for economic transformation, will focus on multimodal connectivity and logistics efficiency. It will also include the infrastructure developed by the state governments as per the Master Plan. The focus will be on planning, financing including through innovative ways, use of technology, and speedier implementation. The projects related to these 7 engines in the National Infrastructure Pipeline will be aligned with PM Gati Shakti framework. The touchstone of the Master Plan will be world-class modern infrastructure and logistics synergy among different modes of movement – both of people and goods – and location of projects..

Road Transport-Express ways and National Highways

The PM Gati Shakti Master Plan for Expressways will be formulated in 2022-23. The National Highways network will be expanded by 25,000 km in 2022-23. Rs 20,000 crore will be mobilized through innovative ways of financing to complement the public resources.

Seamless Multimodal Movement of Goods and People

For the efficient movement of the people and goods, a data based Unified Logistics Interface Platform (ULIP), designed for Application Programming Interface (API) will be used. This will reduce logistics cost and time through different modes and eliminate tedious documentation. Besides, it will provide real time information to all stakeholders, and improve international competitiveness. Open-source mobility stack, for organizing seamless travel of passengers will also be facilitated. (A software stack is a collection of independent components that work together to support the execution of an application. A mobility stack provides location information on demand and allows users of city transportation systems to find out where they are, choose where they want to go, and pick a way to get there.)

Multimodal Logistics Parks

Contracts for implementation of Multimodal Logistics Parks at four locations through PPP mode will be awarded in 2022-23. (35 multi-modal logistics parks are proposed under the Bharatmala project).

Railways

Four hundred new-generation Vande Bharat Trains with better energy efficiency and passenger riding experience will be developed and manufactured during the next three years. One hundred PM GatiShakti Cargo Terminals for multimodal logistics facilities will be developed during the next three years. As a part of Atmanirbhar Bharat, 2,000 km of network will be brought under Kavach, the indigenous world-class technology for safety and capacity augmentation in 2022-23.

Railways will develop new products and efficient logistics services for small farmers and Small and Medium Enterprises, and will help integrating Postal and Railways networks to for the movement of parcels. 'One Station-One Product' concept will be popularized to help local businesses & supply chains.

Mass Urban Transport including Connectivity to Railways: Innovative ways of financing and faster implementation will be encouraged for building metro systems of appropriate type at scale. Multimodal connectivity between mass urban transport and railway stations will be facilitated on priority. Design of metro systems, including civil structures, will be re-oriented and standardized for Indian conditions and needs.

Parvatmala: National Ropeways Development Programme: For the difficult hilly areas, an ecologically sustainable alternative to conventional roads under National Ropeways Development Programme will be taken up on PPP mode. The aim is to improve connectivity and convenience for commuters, besides promoting tourism. This may also cover congested urban areas, where conventional mass transit system is not feasible. Contracts for 8 ropeway projects for a length of 60 km will be awarded in 2022-23.

Capacity Building for Infrastructure Projects: skill upgradation

The Capacity Building Commission will provide technical assistance to upgrade the skills needed for different entities central ministries, state governments, and their infra-agencies. This will ramp up capacity in planning, design, financing (including innovative ways), and implementation management of the PM Gati Shakti infrastructure projects.

B. Inclusive Development

1. Agriculture

(i) Procurement under MSP- Rs 2.37 lakh crore provided: The procurement of wheat in Rabi 2021-22 and the estimated procurement of paddy in Kharif 2021-22 will cover 1208 lakh metric tonnes of wheat and paddy from 163 lakh farmers, and Rs 2.37 lakh crore direct payment of MSP value to their accounts.

(ii) Chemical-free Natural Farming: will be promoted throughout the country, with a focus on farmers' lands in 5-km wide corridors along river Ganga, at the first stage.

(iii) International Year of Millets: 2023 has been announced as the International Year of Millets. At this juncture, support will be provided for post-harvest value addition, enhancing domestic consumption, and for branding millet products nationally and internationally.

(iv) Reducing the dependence on oil seeds: To reduce India's dependence on import of oilseeds, a rationalised and comprehensive scheme to increase domestic production of oilseeds will be implemented.

(v) Digital services to farmers: For delivery of digital and hi-tech services to farmers with involvement of public sector research and extension institutions along with private agri-tech players and stakeholders of agri-value chain, a scheme in PPP mode will be launched.

(vi) Use of 'Kisan Drones': will be promoted for crop assessment, digitization of land records, spraying of insecticides, and nutrients.

(vi) Syllabus revision for agricultural universities: States will be encouraged to revise syllabi of agricultural universities to meet the needs of natural, zero-budget and organic farming, modern-day agriculture, value addition and management.

(vii) Startup promotion in agriculture: A fund with blended capital, raised under the co-investment model, will be facilitated through NABARD. This is to finance startups for agriculture & rural enterprise, relevant for farm produce value chain. The activities for these startups will include, inter alia, support for FPOs, machinery for farmers on rental basis at farm level, and technology including IT-based support.

River Linking Projects

Implementation of the Ken-Betwa Link Project, at an estimated cost of Rs 44,605 crore will be taken up. This is aimed at providing irrigation 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. Allocations of Rs 4,300crore in RE 2021-22 and Rs 1,400crore in 2022-23 have been made for this project.

Draft Detailed Project Report (DPR) of five river links, namely Damanganga-Pinjal, Par-Tapi- Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery have been finalized. Once a consensus is reached among the beneficiary states, the Centre will provide support for implementation.

Food Processing

For farmers to adopt suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques, the government will provide a comprehensive package with participation of state governments.

2. MSME

Interlinking of various MSME portals: 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 G2C (Government to Citizen), B2C and B2B services. These services will relate to credit facilitation, skilling, and recruitment with an aim to further formalise the economy and enhance entrepreneurial opportunities for all.

Extension and enhancement of funds for ECLGS: Emergency Credit Line Guarantee Scheme (ECLGS) has provided much-needed additional credit to more than 130 lakh MSMEs. This has helped them mitigate the adverse impact of the pandemic. The hospitality and related services, especially those by micro and small enterprises, are yet to regain their pre-pandemic level of business. Considering these aspects, the ECLGS will be extended up to March 2023 and its guarantee cover will be expanded by ` 50,000 crore to total cover of Rs 5 lakh crore, with the additional amount being earmarked exclusively for the hospitality and related enterprises.

Revamping of 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.

Enhancing RAMP: Raising and Accelerating MSME Performance (RAMP) programme with outlay of Rs 6,000 crore over 5 years will be rolled out. This will help the MSME sector become more resilient, competitive and efficient.

Skill Development

Tojo

Industry linkage of NSQL: Skilling programmes and partnership with the industry will be reoriented to promote continuous skilling avenues, sustainability, and employability. The National Skill Qualification Framework (NSQF) will be aligned with dynamic industry needs.

DESH-Stack e-portal: Digital Ecosystem for Skilling and Livelihood – the DESH-Stack e-portal – will be launched. This aims to empower citizens to skill, reskill or upskill through on-line training. It will also provide-based trusted skill credentials, payment and discovery layers to find relevant jobs and entrepreneurial opportunities.

Drone Shakti: Startups will be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS). In select ITIs, in all states, the required courses for skilling, will be started.

Universalization of Quality Education

Pandemic time educational support under 'One class-one TV channel' programme (PM E-vidya): Due to the pandemic-induced closure of schools, children, particularly in the rural areas, and those from Scheduled Castes and Scheduled Tribes, and other weaker sections, have lost almost 2 years of formal education. Mostly, these are children in government schools. To impart supplementary teaching and to build a resilient mechanism for education delivery, 'one class-one

TV channel' programme of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1-12.

Virtual labs: In vocational courses, to promote crucial critical thinking skills, to give space for creativity, 750 virtual labs in science and mathematics, and 75 skilling e-labs for simulated learning environment, will be set-up in 2022-23.

Development of e-content by Digital Teachers: High-quality e-content in all spoken languages will be developed for delivery via internet, mobile phones, TV and radio through Digital Teachers.

Competitive mechanism for e-content development by teachers: A competitive mechanism for development of quality e-content by the teachers will be set-up to empower and equip them with digital tools of teaching and facilitate better learning outcomes.

Tojo

Digital University: A Digital University will be established to provide access to students across the country for world-class quality universal education with personalised learning experience at their doorsteps. This will be made available in different Indian languages and ICT formats. The University will be built on a networked hub-spoke model, with the hub building cutting edge ICT expertise. The best public universities and institutions in the country will collaborate as a network of hub-spokes.

Ayushman Bharat Digital Mission: An open platform, for the National Digital Health Ecosystem will be rolled out. It will consist of digital registries of health providers and health facilities, unique health identity, consent framework, and universal access to health facilities.

