

A Write up on Budget -2022- BOON OR BANE

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Abstract

The Union Budget of India 2022–23, presented by Finance Minister Nirmala Sitharaman, aimed to support post-pandemic economic recovery while laying the foundation for long-term growth through infrastructure investment, digital transformation, and sustainable development. The budget emphasized capital expenditure–led growth, fiscal consolidation, and technological modernization to strengthen India’s economic resilience. The 35.4% increase in capital spending to ₹7.5 lakh crore, which demonstrated the government's emphasis on economic growth and infrastructure development, was a noteworthy highlight. An anticipated 6.4% of GDP was the budget deficit for FY 2022–2023, which is consistent with a medium-term trajectory toward fiscal restraint. The Reserve Bank of India's establishment of a Digital Rupee and the taxation structure for virtual digital assets were two examples of how the budget encouraged financial and digital innovation. In order to promote climate goals and finance sustainable infrastructure, it also suggested issuing sovereign green bonds. Increasing investment through interest-free loans to states, bolstering emerging industries like artificial intelligence, green energy, and semiconductors, growing digital infrastructure (including the development of 5G ecosystems), and encouraging inclusive development through MSMEs, agriculture, and rural projects were among the top policy priorities.

Key words: Capital Expenditure, Infra structure Development, Digital Innovations, Gathi sakti, Green energy.

Introduction

The budget is the most crucial part of any economy. It is important at all levels of society, including national, domestic, and organizational levels. A budget is a projection of future figures based on prior information or data. Businesses and governments use budgeting to make sure their expenditure matches their revenues. A budget is a financial tool that helps a business manage and control its spending. It gives a forecast of a company's profitability, financial performance, and cash flows over a given time period. The budget becomes increasingly crucial when it comes to aligning spending to company revenues. Budgets are created by all of the organization's units/departments, anticipating future spending versus revenues. They also devise a plan of action.

Budgets In an organization, according to The Chartered Institute of Management Accountants , London (CIMA), is defined as “A plan quantified in monetary terms prepared and approved prior to a defined period of time usually showing planned income to be generated and/or expenditure to be incurred during that period and the capital to be employed to attain a given objective.”

Essentials of budget include, a plan that is expressed in monetary terms but can also include physical units, that is prepared ahead of time for a specific period of time (budget period) in which it will be used, with reference to a specific time period in the future, which is approved for deployment by management. Budget usually depicts the anticipated revenue and expenditure and shows the amount of capital that was used during the time period.

It is drafted with the intention of carrying out the management's policy and achieving the goal set for the time period.

As a result, a budget establishes a monetary or quantity target against which actual performance is judged. As a result, a budget can be viewed as a document that is tightly linked to both the management and accounting functions of an organization. Budgets aid in the coordination of the

organization's many activities such as production, sales, and purchases, ensuring that all activities are carried out in accordance with the organization's goals.

Objectives of the write up

1. To examine the major highlights of the Union Budget 2022–2023 and evaluate their implications for economic stability and growth.
2. To evaluate the allocation of resources to priority sectors and their impact on development and public welfare.
3. To identify and analyze the sectors and areas that were overlooked or received inadequate attention in the current Union Budget

A budget is used to compare projected and actual spending. A budget guarantees financial stability, helps the government spend on necessities, monitors expenditures, and permits the achievement of financial goals. The budget of any economy is an annual component of every financial year. The government usually focuses on priority areas and key sectors based on economic priorities. Varied parts of society have different financial demands, such as the working class, business owners, entrepreneurs, industrialists, small and medium-sized firms, agriculture, and so on. The author of this essay tries to concentrate on the highlights of the current budget and present them in a conceptual manner, as well as examine whether a certain component has been a boon or a scourge based on the opinions of a few specialists.

Review of Literature:

Manukrishnan. (2023), The Union Budget 2022–23 focuses on post-pandemic recovery by prioritizing healthcare strengthening, infrastructure investment, and digital transformation. It introduces fiscal policy measures including tax adjustments, expenditure allocations, and borrowing strategies aimed at supporting economic stability. The budget's proposals are evaluated for their impact on growth, inflation, fiscal deficit, and sectoral development. Overall, it highlights both opportunities and challenges for agriculture, manufacturing, services, and key stakeholders such as businesses, consumers, and investors.

