

BUDGET ANALYSIS PRESENTATION

INDIA BUDGET

2022

Learning what one of the largest democracy values!

INDIA @ 75 to INDIA @ 100

Path to economic recovery in India pushed by disruptions, uncertain times and geo-political issues amidst aim to be "Atamnirbhar". 'ACE'ing the Atamnirbhar, Clean energy & Economic growth priorities for Bharat

Embellished push on planning of core urban infrastructure and promotion of sustainable "sunrise" sectors were the theme, as UNION BUDGET was a mixed bag for industry



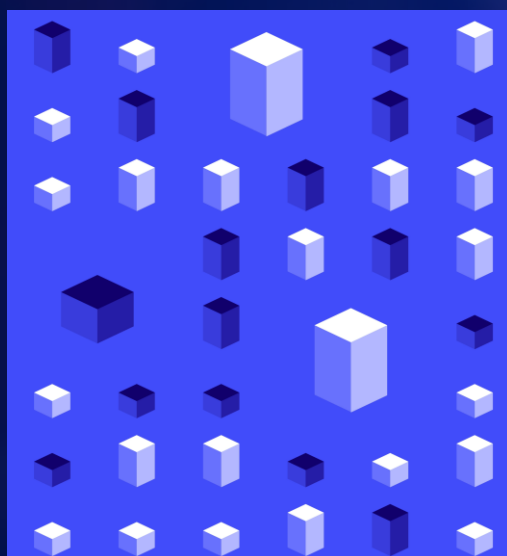
Contents &
Coverage

₹ FY 2022-23
FINANCIALS

KEY
NUMBERS

ANNOUNCEMENTS &
IMPLICATIONS

India Budget 2022-23



Introduction to Budget 2022-23



Budget is pointed on core infrastructure with a long-term goal, but it certainly lags on growth-invigorating ideation and proposal. While the “transformative approach” towards PM-GatiShakti initiative binding seven core sectors growth announced in the Budget is certain to strengthen the core of economy in log mile but the local issues did require to be addressed. However, to find a way to get these project financed on a long-term basis shall require participation from private players which can only be pushed by the quantum of Government allocations. That would have emboldened the confidence of stakeholders to increase their respective appetite to invest more in the “seven engine” tags. Further, reminiscence from past speeches were evident for infrastructure impetus whether it was about NHAI network, logistics parks or multimodal seamless transport connectivity for both goods and passengers. Importantly, focus on clean mobility was evident through announcements like “Battery Swapping Policy” to increase the share of EVs in transportation. Also, the impetus to domestic manufacturing both in defense and solar sector shall serve good for the country in long-run. Having said so the speech did lack clarity upon the status of implementation of ALMM scheme for solar manufacturing as if found implemented the capex/MW for solar projects could go up by 60-65% which in turn shall push the tariffs up in the country. Another, aspect which had a miss was a concrete announcement upon the “Green H₂” vision in near future with an implementable roadmap. For defense private participation opening up renders good signs and also there appears to be clarity in terms of raising the capital coupled with trajectory of growth.



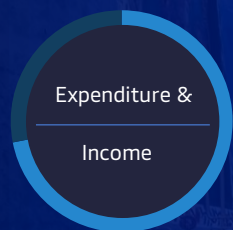
Financial Snapshots – Budget 2022-23

	2020-2021 Actuals (In ₹ Crores)	2021-2022 Budget Estimates (In ₹ Crores)	2021-2022 Revised Estimates (In ₹ Crores)	2022-2023 Budget Estimates (In ₹ Crores)
Revenue Receipts	1633920	1788424	2078936	2204422
Capital Receipts	1875916	1694812	1691064	1740487
Total Revenue Receipts	3509836	3483236	3770000	3944909
Total Expenditures	3509836	3483236	3770000	3944909
Effective Capital Expenditure	657182	773348	840396	1067889
Revenue Deficit	1449599	1140576	1088352	990241
Effective Revenue Deficit	1218734	921464	850667	672598
Fiscal Deficit	1818291	1506812	1591089	1661196
Primary Deficit	1138422	697111	777298	720545