National Tele Mental Health Programme: The pandemic has accentuated mental health problems in people of all ages. 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.

Mission Shakti, Mission Vatsalya, Saksham Anganwadi & Poshan 2.0: Recognizing the importance of *Nari Shakti* during the *Amrit Kaal*, the government has comprehensively revamped the schemes of the Ministry of Women & Child Development. Here, three schemes, namely, Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0 were launched recently to provide integrated benefits to women and children. ***Saksham Anganwadis*** are a new generation anganwadis that have better infrastructure and audio-visual aids, powered by clean energy and providing improved environment for early child development. Two lakh anganwadis will be upgraded under the Scheme.

Har Ghar, Nal Se Jal: Current coverage of HarGhar, Nal Se Jal is 8.7 crores. Out of this, nearly 5.5 crore households were provided tap water in last 2 years itself. Allocation of Rs 60,000 crore has been made with an aim to cover 3.8 crore households in 2022-23.

Housing for All: In 2022-23 80 lakh houses will be completed for the identified eligible beneficiaries of PM AwasYojana, both rural and urban. Rs 48,000 crore is allocated for this purpose.

Centre-state coordination on affordable housing in urban areas to reduce gestation time: The Central Government will 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 Sections in urban areas. The government will also work with the financial sector regulators to expand access to capital along with reduction in cost of intermediation.

Prime Minister's Development Initiative for North East Region (PM-DevINE): A new scheme, Prime Minister's Development Initiative for North-East, PM-DevINE, will be implemented through the North-Eastern Council. It will fund infrastructure, in the spirit of PM Gati Shakti, and social development projects based on felt needs of the North-East. This will enable livelihood activities for youth and women, filling the gaps in various sectors. It will not be a substitute for existing central or state schemes. While the central ministries may also pose their candidate projects, priority will be given to those posed by the states. An initial allocation of Rs 1,500 crore will be made towards this.

Aspirational Blocks Programme-focus on blocks facing lags: The Aspirational Districts Programme with a vision to improve the people's quality of life in the most backward districts of the country is progressing well. Around 95 per cent of those 112 districts have made significant progress in key sectors such as health, nutrition, financial inclusion and basic infrastructure. They have surpassed the state average values. However, some blocks continue to lag. In 2022-23, the programme will focus on such blocks in those districts.

Vibrant Villages Programme for Northern border: Border villages with sparse population, limited connectivity and infrastructure often get left out from the development gains. Such villages on the northern border will be covered under the new Vibrant Villages Programme. The activities will include construction of village infrastructure, housing, tourist centres, road connectivity, provisioning of decentralized renewable energy, direct to home access for Doordarshan and educational channels, and support for livelihood generation. Additional funding for these activities will be provided. Existing schemes will be converged.

Anytime – Anywhere Post Office Savings: **1.5 lakh Post offices to be equipped with core banking solution:** In 2022, 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts. This will be helpful, especially for farmers and senior citizens in rural areas, enabling inter-operability and financial inclusion.

Digital Banking-creation of Digital Banking Units (DBU): In recent years, digital banking, digital payments and fintech innovations have grown at a rapid pace in the country. Government is continuously encouraging these sectors to ensure that the benefits of digital banking reach every nook and corner of the country in a consumer-friendly manner. As a further step, and to mark 75 years of the country's independence, it is proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by Scheduled Commercial Banks.

Digital Payments: The financial support for digital payment ecosystem announced in the previous Budget will continue in 2022-23. This will encourage further adoption of digital payments. There will also be a focus to promote use of payment platforms that are economical and user friendly.

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

Tojo

Productivity Enhancement & Investment

Ease of Doing Business 2.0 & Ease of Living

Minimum government & maximum governance: In recent years, over 25,000 compliances were reduced and 1486 Union laws were repealed. This is the result of the government's strong commitment for 'minimum government & maximum governance', the trust in the public, and ease of doing business (EODB).

EODB 2.0 and Ease of Living: For the *Amrit Kaal*, the next phase of Ease of Doing Business EODB 2.0 and Ease of Living, will be launched. In the endeavour to improve productive efficiency of capital and human resources, the government will follow the idea of 'trust-based governance'.

This new phase will be guided by an active involvement of the states, digitisation of manual processes and interventions, integration of the central and state-level systems through IT bridges, a single point access for all citizen-centric services, and a standardization and removal of overlapping compliances. Crowdsourcing of suggestions and ground level assessment of the impact with active involvement of citizens and businesses will be encouraged.

PARIVESH - for Green Clearances: A single window portal, PARIVESH (Ministry of Environment, Forest and Climate Change), for all green clearances was launched in 2018. It has been instrumental in reducing the time required for approvals significantly. The scope of this portal will now be expanded, to provide information to the applicants. Based on location of units, information about specific approvals will be provided. It will enable application for all four approvals through a single form, and tracking of the process through Centralized Processing Centre-Green (CPC-Green).

e-Passport: The issuance of e-Passports using embedded chip and futuristic technology will be rolled out in 2022-23 to enhance convenience for the citizens in their overseas travel.

Urban Development

By the time of India @ 100, nearly half the population is likely to be living in urban areas. To prepare for this, orderly urban development is of critical importance. This will help realize the country's economic potential, including livelihood opportunities for the demographic dividend. For this, on the one hand India need to nurture the megacities and their hinterlands to become current centres of economic growth. On the other hand, the country need to facilitate tier 2 and 3 cities to take on the mantle in the future. This would require the country to reimagine the cities into centres of sustainable living with opportunities for all, including women and youth. For this to happen, urban planning cannot continue with a business-as-usual approach and thus need a paradigm change.

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.

Urban Planning Support to States

For urban capacity building, support will be provided to the states. Modernization of building byelaws, Town Planning Schemes (TPS), and Transit Oriented Development (TOD) will be implemented. This will facilitate reforms for people to live and work closer to mass transit systems. The Central Government's financial support for mass transit projects and AMRUT scheme will be leveraged for formulation of action plans and their implementation for facilitating TOD and TPS by the states.

For developing ***India specific knowledge in urban planning and design***, and to deliver certified training in these areas, up to five existing academic institutions in different regions will be designated as centres of excellence. These centres will be provided endowment funds of Rs 250 crore each. In addition, AICTE will take the lead to improve syllabi, quality and access of urban planning courses in other institutions.

Clean & Sustainable Mobility: The government will promote a shift to use of public transport in urban areas. This will be complemented by clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles.

Battery Swapping Policy: Considering the constraint of space in urban areas for setting up charging stations at scale, a battery swapping policy will be brought out and inter-operability standards will be formulated. The private sector will be encouraged to develop sustainable and innovative business models for 'Battery or Energy as a Service'. This will improve efficiency in the EV eco-system.

Land Records Management: States will be encouraged to adopt Unique Land Parcel Identification Number to facilitate IT-based management of records. The facility for transliteration of land records across any of the Schedule VIII languages will also be rolled out. The adoption or linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' will be promoted as an option for uniform process for registration and 'anywhere registration' of deeds & documents.

Insolvency and Bankruptcy Code: Necessary amendments in the Code will be carried out to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.

Accelerated Corporate Exit: Several IT-based systems have been established for accelerated registration of new companies. Now the Centre for Processing Accelerated Corporate Exit (C-PACE) with process re-engineering, will be established to facilitate and speed up the voluntary winding-up of these companies from the currently required 2 years to *less than 6 months.*

Government Procurement introduction of the e-Bill System: Here, provisions have been made for payment of 75 per cent of running bills, mandatorily within 10 days and for encouraging settlement of disputes through conciliation.

As a further step to enhance transparency and to reduce delays in payments, a completely paperless, end-to-end online e-Bill System will be launched for use by all central ministries for their procurements. The system will enable the suppliers and contractors to submit online their digitally signed bills and claims and track their status from anywhere. To reduce indirect cost for suppliers and work-contractors, the use of surety bonds as a substitute for bank guarantee will be made acceptable in government procurements. IRDAI has given the framework for issue of surety bonds by insurance companies.

AVGC Promotion Task Force: The animation, visual effects, gaming, and comic (AVGC) sector offers immense potential to employ youth. An AVGC promotion task force with all stakeholders will be set-up to recommend ways to realize this and build domestic capacity for serving the markets and the global demand.

Telecom Sector

5 G spectrum auction: Telecommunication in general, and 5G technology in particular, can enable growth and offer job opportunities. Required spectrum auctions will be conducted in 2022 to facilitate rollout of 5G mobile services within 2022-23 by private telecom providers.

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

Promotion of affordable broadband using USO fund: To enable affordable broadband and mobile service proliferation in rural and remote areas, five per cent of annual collections under the Universal Service Obligation Fund will be allocated. This will promote R&D and commercialization of technologies and solutions.