M, Suha & Kumary, Anitha(2023), The **Economic Survey 2021-22** and **Union Budget 2022-23** were presented during the evolving third wave of COVID-19, which severely disrupted lives and economic activity. The pandemic created large expectations among citizens, as the budget serves not only as a financial plan but also a socio-political statement. Despite the crisis, recent data indicated signs of economic recovery. The Survey credits the government's agile fiscal response and budgetary stimulus for enabling faster recovery. Measures such as Production Linked Incentives, credit guarantees, liquidity support, and export promotion aimed to address both supply-side and demand-side shocks.

Chakraborty, Lekha S (2022), amid rising geopolitical risks and inflationary pressures in 2022, a policy rate hike by the **Reserve Bank of India** could slow the growth recovery process. However, keeping policy rates unchanged for too long may lead to unanchored inflation expectations. The **Union Budget 2022-23** accommodates a high fiscal deficit while emphasizing the "crowding-in" effect of public infrastructure investment. This strategy aims to stimulate private investment and support economic recovery. Effective coordination between fiscal and monetary policy can help India mitigate global macroeconomic uncertainties and sustain recover

Press Information Bureau. (2022, February 1). Union Budget 2022-23: Education and skill development. Retrieved from <https://pib.gov.in/PressReleasePage.aspx?PRID=179741>

While the Union Budget's significant increase in infrastructure funding and sectoral efforts is noteworthy, legislative reforms that aid in the development of a strong private investment ecosystem are essential

Analysis

With a budgeted infrastructure expenditure of over Rs 10 lakh crore and a capex increase of over 35 percent y-o-y, the Union government has reaffirmed its commitment to use infrastructure as a

force multiplier for sustainable economic growth in Budget 2022-23. Using multimodal transportation infrastructure to reduce logistics costs and increase India's overall competitiveness is one of the key infrastructure emphasis areas. Similarly, in order to identify and finish critical projects on schedule, the budget has underlined the need of coordination across multiple Ministries/Agencies. The Gati Shakti initiative, which is now in the works, will address both of these challenges. Launched on October 13, 2021, the PM Gati Shakti National Master Plan is a digital, GIS-based platform that integrates infrastructure projects from several ministries (Roads, Railways, Ports, waterways, Airports, Mass Transport, and Logistics etc.) for comprehensive, multimodal connectivity planning. It seeks to speed up improved planning, project execution, lower logistical costs, and increase supply chain efficiency, governance.

Now let's focus on financing, which is covered separately in the budget paper. The National Infrastructure Pipeline (2020–25) is expected to require a total investment of Rs 111 lakh crore, with an annual investment target of Rs 20–22 lakh crore. The Center's 45 percent share of all infrastructure investments is reflected in the Rs 10–11 lakh crore fiscal commitment. State governments, non-budgetary sources (banks, financial institutions), and private investment are anticipated to make up the remainder.

In areas where state governments have control, such as urban infrastructure, irrigation, health, and education, state governments are likely to play a stronger role. The budget has greatly raised the allocation for "State Government Support for Capital Expenditure" to incentivize them to improve infrastructure in these industry.

Capital Expenditure & Infrastructure Push	
Category	Allocation
Capital expenditure	₹7.5 lakh crore
Effective capital expenditure	₹10.68 lakh crore
Share of GDP (capex)	~2.9%

Source: (Budget at a Glance & Expenditure Profile) Ministry of Finance

Present scenario

Highlights of Budget -2022(source: The Hindu)

Financial Inclusion: By 2022, all post offices will be connected to the banking system, allowing for financial inclusion and account access, as well as online fund transfers between post office and bank accounts. The integration of postal and railway networks will facilitate parcel movement, ensuring a single station for each product.

Regarding infrastructure, during the following three years, 400 new-generations Vande Bharat trains with improved energy efficiency and passenger comfort would be developed and constructed and multi model connectivity between mass urban transport and railway stations, capacity building for infrastructure projects.

When it comes to Digital currency, The Reserve Bank of India will begin issuing digital rupees in 2022-23, using block chain and other technologies. It will result in a currency management system that is more efficient and less expensive.