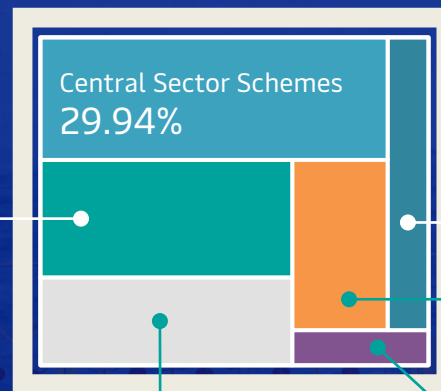
Summary of Expenditure



Summary of Income



Other Central Sector
Expenditure
28.72%



Establishment
Expenditure
17.55%

Other
Grants/Loans/Transfers
7.70%

Finance Commission
Grants
4.87%

Centrally
Sponsored
Schemes
11.22%

Corporate Tax
26.20%

Personal Income Tax
25.50%

Excise Duty
12.20%

GST

28.40%

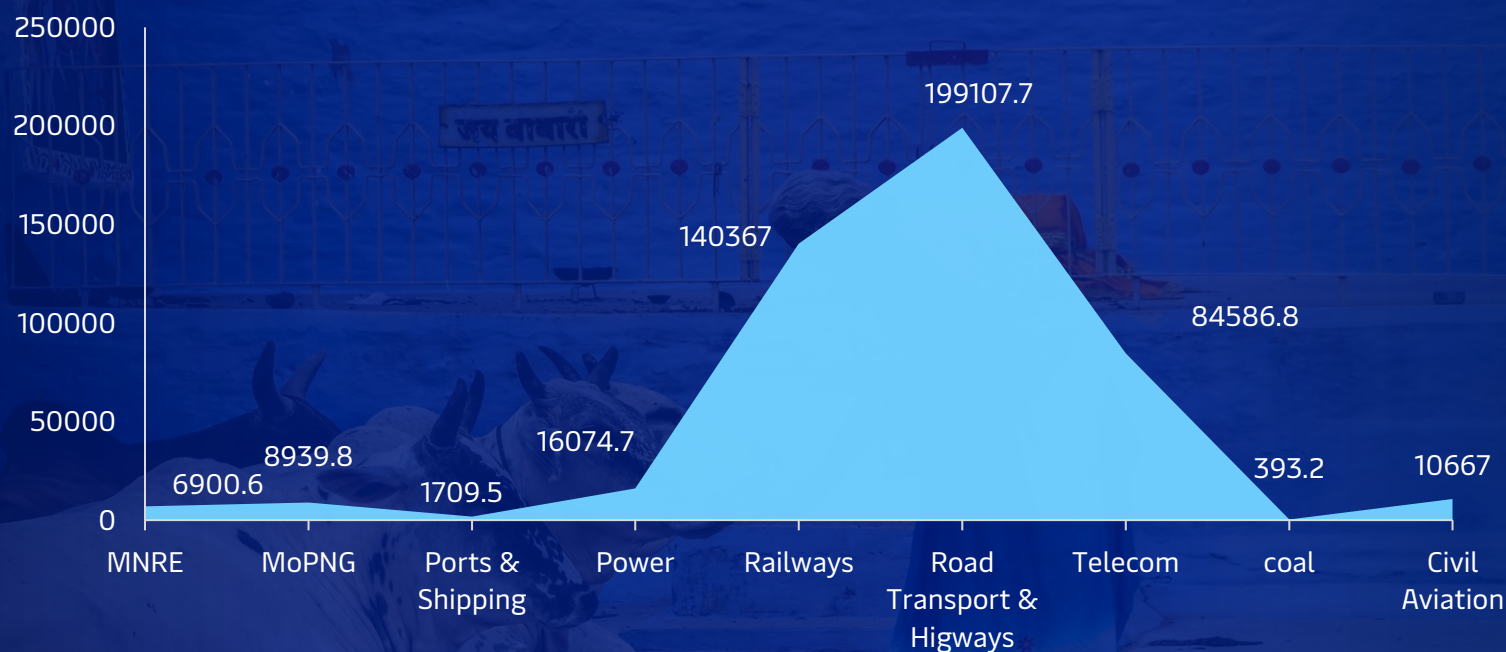
Customs

7.80%



Key Numbers

Budget Estimates for
2022-2023 in INR
Crores for Key Energy
& Infrastructure
Ministries