Bharatnet project for digital services in rural areas: The government's vision is that all villages and their residents should have the same access to e-services, communication facilities, and digital resources as urban areas and their residents. The contracts for laying optical fibre in all villages, including remote areas, will be awarded under the Bharatnet project through PPP in 2022-23. Completion is expected in 2025. Measures will be taken to enable better and more efficient use of the optical fibre.

Export Promotion

New legislation in place of the SEZ Act: The Special Economic Zones Act will be replaced with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'. This will cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports.

Atma Nirbharta in Defence

Objective of reducing imports: The Government is committed to reducing imports and promoting *Atma Nirbharta* in equipment for the Armed Forces. For this, 68 per cent of the capital procurement budget will be earmarked for domestic industry in 2022-23, up from 58 per cent in 2021-22.

Defence R&D opened for industry, startups and academia: Defence R&D will be opened up for industry, startups and academia with 25 per cent of defence R&D budget earmarked. Private industry will be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO and other organizations through SPV model. An independent nodal umbrella body will be set up for meeting wide ranging testing and certification requirements.

Opportunities in Sunrise Areas: Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems have immense potential to assist sustainable development at scale and modernize the country. They provide employment opportunities for youth, and make Indian industry more efficient and competitive. Supportive policies, light-touch regulations, facilitative actions to build domestic capacities, and promotion of research & development will guide the government's approach. For R&D in these sunrise opportunities, in addition to efforts of collaboration among academia, industry and public institutions, government contribution will be provided.

Energy Transition and Climate Action

Climate action and energy strategy opens up huge employment opportunities and will take the country on a sustainable development path. This budget proposes several near-term and long-term actions accordingly.

Solar Power

PLI for photovoltaic modules: To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of ` 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.

Circular Economy: The Circular Economy transition is expected to help in productivity enhancement as well as creating large opportunities for new businesses and jobs. The action plans for ten sectors such as electronic waste, end-of-life vehicles, used oil waste, and toxic & hazardous industrial waste are ready. The focus now will be on addressing important cross cutting issues of infrastructure, reverse logistics, technology upgradation and integration with informal sector. This will be supported by active public policies covering regulations, extended producers' responsibilities framework and innovation facilitation.

Transition to Carbon Neutral Economy

Five to seven per cent biomass pellets will be co-fired in thermal power plants resulting in CO_2 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.

Energy Service Company (ESCO) for ensuring energy efficiency: Saving energy through achieving hither energy efficiency will be done in large commercial buildings through the Energy

Service Company (ESCO) business model. It will facilitate capacity building and awareness for energy audits, performance contracts, and common measurement & verification protocol.

Coal gasification and conversion of coal into chemicals: Four pilot projects for coal gasification and conversion of coal into chemicals required for the industry will be set-up to evolve technical and financial viability.

Agroforestry and private forestry: The policies and required legislative changes to promote agro forestry and private forestry will be brought in. In addition, financial support will be provided to farmers belonging to Scheduled Castes and Scheduled Tribes, who want to take up agro-forestry.

Financing of Investments

Public Capital Investment: Budget enhances capital expenditure

Capital investment holds the key to speedy and sustained economic revival and consolidation through its multiplier effect. Capital investment also helps in creating employment opportunities, inducing enhanced demand for manufactured inputs from large industries and MSMEs, services from professionals, and help farmers through better agri-infrastructure Tojo

The virtuous cycle of investment requires public investment to crowd-in private investment. Public investment must continue to take the lead in this covid time and to pump-prime the private investment and demand in 2022-23.

In this context, the outlay for capital expenditure in the Union Budget is once again being stepped up sharply by 35.4 per cent from Rs 5.54 lakh crore in the current year to Rs 7.50 lakh crore in 2022-23. This has increased to more than 2.2 times the expenditure of 2019-20. This outlay in 2022-23 will be 2.9 per cent of GDP.

Effective Capital Expenditure: With this investment taken together with the provision made for creation of capital assets through Grants-in-Aid to States, the 'Effective Capital Expenditure' of the Central Government is estimated at Rs 10.68 lakh crore in 2022-23, which will be about 4.1 per cent of GDP.

Green Bonds: As a part of the government's overall market borrowings in 2022-23, sovereign Green Bonds will be issued for mobilizing resources for green infrastructure. The proceeds will be deployed in public sector projects which help in reducing the carbon intensity of the economy.

GIFT-IFSC

- **World class foreign universities and institutions will be allowed:** World-class foreign universities and institutions will be allowed in the GIFT City to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations, except those by IFSCA to facilitate availability of high-end human resources for financial services and technology.

- An I**nternational 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.

Infrastructure Status for Data centres

Data Centres and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems will be included in the harmonized list of infrastructure. This will facilitate credit availability for digital infrastructure and clean energy storage.

Venture Capital and Private Equity Investment

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. Scaling up this investment requires a holistic examination of regulatory and other frictions. An expert committee will be set up to examine and suggest appropriate measures.

Blended Finance for supporting sunrise sectors: Government backed Funds NIIF and SIDBI Fund of Funds have provided scale capital creating a multiplier effect. For encouraging important sunrise sectors such as Climate Action, Deep-Tech, Digital Economy, Pharma and Agri-Tech, the government will promote thematic funds for blended finance with the government share being limited to 20 per cent and the funds being managed by private fund managers.

Financial Viability of Infrastructure Projects: For financing infrastructure, the stepping-up of public investment will need to be complemented by private capital. Measures will be taken to enhance financial viability of projects including PPP, with technical and knowledge assistance from multi-lateral agencies.

Digital Rupee: Introduction of Central Bank Digital Currency (CBDC) will give a big boost to digital economy. Digital currency will also lead to a more efficient and cheaper currency management system. Hence, it is proposed to introduce Digital Rupee, using blockchain and other technologies, to be issued by the Reserve Bank of India starting 2022-23.

Financial Assistance to States for Capital Investment

In the path of cooperative federalism states will be incentivised to make capital investment towards creating productive assets. The 'Scheme for Financial Assistance to States for Capital Investment' has been extremely well received by the states. The outlay of the scheme has been increased from Rs 10,000 crore in the Budget Estimates to Rs 15,000 crore in the Revised Estimates for the current year.

Interest free loan of Rs 1 lakh crores to states for the promotion of PM Gati Shakti and related projects: For 2022-23, the allocation is Rs 1 lakh crore to assist the states in catalysing overall investments in the economy. These fifty-year interest free loans are over and above the normal borrowings allowed to the states.

This allocation will be used for PM Gati Shakti related and other productive capital investment of the states. It will also include components for:

- Supplemental funding for priority segments of PM Gram Sadak Yojana, including support for the states' share,
- Digitisation of the economy, including digital payments and completion of OFC network, and

Tojo

- Reforms related to building byelaws, town planning schemes, transit-oriented development, and transferable development rights.

In 2022-23, in accordance with the recommendations of the 15th Finance Commission, the states will be allowed a fiscal deficit of 4 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms, for which the conditions have already been communicated in 2021-22.

Fiscal Management

Expenditure under 2021-22 : As against a total expenditure of Rs 34.83 lakh crore projected in the Budget Estimates 2021-22, the Revised Estimate is Rs 37.70lakh crore. The Revised Estimate of capital expenditure is Rs 6.03 lakh crore. This includes an amount of Rs 51,971crore towards settlement of outstanding guaranteed liabilities of Air India and its other sundry commitments.

Expenditure 2022-23: Coming to the Budget Estimates, the total expenditure in 2022-23 is estimated at Rs 39.45 lakh crore, while the total receipts other than borrowings are estimated at Rs 22.84 lakh crore.

Fiscal deficit: The revised Fiscal Deficit in the current year is estimated at 6.9 per cent of GDP as against 6.8 per cent projected in the Budget Estimates. The Fiscal Deficit in 2022-23 is estimated at 6.4 per cent of GDP, which is consistent with the broad path of fiscal consolidation announced by me last year to reach a fiscal deficit level below 4.5 per cent by 2025-26.

PART B

Tax proposals

Direct Tax

Priority to stable and predictable tax regime: for ensuring a of stable and predictable tax regime, more reforms are needed that will take ahead the vision to establish a trustworthy tax regime. This will further simplify the tax system, promote voluntary compliance by taxpayers, and reduce litigation.

Introducing new 'Updated return': Some taxpayers may realize that they have committed omissions or mistakes in correctly estimating their income for tax payment. To provide an opportunity to correct such errors, a new provision permitting taxpayers to file an **Updated Return** on payment of additional tax. This updated return can be filed within two years from the end of the relevant assessment year.