Capex: Capital spending will be increased by 35%, from Rs 5.54 lakh crore this fiscal year to Rs 7.5 lakh crore in 2022-23. This is more than 2.2 times the 2019-20 budgets. Effective capital expenditure of central government estimated at Rs. 10.68 lakh crore in 2022-23, which is about 4.1

of GDP.(www.india.gov.in/spotlight/union-budget-fy-2022-2023). The Union budget is skewed toward government coffers. The quality of the investment is the main focus. The estimates for revenue are cautious. The budget deficit for FY 2022 exceeded market projections, coming in at 6.9%.

Other Highlights: presented by Nirmala Sitharaman are the following

Capital spending will increase by 35.4 percent to 7.50 lakh crore in 2022-23,

Prioritizing Capital Expenditure

Public investment to continue to pump prime private investment and demand in 2022-2023

The fiscal deficit is estimated to reach 6.4 percent of GDP in FY 2022-23.

The disinvestment target for 2022-23 is Rs 65,000 crores

The main financial system will be connected to 100% of post offices.

There is a PLI plan for manufacturing in 5G.

The Reserve Bank of India (RBI) has made the Digital Rupee available. The income generated by the transfer of virtual assets will be taxed at a rate of 30% surcharge on long-term capital gains that is limited to 15% on the transfer of long-term assets.

Seven engines in national infrastructure pipelines will be coordinated using the PM Gati shakti Framework driven by seven engines: Roads, Railways, Airports Ports, Mass Transport, Waterways, and Logistics Infrastructure. The six pillars on which Pm Gati Shakti is based are (1) comprehensiveness(2) Prioritization(3) Optimization (4) synchronization(5) Analytical (6) Dynamic

Union Budget 2022–23: Major Allocations, Total Expenditure: ₹39.45 lakh crore

Rank	Ministry/Sector	Allocation in cr	Share/notes
1	Defence	Allocation (₹ crore)	Largest allocation (~13.3%)
2	Consumer Affairs, Food & Public Distribution	5,25,166	Food security & PDS
3	Road Transport & Highways	2,17,684	Infrastructure push
4	Home Affairs	1,99,108	Internal security
5	Railways	1,85,776	Rail modernization
6	Rural Development	1,40,367	Rural welfare programs
7	Agriculture & Farmers' Welfare	1,38,204	Farm support
8	Chemicals & Fertilizers	1,32,514	Fertilizer subsidy
9	Communications	1,07,715	Telecom & digital infra
1	Education	1,05,407	Education & skills

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

The Emergency Credit Line Guarantee Scheme (ECLGS): The Emergency Credit Line Guarantee Scheme (ECLGS) was established as part of a Rs 20 lakh crore comprehensive package released by the Finance Ministry on May 13, 2020, to assist Micro, Small and Medium Enterprises (MSMEs) in the wake of the COVID-19 pandemic's economic suffering, cover expanded by Rs 50,000 to 5 lakh crore-Top focus of the budget this year are

-PM Gati Shakti, Inclusive Development, Productivity Enhancement, Sunrise Opportunities, Energy Transition, Climate Action, Financing of Investments. The scheme provides fully guaranteed additional working capital loans to eligible borrowers, ensuring continued operations, employment stability, and economic recovery. This is a digital platform that attempts to bring together 16 Ministries, including Railways and Roadways, to plan and implement infrastructure connectivity projects in a coordinated manner.

A total of Rs 2.37 lakh crore in MSP (minimum support price) will be paid directly to farmers. Delivering of Digital and Hi-Tech services to farmers in PPP mode, Launching fund with blended capital to finance agriculture start ups.

According to Rajeev Dimri, Partner and National Head of Tax, KPMG in India “The government's 'Atmanirbhar Bharat' strategy, which promotes make-in-India and reduces import dependence, has been re-emphasized in this budget, particularly in the defense sector, with a mandated percentage of domestic purchase. 68% of defense capital procurement earmarked for domestic industry in Defense production. 25% of defense R&D budget opened to industry, startups and academia. The aim is to strengthen indigenous defense capability and reduce imports.