Source: Eninrac Research & Analysis , Union Budget India 2022



Key Numbers



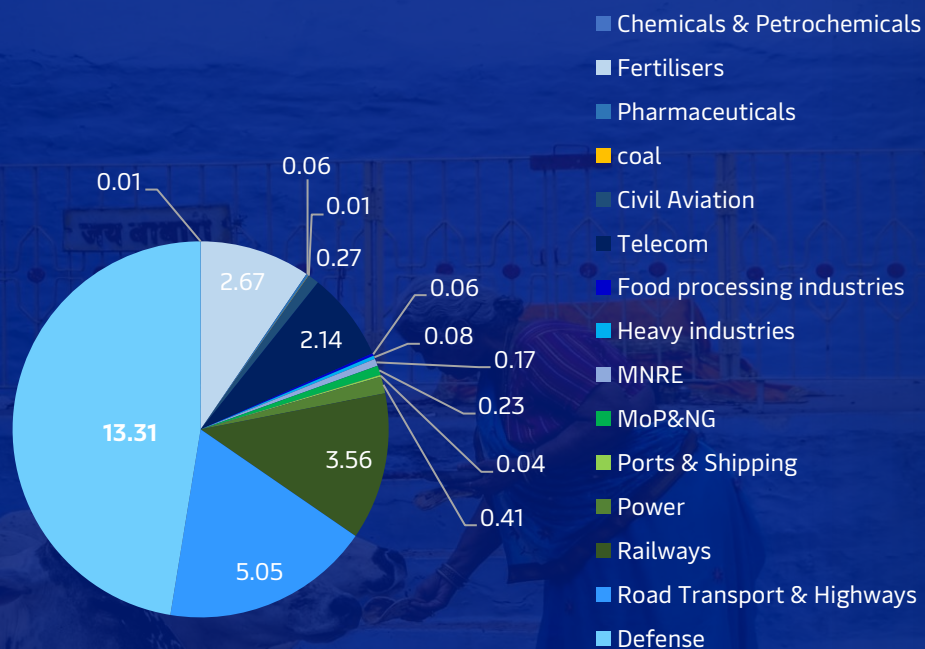
Budget Estimates for
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Crores for Key
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Source: Enirrac Research & Analysis, Union Budget India 2022