Reporting of missed income: Presently, if the tax department finds out that some missed income by the assessee, it goes through a lengthy process of adjudication. Instead, now onwards, the assessee herself can declare the income that she may have missed out earlier while filing the return. It is an affirmative step in the direction of voluntary tax compliance.

Reduced Alternate minimum tax rate and Surcharge for Cooperatives

Currently, cooperative societies are required to pay Alternate Minimum Tax (AMT) at the rate of eighteen and one half per cent. However, for companies, it (MAT) is fifteen per cent. To provide a level playing field between the two, the rate for cooperative societies will be reduced to fifteen per cent. (AMT is applicable for non-corporate citizens including cooperatives. MAT for firms is assessed on their book profit. For the cooperatives, there is no book profit assessment. Hence, AMT methodology is adopted instead of MAT).
The surcharge on co-operative societies is to be reduced from the current 12 per cent to 7 per cent for those having total income of more than Rs 1 crore and up to Rs 10 crores. This would help in enhancing the income of cooperative societies and its members who are mostly from rural and farming communities.

Tax relief to persons with disability: The parent or guardian of a differently abled person can take an insurance scheme for such person. The present law provides for deduction to the parent or guardian only if the lump sum payment or annuity is available to the differently abled person on the death of the subscriber i.e. parent or guardian. There could be situations where differently abled dependants may need payment of annuity or lump sum amount even during the lifetime of their parents/guardians. Hence, as a new step, he will be allowed the payment of annuity and lump sum amount to the differently abled dependent during the lifetime of parents/guardians, i.e., on parents/ guardians attaining the age of sixty years.

Parity between employees of State and Central government: At present, the Central Government contributes 14 per cent of the salary of its employee to the National Pension System (NPS) Tier-I. For this there is tax deduction on the income of the employee. But there is only t 10 per cent deduction of the salary in case of employees of the State government. To provide equal treatment to both Central and State government employees, the budget proposes to increase the tax deduction limit from 10 per cent to 14 per cent on employer's contribution to the NPS account of State Government employees as well.

Incentives for Start-ups

Extension of the period of incorporation of startups for tax concession to 2023: Eligible start-ups established before 31.3.2022 had been provided a tax incentive for three consecutive years out of ten years from incorporation. In view of the Covid pandemic, the budget extends the period of incorporation of the eligible start-up by one more year, that is, up to 31.03.2023 for providing such tax incentive.

Incentives for newly incorporated manufacturing entities under concessional tax regime: For establishing promoting a competitive manufacturing sector, a concessional tax rate of 15 per cent was introduced for newly incorporated domestic manufacturing companies. The budget extends the last date for starting of manufacturing or production under this incentive by one year i.e. from 31st March, 2023 to 31st March, 2024.

Taxation of crypto assets: Scheme for taxation of virtual digital assets

There has been a phenomenal increase in transactions in virtual digital assets. The magnitude and frequency of these transactions necessitates a specific tax regime. Hence for the taxation of virtual digital assets, the budget propose that any income from transfer of any virtual digital asset shall be taxed at the rate of 30 per cent.

- No deduction in respect of any expenditure or allowance shall be allowed while computing such income except cost of acquisition. Further, loss from transfer of virtual digital asset cannot be set off against any other income.
- For tracking and capturing the transaction details, a TDS on payment made in relation to transfer of virtual digital asset at the rate of 1 per cent should be made for above a monetary threshold.
- Gift of virtual digital asset is also proposed to be taxed in the hands of the recipient.

Litigation management to avoid repetitive appeals by the Department: Tremendous time and resources are taken in filing of appeals which involve identical issues. Taking forward the policy of sound litigation management, the budget proposes that, if a question of law in the case of an assessee is identical to a question of law which is pending in appeal before the jurisdictional High Court or the Supreme Court in any case, the filing of further appeal in the case of this assessee by the department shall be deferred till such question of law is decided by the jurisdictional High Court or the Supreme Court. This will greatly help in reducing the repeated litigation between taxpayers and the department.

Tax incentives to International Financial Services Centre (IFSC): The government has been making big efforts to promote the IFSC. Here, the budget proposes to provide that income of a non-resident from offshore derivative instruments, or over the counter derivatives issued by an offshore banking unit, income from royalty and interest on account of lease of ship and income received from portfolio management services in IFSC shall be exempt from tax, subject to specified conditions.

134. Capital gains tax harmonisation to help the startups: The long-term capital gains on listed equity shares, units etc. is 15 per cent, while the other long term capital gains are subjected to a graded surcharge which goes up to 37 per cent. In this context, the budget proposes to cap the surcharge on long term capital gains arising on transfer of ***any type of assets*** at 15 per cent. This step will give a boost to the startup community. Tojo

Clarification in relation to 'Health and Education cess' as business expenditure: The income-tax is not an allowable expenditure for computation of business income. However, some courts have allowed 'Health and education 'cess' as business expenditure, which is against the legislative intent. To reiterate the legislative intent, the budget proposes to clarify that any surcharge or cess on income and profits is not allowable as business expenditure.

Deterrence against tax-evasion: Presently, there is ambiguity regarding undisclosed income detected in search operations. It has been observed that in many cases where undisclosed income or suppression of sales etc. is detected, payment of tax is avoided by setting off, of losses. In order to bring certainty and to increase deterrence among tax evaders, the budget propose to provide that no set off, of any loss shall be allowed against undisclosed income detected during search and survey operations.

Indirect taxes

Remarkable progress in GST: GST has been a landmark reform of Independent India showcasing the spirit of Cooperative Federalism. It is a fully IT driven and progressive GST regime that has fulfilled the cherished dream of India as one market- one tax. While aspirations were high, there were huge challenges too. The right balance between facilitation and enforcement has created significantly better compliance. GST revenues are buoyant despite the pandemic. The taxpayers deserve applause for this growth. Not only did they adapt to the changes but enthusiastically contributed to the cause by paying taxes.

Special Economic Zones: The SEZ regime needs reforms and there should be reforms in Customs Administration of SEZs. The entire SEZ mechanism needs to be fully IT driven and function on the Customs National Portal with a focus on higher facilitation and with only risk-based checks. This will ease doing business by SEZ units considerably. This reform shall be implemented by 30th September 2022.

Customs Reform sand duty rate changes

Customs administration has reinvented itself over the years through liberalised procedures and infusion of technology. Faceless Customs has been fully established. Customs' reforms have played a very vital role in domestic capacity creation, providing level playing field to the MSMEs, easing the raw material supply side constraints, enhancing ease of doing business and being an enabler to other policy initiatives such as PLIs and Phased Manufacturing Plans.

Tojo

Project imports and capital goods-revision of duty exemption for capital goods imports: National Capital Goods Policy, 2016 aims at doubling the production of capital goods by 2025. This would create employment opportunities and result in increased economic activity. However, several duty exemptions, even extending to over three decades in some cases, have been granted to capital goods for various sectors like power, fertilizer, textiles, leather, footwear, food processing and fertilizers. These exemptions have hindered the growth of the domestic capital goods sector.

Similarly, project import duty concessions have also deprived the local producers of a level playing field in areas like coal mining projects, power generation, transmission or distribution projects, railway and metro projects. India's experience suggests that reasonable tariffs are conducive to the growth of domestic industry and 'Make in India' without significantly impacting the cost of essential imports.

Accordingly, it is proposed to phase out the concessional rates in capital goods and project imports gradually and apply a moderate tariff of 7.5 per cent. Certain exemptions for advanced machineries that are not manufactured within the country shall continue.

A few exemptions are being introduced on inputs, like specialised castings, ball screw and linear motion guide, to encourage domestic manufacturing of capital goods.

Review of customs exemptions and tariff simplification: In the last two budgets the government has rationalised several customs exemptions. After extensive consultations, more than 350 exemption entries are proposed to be gradually phased out. Removal of exemption on items which are or can be manufactured in India and providing concessional duties on raw material that go into manufacturing of intermediate products will go many a step forward in achieving the objective of 'Make in India' and 'Atmanirbhar Bharat'.

Sector specific proposals

Electronics: Electronic manufacturing has been growing rapidly. Customs duty rates are being fine-tuned to provide a graded rate structure to facilitate domestic manufacturing of wearable devices, hearable devices and electronic smart meters. Duty concessions are also being given to parts of transformer of mobile phone chargers and camera lens of mobile camera module and certain other items. This will enable domestic manufacturing of high growth electronic items.

Gems and Jewellery: To give a boost to the Gems and Jewellery sector, Customs duty on cut and polished diamonds and gemstones is being reduced to 5 per cent. Simply sawn diamond would attract nil customs duty. To facilitate export of jewellery through e-commerce, a simplified regulatory framework shall be implemented by June this year. To disincentivise import of undervalued imitation jewellery, the customs duty on imitation jewellery is being prescribed in a manner that a duty of at least Rs 400 per Kg is paid on its import.