The proposal to phase down project import will undoubtedly assist Atmanirbhar Bharat, but it may have a negative influence on other projects in the pipeline. There appear to be specific adjustments in Customs duty rates that benefit Atmanirbhar Bharat; nevertheless, this will need to be investigated further to determine the greater impact. Overall, the budget announcements emphasized economic recovery and infrastructure development, setting the way for stability and progress." Some key numbers with regard to income and expenditure are government proposes to spend to 39,44,909 crore in 2022-23, which accounts for 4.6% higher than the updated estimate of 2021-22. The receipts in 2022-23 are estimated to be 22,83,713 crore, which excludes borrowings, is an increase of 4.8% over the revised estimate of 2021-22. The expectation from tax collections is higher when compared to last year, expected to come in from direct taxes, both on personal and corporate

The most important aspect of any economy is the budget. At all societal levels national, household, and organizational it is significant. A budget is a forecast of future expenses derived on historical data or information. Budgeting is a tool used by governments and businesses to ensure that their spending and income are equal. One financial tool that aids in managing and controlling a company's expenditures is a budget. It provides a projection of a business's cash flows, financial performance, and profitability over a specified time frame. When it comes to matching expenditure to business income, the budget becomes more and more important. Every department or unit within the company creates a budget, which accounts for anticipated income and expenditures. They also come up with a strategy. Budget with all its pros and cons, slipped of certain aspects which are crucial in economic progress on the other side

Things not include in current budget

Nirmala Sitharaman's Union Budget 2022–2023 placed a strong emphasis on capital spending, infrastructure, and the digital economy. Nonetheless, policy analysts, opposition leaders, and economists identified a number of sectors that were either mostly ignored or received insufficient attention. They are Foreign trade, Social Sector Welfare, it is important for poverty reduction and inequality control, Employment Generation & Rural Jobs, Agriculture & Farmers' Income, Health Sector Funding, Education & Human Capital Development, Urban Poverty & Informal Sector, Inflation & Cost of Living Relief.

Private Sector Initiatives

On the subject of private investments, a number of initiatives have already been implemented, including public-private partnerships, asset monetization, the establishment of the National Bank for Infrastructure and Development (NABFID) as a development finance institution, and tax breaks for foreign pension and sovereign wealth funds. Green bonds and thematic funds using blended finance for financing sunrise areas such as deep tech, climate action, pharma, agri-tech, and others are also highlighted in the budget. In order to trigger the growth in private sector, investments in private sector have to be increased so that the exports also will be increased.

Because of trade war between India and china, other Asian countries have participated in free trade with other countries and were benefitted, but for India. However, a variety of policy reforms, many of which are outside the budget's scope, are required to create a sustainable private investment ecosystem. Increasing domestic pension fund infrastructure investments, expanding the definition of

infrastructure investors for tax purposes, deepening the infrastructure bond market, mobilizing long-term resources through increased pension coverage, adopting standard templates and practices for selecting and contracting with private partners, and putting in place effective contract renegotiation & alternate dispute resolution mechanisms are just a few examples. While Budget 2022-23 reinforces the Union government's commitment to infrastructure development, timely implementation of the aforementioned measures would be critical for putting a robust extra budgetary financial eco-system in place.

Conclusion

Thus, a budget fixes a target in terms of rupees or quantities against which the actual performance is measured. While Union Budget 2022–23 aimed to stimulate long-term growth through infrastructure and digital transformation, critics argued it under-prioritized immediate socio-economic challenges such as employment, welfare support, agriculture distress, and public health resilience. In order to facilitate India's shift from epidemic recovery to steady economic growth, the Union Budget 2022–2023 was created. To encourage investment and employment, it placed a strong emphasis on capital spending, infrastructure expansion, digital transformation, and productivity enhancement. The budget sought to "crowd in" private investment and bolster long-term economic potential by giving public investment and fiscal support measures priority. In order to speed up recovery, the budget accepted a larger short-term fiscal deficit while carefully balancing growth promotion and budgetary consolidation. A dedication to inclusive and resilient growth was demonstrated by significant initiatives in industries like healthcare, infrastructure, MSMEs, agriculture, and the digital economy. There are still issues, though, such as inflationary pressures, unpredictability in the world economy, creating jobs, and guaranteeing benefits are distributed fairly among sectors. All things considered, the budget shows a growth-oriented and reform-driven strategy intended to boost competitiveness, fortify economic resilience, and assist India's long-term development trajectory.

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