Key Numbers



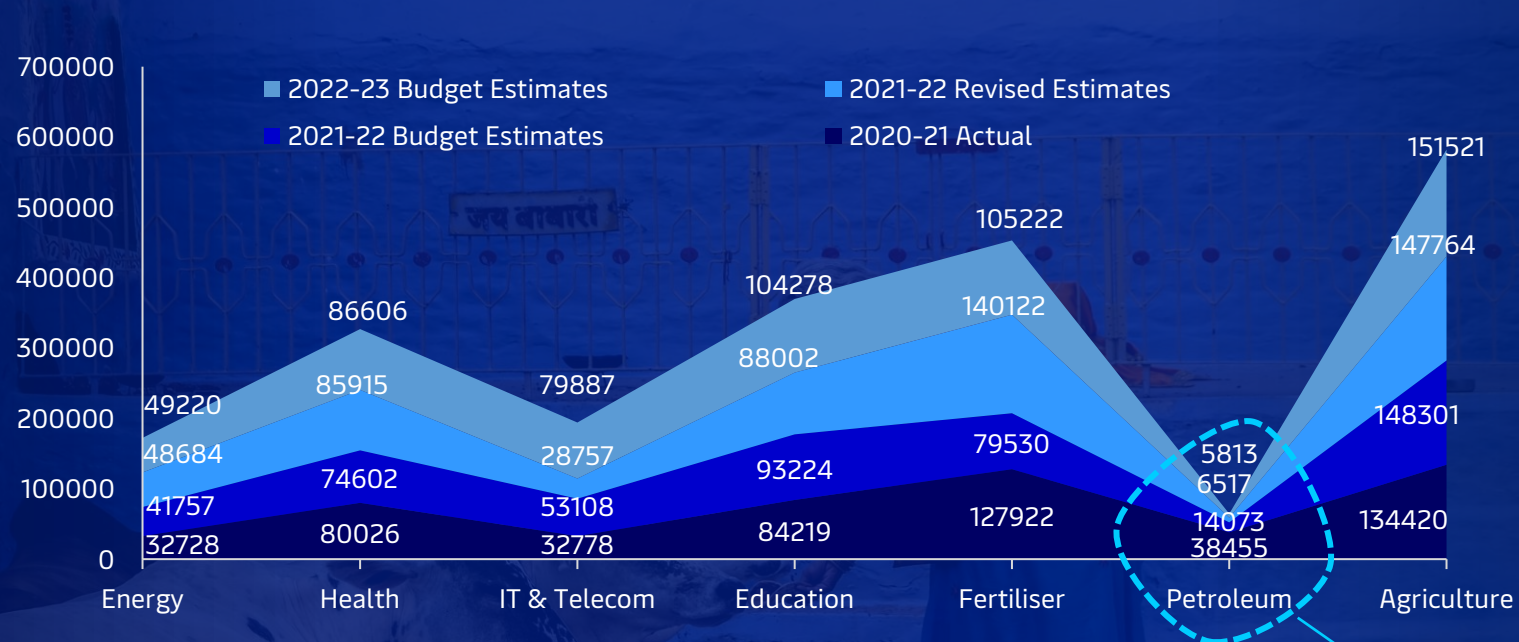
Percentage share of key ministries in the budget expenditure for 2022-2023

Note : Percentage share has been from the total estimated expenditure of INR 3944908.6 crores