Chemicals: Customs duty on certain critical chemicals namely methanol, acetic acid and heavy feed stocks for petroleum refining are being reduced, while duty is being raised on sodium cyanide for which adequate domestic capacity exists. These changes will help in enhancing domestic value addition.

MSME: Duty on umbrellas is being raised to 20 per cent. Exemption to parts of umbrellas is being withdrawn. Exemption is also being rationalised on implements and tools for agri-sector which are manufactured in India. Customs duty exemption given to steel scrap last year is being extended for another year to provide relief to MSME secondary steel producers. Certain Anti-dumping and CVD on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel are being revoked in larger public interest considering prevailing high prices of metals.

Exports: To incentivise exports, exemptions are being provided on items such as embellishment, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings and packaging boxes that may be needed by *bonafide* exporters of handicrafts, textiles and leather garments, leather footwear and other goods. Duty is being reduced on certain inputs required for shrimp aquaculture so as to promote its exports.

Tariff measure to encourage blending of fuel: Blending of fuel is a priority of the Government. To encourage the efforts for blending of fuel, unblended fuel shall attract an additional differential excise duty of Rs 2/ litre from the 1st day of October 2022.

Part C

Budget -Technical part through infographics and tables

1. Budget at a glance: the various expenditure, receipts entries and deficit indicators

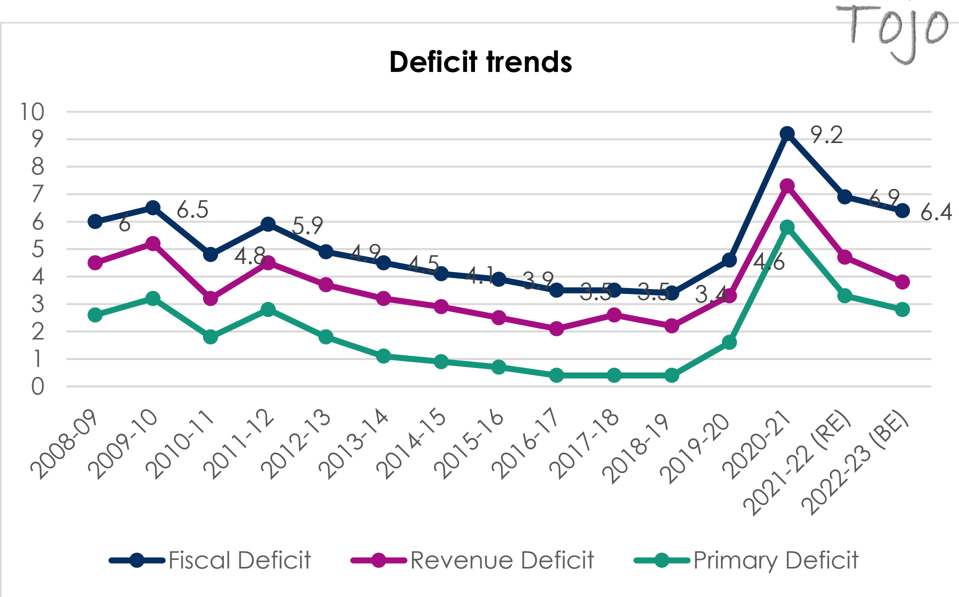
Budget 2022: at a Glance

	2020-21 (Actuals)	2021-22 (Budget Estimates	2021-22 (Revised Estimates)	2022-23 (Budget Estimates)
1. Revenue Receipts	**1633920**	**1788424**	**2078936**	**2204422**
2. Tax Revenue (Net to Centre)	1426287	1545396	1765145	1934771
3. Non Tax Revenue	207633	243028	313791	269651
4. Capital Receipts	**1875916**	**1694812**	**1691064**	**1740487**
5. Recovery of Loans	19729	13000	21975	14291
6. Other Receipts	37897	175000	78000	65000
7. Borrowings and Other Liabilities	1818291	1506812	1591089	1661196
8. Total Receipts (1+4)	**3509836**	**3483236**	**3770000**	**3944909**
9. Total Expenditure (10+13)	**3509836**	**3483236**	**3770000**	**3944909**
10. On Revenue Account	3083519	2929000	3167289	3194663
of which			Tojo	
11. Interest Payments	679869	809701	813791	940651
12. Grants in Aid for creation of capital assets	230865	219112	237685	317643
13. On Capital Account	426317	554236	602711	750246
14. Effective Capital Expenditure (12+13)	**657182**	**773348**	**840396**	**1067889**
15. Revenue Deficit (10-1)	**1449599 (7.3)**	**1140576 (5.1)**	**1088352 (4.7)**	**990241 (3.8)**
16. Effective Revenue Deficit (15-12)	**1218734 (6.2)**	**921464 (4.1)**	**850667 (3.7)**	**672598 (2.6)**
17. Fiscal Deficit [9-(1+5+6)]	**1818291 (9.2)**	**1506812 (6.8)**	**1591089 (6.9)**	**1661196 (6.4)**
18. Primary Deficit (17-11)	**1138422 (5.8)**	**697111 (3.1)**	**777298 (3.3)**	**720545 (2.8)**

Source: Budget 2023

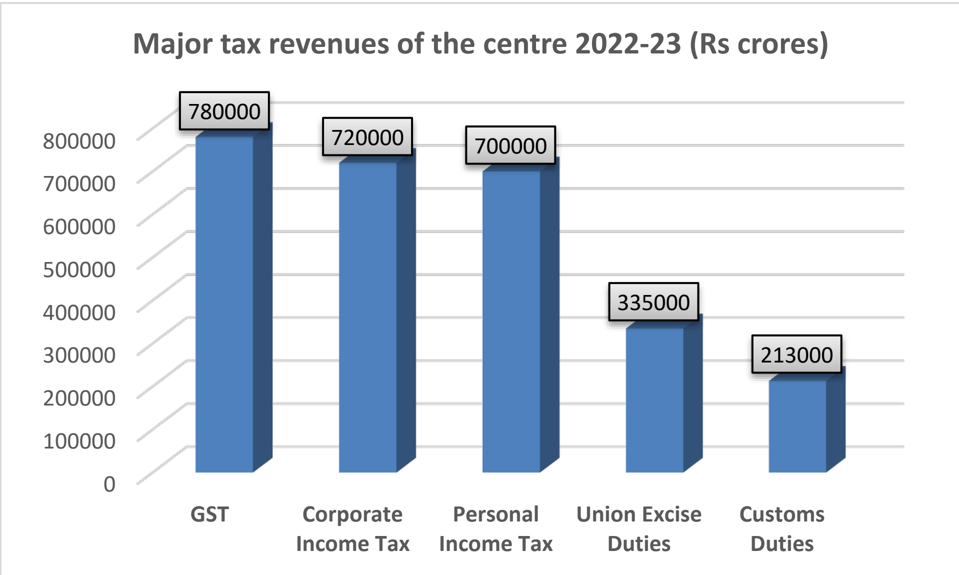
2. Deficit trends

Tojo



3. Major tax revenues of the central government 2022-23 (BE).

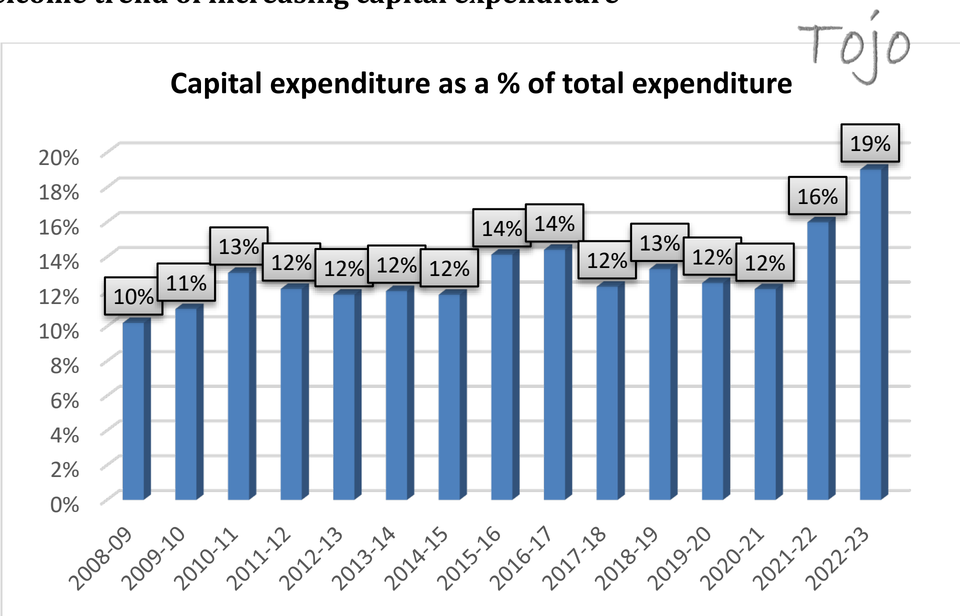
Gross Tax Revenue of the Centre 2022-23 (BE)		
Tax	**Amount (Rs crores)**	**Percentage share in total tax revenue**
GST	780000	28.3%
Corporate Income Tax	720000	26.1%
Personal Income Tax	700000	25.4%
Union Excise Duties	335000	12.1%
Customs Duties	213000	7.7%
Gross Tax revenue of the centre*	**2757820**	**100.0%**
Gross Tax Revenue means before giving the state's share		



4. Major non-tax revenues of the centre 2022-23 (BE)

Table: Non- tax revenues –Budget 2022-23		
Sl No.	**Non-tax revenue item**	**2022-23(BE)(Rs crores)**
1	Interest Receipts	18000
2	Dividends and profits	113948
3	External Grants	620
4	Other Non-Tax Revenues	134276
5	Non-tax revenue from UTs	2807
	Total	**269651**

5. The welcome trend of increasing capital expenditure



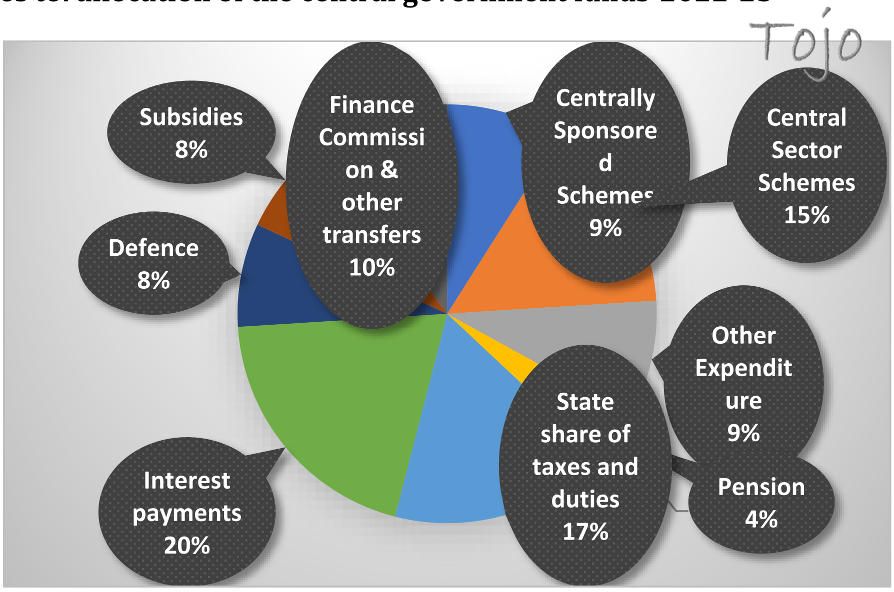
6. Capital receipts of the government

Budget 2022-23	
Capital receipt item	**2022-23**
1. Recovery of Loans	14291
2. Other Receipts (Disinvestment)	65000
3. Borrowings and Other Liabilities	1661196
Total Capital Receipts	**1740487**

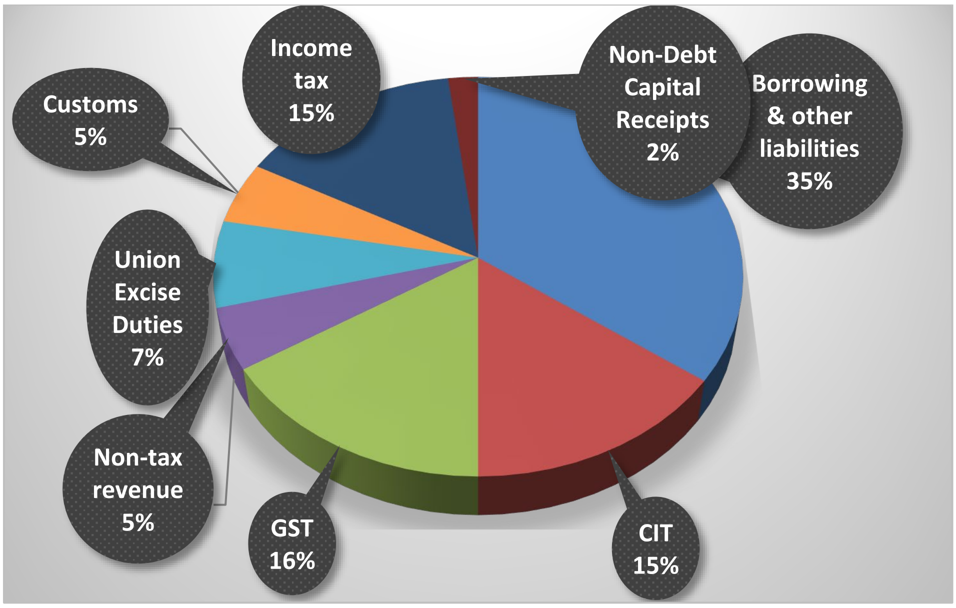
8. Debt receipts to fiancé the budget

Table: Debt receipts or financing of the fiscal deficit (2022-23)	
Debt receipts (Net)	**1660444**
Market borrowings (G-sec + T Bills)	1158719
Securities against small savings	425449
State PF	20000
Other Receipts (internal debts etc.)	37025
External Debt	19251
Drawn down of cash balance	752
Grand total	**1661196**

9. Rupee goes to: allocation of the central government funds-2022-23



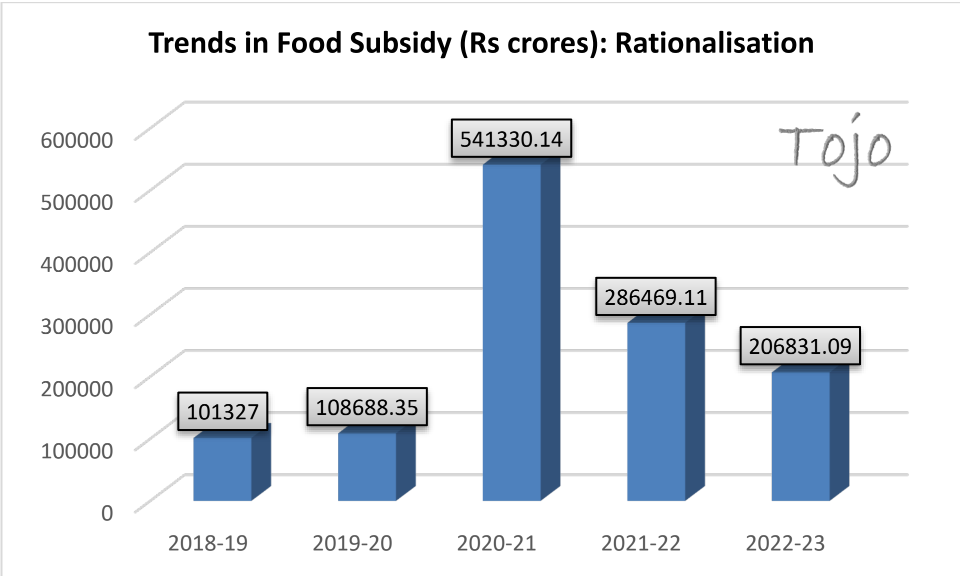
10. Sources of receipts -2022-23



11. Major Subsidies of the central government 2022-23

Subsidy Scheme Name	2022-23 (BE)
1. Food	**206831.09**
2. Fertiliser	**105222.32**
a. Urea Subsidy	63222.32
b. Nutrient Based Subsidy	42000
3. Petroleum	**5812.5**
a. LPG Subsidy	5812.5
b. Kerosene Subsidy	...
4. Interest Subsidies	**24723.11**
5. Other subsidies	**13049.59**
Total Subsidies	**355638.61**

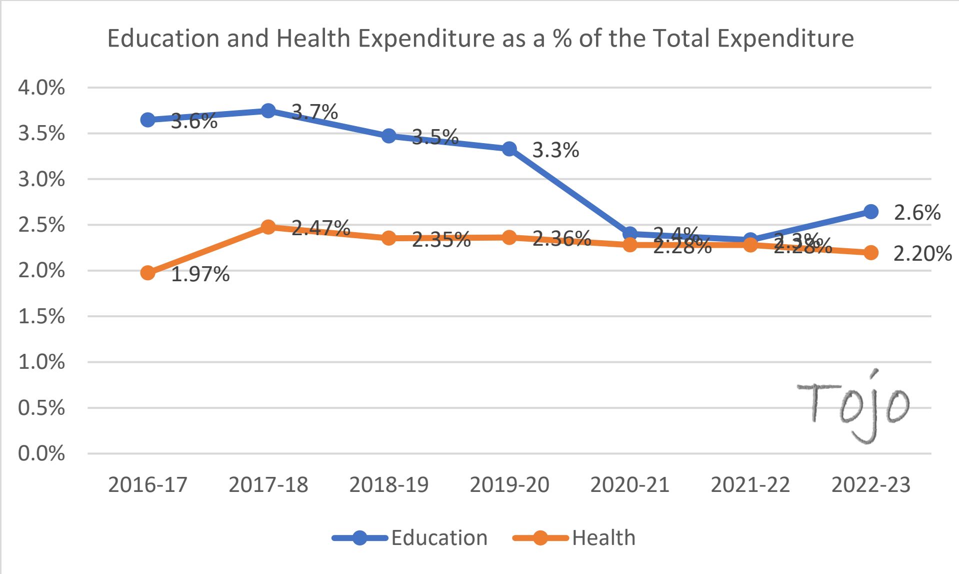
12. Rationalisation of food subsidy bill.