Source: Enirrac Research & Analysis , Union Budget India 2022

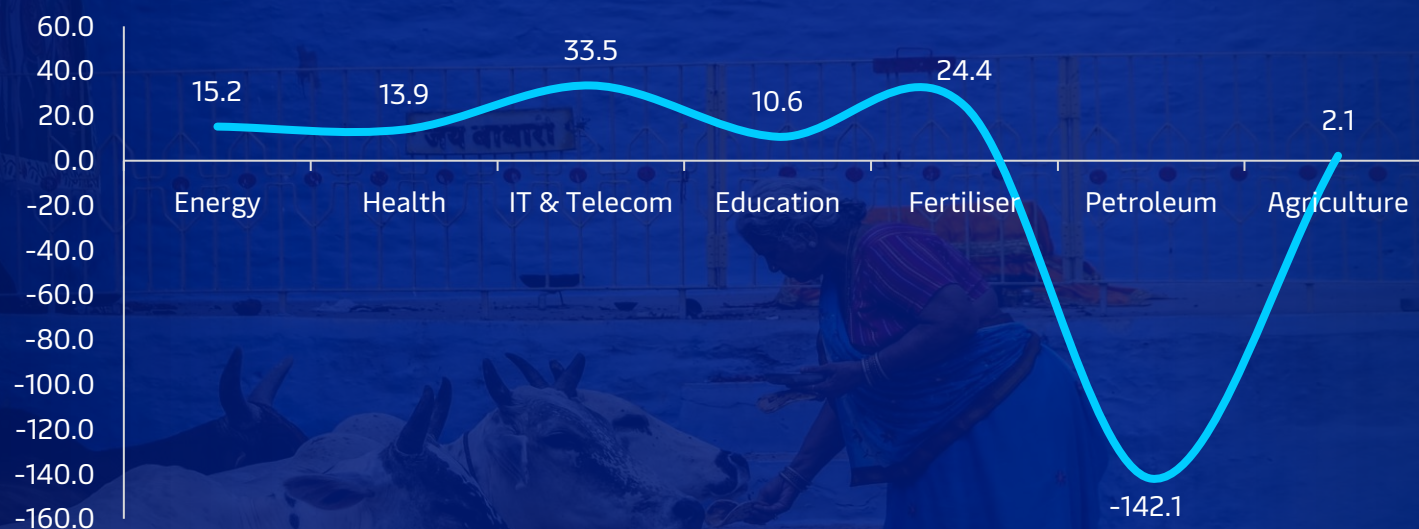
Key Numbers



Source: Enirrac Research & Analysis, Union Budget India 2022



Key Numbers

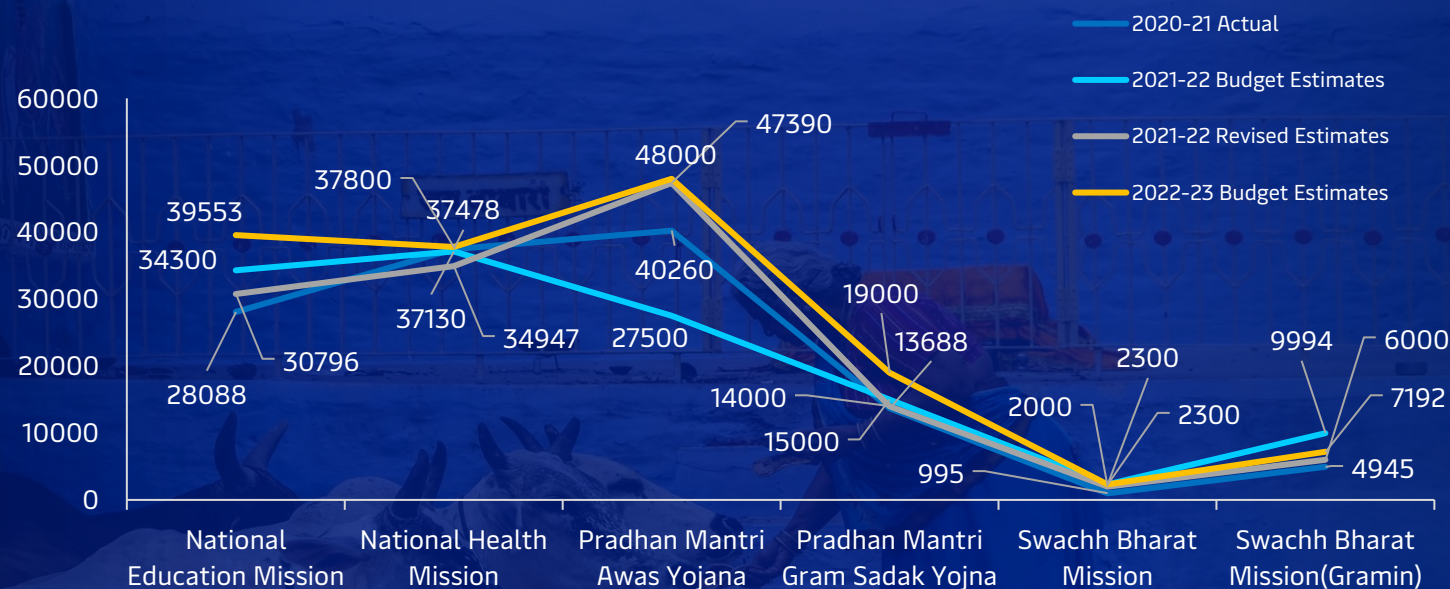


Variation in the Subsidy (In Percentage) offered by the GoI to key sectors – Comparison of Budget Estimates of 2021-22 & 2022-23