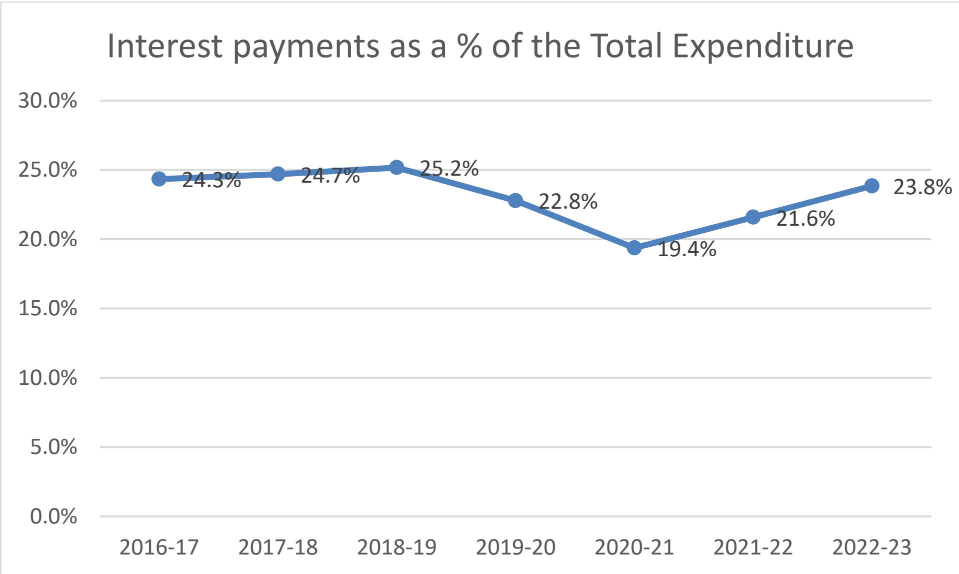
13. Major revenue expenditure items of the government 2022-23

Revenue Expenditure items (2022-23)	Rs crores
Interest Payments	**940651**
Defence	**385370**
Subsidies	**355639**
Pension	**207132**

14. Education and health expenditure as a % of total expenditure



15. Trends in interest payments (interest payments as a percentage of the total expenditure)



16. Disinvestment during the recent period

Disinvestment 2022-23		
Year	**Target**	**Realised**
2017-18	100000	100056
2018-19	80000	94726
2019-20	105000	65000
2020-21	210000	37897
2021-22	175000	78000
2022-23	65000	

Annexure

Additional info

1. PM Gati Shakti

The PM Gati Shakti is a National Master Plan for promoting Multi-modal Connectivity in India covering almost all the connectivity infrastructure. Basically, the initiative is designed as a digital platform to bring coordination among the various ministries and departments that implements connectivity and other infrastructure related initiatives. The programme was announced as a master plan by the PM at the Independence Day speech in August 2021 and was lunched in October 2021. It envisages a spending outlay of Rs. 100 lakh-crore for developing 'holistic infrastructure'. As a Master Plan, PM Gati Shakti's focus is to realise the outcomes by enhancing speed and coordination among the various Ministries. The budget 2022 broadened the implementation aspects of the programme and also brough several infrastructure projects of the state governments under it. The objective of Gati Shakthi is to become an umbrella platform through which infrastructure projects can be planned and implemented with coordination between various ministries/departments on a real-time basis.

Since connectivity related infrastructure covers several domains, the programme brings 16 Ministries including Railways and Roadways together for integrated planning and coordinated implementation of infrastructure connectivity projects.

Following are some of the targets set for the programme through various announcements including budget 2022:

(i) National Express ways and national highway network to 2 lakh kms.

(ii) Creation of more than 200 new airports, heliports and water aerodromes.

(iii) Eleven industrial corridors and two new defence corridors -- one in Tamil Nadu and other in Uttar Pradesh.

(iv) Extending 4G connectivity to all villages.

(vi) One hundred Cargo Terminals for multimodal logistics facilities in the next three years (2022 budget).

According to the website of PM Gati Shakti, "PM Gati Shakti will incorporate the infrastructure schemes of various Ministries and State Governments like Bharatmala, Sagarmala, inland waterways, dry/land ports, UDAN etc. Economic Zones like textile clusters, pharmaceutical clusters, defence corridors, electronic parks, industrial corridors, fishing clusters, agri zones will be covered to improve connectivity & make Indian businesses more competitive."

The multi-modal connectivity will provide integrated and seamless connectivity for movement of people, goods and services from one mode of transport to another. It will facilitate the last mile connectivity of infrastructure and also reduce travel time for people.

Budget 2022 adds more direction to the implementation of PM Gati Shakti

The scheme has got prime focus in budget 2022 and is presented as the umbrella connectivity/masterplan for the infrastructure sector. PM Gati Shakti National Master Plan will encompass seven engines for economic transformation, seamless multi-modal connectivity and logistics efficiency. As per the budget, projects related to these seven engines in the already running National Infrastructure Pipeline will be aligned with the PM GatiShakti framework. The seven engines are: roads, railways, airports, ports, mass transport, waterways, logistics infrastructure.

The Gati Shakthi Master Plan will also include infrastructure developed by State governments. The budget also allocated Rs 1 lakh crore interest free loans to states for projects related to Gati Shakti and other schemes.

“The touchstone of the master plan will be the world-class modern infrastructure and logistics synergy among different modes of movement and location of projects. This will help raise productivity and accelerate economic growth as well as development,” the Finance Minister told in the Budget Speech.

The PM Gati Shakti will complete critical road infrastructure. “The PM Gati Shakti Master Plan for Expressways will be formulated in 2022-23 to facilitate the faster movement of people and goods. The National highways network will be expanded by 25,000km in 2022-23,” - FM.

The four focus areas where the Gati Shakthi is going to focus are – planning; financing, including through innovative ways; use of technology; and speedier implementation.

Tojo

2. What is Logistics Interface Platform (ULIP)

Reducing logistics cost or transportation cost is a priority for India as the transportation cost in India is one of the highest in the world. For improving the situation, the DPIIT and NITI Ayog with other stakeholders are designing a Logistics Interface Platform (ULIP) which will provide logistic information to all the stakeholders. The platform understandably will be IT driven with locational information exchanges and is a coordinated effort of the government entities, the private sector and other players.

What is ULIP?

Logistics Interface Platform (ULIP) is proposed as a technology platform in the logistics sector. It aims to enhance efficiency and reduce logistics costs in India by creating a transparent one-window platform that can provide real-time information to all stakeholders and remove all asymmetry of information.

The platform will also converge the visibility of multi-modal transport across the existing systems of various Ministries/Departments. Besides, the platform will also work with top Indian technology organizations from the private sector and identify solutions to reduce logistics costs. The efficiency of the private sector to innovate IT related ideas and to develop APIs out of digital services can be used to develop the ULIP.

The whole mark of the ULIP is that it will be driven by an Application Programming Interface (API) (like the Google’s Map Static API) to facilitate logistic activities.

What is the need for the ULIP?

India incurs one of the highest logistics costs as a percentage of GDP in comparison to developed countries like the U.S. and Germany - where it is only 8 percent to 9 percent while it is 14% in India. Reduction of logistics cost to 9% can save up to 50 billion USD.

Efforts for developing the ULIP

In an effort to develop a unified logistics platform, the Department for Promotion of Industry and Internal Trade (DPIIT) has conducted a ULIP Hackathon under the name ‘LogiXtics’ in association with the NITI Ayog and impetus from Atal Innovation Mission in December 2021. Purpose of the programme was to crowdsource more ideas that will benefit the logistics industry.

The ULIP solution should utilise the multi-modal transport, and all the existing systems of various ministries, governing bodies, and private stakeholders should be integrated with the ULIP system. There are three key components which are defining the ULIP platform:

- Integration with existing data sources of ministries.
- Data exchange with private players: To enable the private players, logistics service providers, and industries to utilize the data available with ULIP and at the same time share their data (transportation, dispatch, delivery, etc.) with ULIP, thereby streamlining the processes to bring better efficiency through data exchange.
- Unified document reference in the supply chain: To enable a single digitized document reference number for all the documentation processes in a single platform.

ULIP shall enable start-ups and private organizations to build the presentation layer, encompassing various use-cases to serve the service, trade and logistics service providers.

3. Multi-Modal Logistics Parks (MMLPs)

Tojo

Multi-Modal Logistics Parks (MMLPs) is a vital programme by the government led by National Highways Logistics Management Limited under Ministry of Road Transport and Highways (MoRTH) and the National Highways Authority of India (NHAI), to develop Multi-Modal Logistics Parks across different logistics centres in the country.

These MMLPs will be developed in a hub-and-spoke model to improve the country's freight logistics sector and their development is expected to lower the overall freight costs and time, reducing warehousing costs, cutting vehicular pollution and congestion, enhancing the tracking and traceability of transport consignments through infrastructural, procedural, and information technology interventions.

In nutshell, the MMLPs are designed to enable seamless intermodal freight movement and offer multiple functionalities such as freight aggregation and distribution. Accessional facilities like storage, warehousing solutions, value-added services like Custom clearances and IT services are also be provided in the MMLPs.

The Cabinet Committee on Economic Affairs (CCEA) on October, 2017 had authorised MoRT&H to develop 35 Multi Model Logistics Parks (MMLP) across the country. These 35 MMLPs being implemented by MoRTH are to be developed under Public Private Partnership (PPP) on Design, Build, Finance, Operate and Transfer (DBFOT) mode.

The National Highways and Logistics Management (NHLML), which is a special purpose vehicle (SPV) and fully owned by the National Highways Authority of India (NHAI), plans to construct majority of the proposed MMPLs in public private partnership (PPP) mode. The parks will have 50:50 funding model.

There are 35 multi-modal logistics parks planned across the country with a capital allocation of Rs 50,000 crore. The 35 proposed MMLPs are at:

Nagpur, Chennai, Bangalore, Indore, Mumbai, Hyderabad, Coimbatore, Pune, Surat, Sangrur, Delhi-NCR, North Gujarat, Jaipur, Kolkata, Ambala, Jagatsinghpur, Nashik, Kota, Panaji, Hisar, Visakhapatnam, Bhopal, Sundargarh, Bhatinda, Solan, Rajkot, Raipur, Jammu, Kandla, Cochin, North Punjab , Vijayawada, Patna, Valsad and Guwahati.

Need for the MMLPs

According to the Asian Development Bank (ADB), India's Logistics sector is having high cost and lower efficiency in India compared to other countries. This has reduced the overall efficiency in the economy and increased the cost structure of all commodities. Compared to other countries road freights in India are higher, while the average speed of freight vehicles is about 50%–60% lower. Following factors adversely affects freight movement in India according to the ADB.

Tojo

- Skewed modal transportation mix. In India, 60% of freight moves by road, which is significantly larger than in many developed economies. Coastal movement and inland waterways are at a nascent stage. Rail transport is marginal, in spite of being 45% cheaper per ton–km than road, due to adverse pricing and rake booking practices and lack of intermodal facilities to enable easy transfer.
- Underdeveloped material handling infrastructure. Warehousing landscape is highly unorganized with the presence of a large number of small, private, and unorganized warehouses, providing little or no value-added services. The economies of scale associated with integrated and large warehousing facilities or multimodal logistical parks (MMLPs) is not available to all participants in the value chain, including the small and medium enterprises.
- Inefficient fleet mix. Small and inefficient trucks with gross vehicle weight rating of 16–25 metric tons (MT) (compared to 26–39.9 MT trucks dominant in the People's Republic of China), have lower payloads. Freight cost for a 9 MT truck at `3.56 per ton–km is 2.5 times that for a 40 MT truck. Absence of logistics hubs to act as zones for freight consolidation and disaggregation results in higher point-to-point freight movement on lower sized vehicles, compared to more efficient line haul freight.
- Outdated/inefficient service model. Efficiency is also compromised as many firms try to compete through the factor advantage of low wages which have led to hiring poorly skilled personnel thereby eschewing investments in information technology and

equipment technology, and consequently sacrificing productivity gains and service quality.

- Fragmented institutional and governance structure. Different parts of the logistics value chain currently are being managed by different ministries including Road Transport and Highways, Shipping, Railways, Civil Aviation, Commerce and Industry, Finance, Home Affairs, and Department of Posts. In addition, a large number of government agencies including Central Drug Standard Control Organization, Food Safety and Standards Authority of India, and Plant and Animal Quarantine Certification Service provide relevant trade clearances and impact the value chain. Globally, leading countries that have achieved efficiency in logistics, like Germany, Japan, the Republic of Korea, and Malaysia, follow a completely integrated approach towards logistics, and the government provides coordinated oversight to the entire logistics value chain.

Benefits of MMLPs

Tojo

According to the Asian Development Bank (ADB), development of MMLPs at strategic locations is envisaged as a key policy measure to rationalize cost of logistics in India and improve its competitiveness.

The development of MMLPs at strategic locations in different regions can help in developing the supply chain in a more agile and crossfunctional way. The MMLPs can provide

(i) infrastructure for enabling seamless multimodal freight transfer;

(ii) mechanized warehouses and specialized storage solutions such as cold storage;

(iii) mechanized material handling and intermodal transfer container terminals, and bulk and break-bulk cargo terminals; (iv) value-added services such as customs clearance, bonded storage yards, quarantine zones, testing facilities, and warehousing management services; and

(v) late-stage manufacturing activities such as kitting and final assembly, grading, sorting, labelling, and packaging activities, reworking, and returns management.

Furthermore, MMLPs could improve the utilization and performance of inland container depots (ICDs) and container freight stations.

4. Udyam Portal

The Udyam portal or the udyamregistration.gov.in is the only Government Portal for registration of MSME (Udyam). It is an official portal to register a new MSME or to re-register already registered EM-II (Entrepreneurs Memorandum, Part-II) or UAM (Udyog Aadhaar Memorandum).

The Ministry of Micro, Small Medium Enterprises maintains this portal. It gives the details and steps relating to registration and makes the registration process easy for any person. It provides for free of cost and paperless registration. It is a user-friendly portal. MSMEs means micro, small and medium enterprises.

5. Emergency Credit Line Guarantee Scheme (ECLGS)

Emergency Credit Line Guarantee Scheme provides 100% guarantee for the loans mobilised by the eligible MSMEs. The scheme basically provides credit guarantee for the loans taken by MSMEs from banks and NBFCs with conditionalities. An important feature of the scheme is its extension and modification by including new categories of MSMEs to be eligible for credit guarantee under the scheme.

The ECLGS 2.0 with an outlay of Rs 4.5 lakh crore (originally Rs 3 lakh crore) is the biggest fiscal scheme of the Rs 20-lakh crore Aatmanirbhar Bharat Abhiyan package announced by Finance Minister Nirmala Sitharaman in May 2020. Total coverage of the scheme has been increased from Rs 3.0 lakh crore to Rs 4.5 lakh crore in June 28, 2021 and then to Rs 5 lakh crore in 2022 budget.

6. RAMP

"Raising and Accelerating MSME Productivity" (RAMP) is a government sponsored MSME support programme for raising the productivity and competitiveness of MSMEs in India. The programme was specially designed to revitalize the MSME sector was adversely impacted by the COVID -19 pandemic.

The RAMP initiative is part of the MSME Competitiveness- A Post COVID Resilience and Recovery Programme (MCRRP) and has an outlay of US $ 500 million provided by the government of India. RAMP is designed on the basis of the RBI appointed UK Sinha Expert Committee report (June 2019). The committee recommended various regulatory, financial and implementation reforms as well as firm level access reforms to provide targeted interventions to MSMEs across recognized challenge areas.

7. National Skill Qualifications Framework (NSQF)

National Skills Qualification Framework (NSQF) is a quality assurance framework which organises qualifications according to a series of levels of knowledge, skills and aptitude. The NSQF was created in 2013. These levels are defined in terms of learning outcomes which the learner must possess whatever may be the channel they acquire - through formal, non-formal or informal learning.

Major feature of the NSQF is that it provides the standards in multiple pathways as mentioned - both within vocational education and vocational training, and among vocational education, vocational training, general education and technical education, thus linking one level of learning to another higher level.

****