Source: Eninrac Research & Analysis , Union Budget India 2022

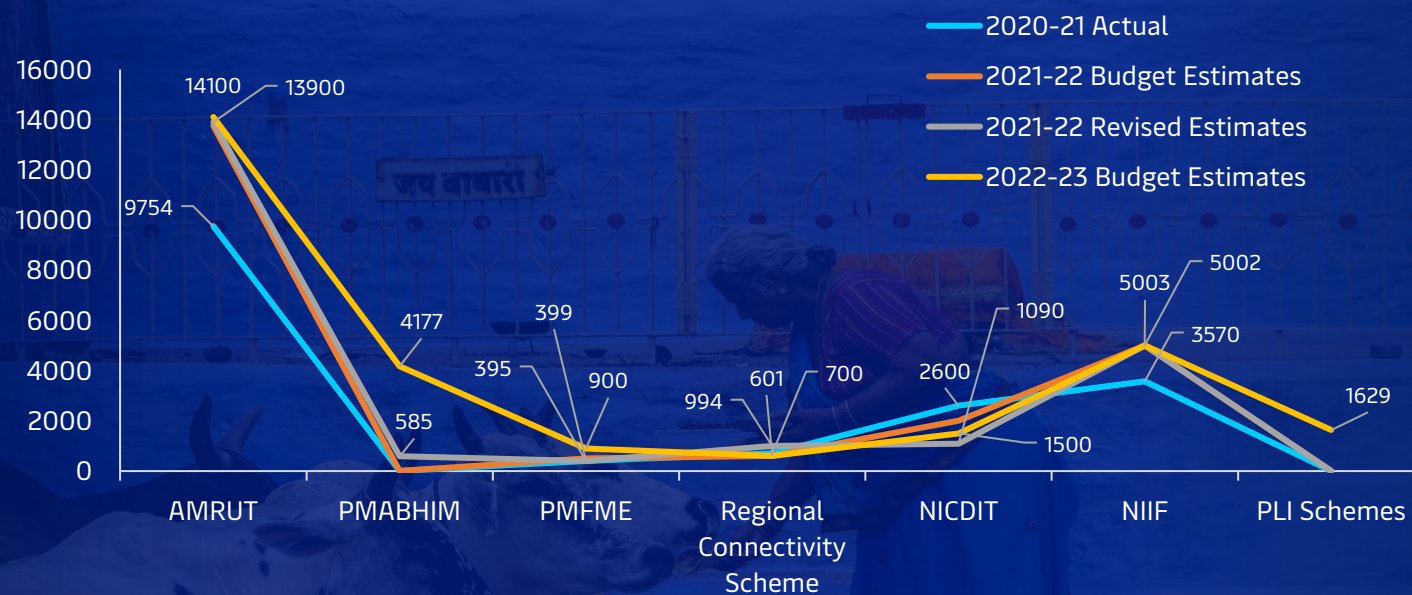
Key Numbers



Source: Enirrac Research & Analysis, Union Budget India 2022



Key Numbers



Source: Eninrac Research & Analysis , Union Budget India 2022



Implications– Budget 2022-23

Sector	Rating
Auto Components	Marginally Positive
Banking & Finance	Marginally Positive
Commercial & Passenger Vehicles	Positive
Capital Goods & Heavy Equipment's	Positive Plus
Cement Sector	Positive
Fertilizer	Marginally Negative
FMCG	Positive Plus
Infrastructure	Marginally Positive
Oil & Gas	Negative
Power	Marginally Negative
Renewable	Positive
Ports	Marginally Positive
Shipping & Shipbuilding	Marginally Positive

Ratings	
Marginally Positive	Positive Proposals but lacks industry expectations at large
Positive	Positive Proposals
Positive Plus	Predominantly positive proposals
Marginally Negative	No positive proposals





India Budget 2022 – Automotive - Announcements

- A battery swapping policy and inter-state operability standards were announced inline to cater the space constraints challenge for setting up EV charging stations in India. However, the specifics of the policy were not announced & is likely to follow soon. Further, to enhance Make in India initiative, one year extension was granted for PLI scheme for commencing commercial EV production

Sector Implications



Positive

The policy measures announced for EVs are in right directions and shall see a positive thrust in EV adaptation. The overall push from the government in terms of CAPEX through PLI and extension of concessional corporate tax are likely to attract more private investments in manufacturing, thereby having an overall constructive impact.





India Budget 2022 – Banking & Capital Market - Announcements

- A special taxing regime was announced for virtual digital assets, although the sector still lacks policy clarity. The taxing framework for VDAs appears to be a good move overall as it outlines the stand of government in terms of handling such assets for future. However, the tax rate seems marginally higher on these assets.
- The digital rupee currency announced by the government is a positive move again in order to promote penetration of digital transactions.

Sector Implications



Marginally Positive

The announcement is marginally positive for handling of VDAs as it renders tax clarity for future. Having said so, a clear policy for treatment of such assets would have been ideal along with class defined for same. Further, for the digital rupee currency the digital banking & payments shall be benefitted from the government support.





India Budget 2022 – Consumer Products - Announcements

- The custom duty on inputs & raw material used by sectors like textile have been reduced to provide momentum to Make in India. Also, the exemptions were proposed for duty free imports of specified goods by bonafide exporters of handicraft, apparel, leather garments & footwear etc. Further, the custom duty on parts of electronic toys have been proposed to increase from current 15% levels to 25%.

Sector Implications



Marginally Positive

As no specific tax benefits or concession were announced for the consumer products the overall move seems marginally positive courtesy the CAPEX push through PLI scheme & the concessional window extension for corporate tax.





India Budget 2022 – Infrastructure - Announcements

- Driven by seven engines: Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure
- National Master Plan aimed at world-class modern infrastructure and logistics synergy
- Formulation of Master Plan for expressways: Completing 25,000 km national highways in 2022-23
- Unified Logistics Interface Platform allowing data exchange among all mode operators
- Open-Source Mobility Stack for seamless travel of passengers
- 4 Multimodal Logistics parks through PPP to be awarded in 2022-23
- Integration of Postal and Railways Network facilitating parcel movement
- Promotion of "One Station One Product"
- Extending coverage under Kavach
- 400 new generation Vande Bharat Trains
- Multimodal connectivity between mass urban transport and railway stations
- National Ropeways Development Plan as a sustainable alternative to conventional roads
- Capacity building for infrastructure Projects

Sector Implications



Positive Plus

Proposed PM Gatishakti program shall see a long-term impact on the seven growth engines which in turn shall govern the robust and sustainable momentum to the Indian economy. It further is expected to generate job opportunities & will push entrepreneurial opportunities for all.





India Budget 2022 – Oil & Gas - Announcements

- Four pilot projects for coal gasification & conversion of coal into chemicals have been proposed in order to set up an evolutionary, technical & financial viability.

Sector Implications



Marginally Positive

Four pilot projects being set may lay future framework for better utilization of fossil fuel and may lead to India meeting its COP26 targets.





India Budget 2022 – Renewable - Announcements

- An additional allocation of INR 19,500 Crore to augment solar PV module manufacturing under the Production Linked Incentive (PLI) Scheme.
- As a part of the government's overall market borrowings in 2022-23, sovereign Green Bonds will be issued for mobilising resources for green infrastructure.
- Nearly 5-7% biomass pellets will be co-fired in thermal power plants;
- Large commercial building will follow ESCO model for energy management.

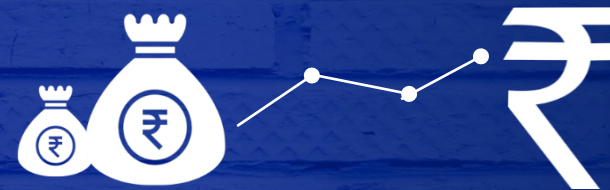
Sector Implications



Positive

The additional PLI scheme shall see more participation from private sector in solar module manufacturing with integrated facilities. Further, the usage of biomass pellets in thermal power plants will reduce the carbon emission and may help to address stubble burning issues in parts of the country. Also, the proceeds from the sovereign bonds will be deployed in public sector projects which will help in reducing the carbon intensity of the economy.





India Budget 2022



THANK YOU!



Happiness does not come from doing easy work but from the afterglow of satisfaction that comes after the achievement of a difficult task that demanded our best

- Theodore Isaac Rubin