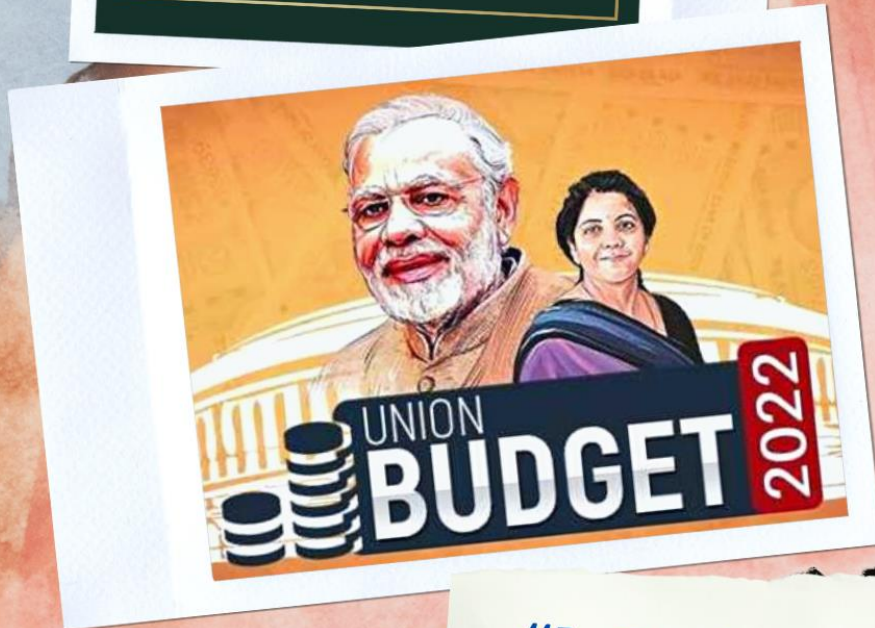


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arthaprajna



"A good roadmap
will get you to
your destination."

Fin-Glory

FROM THE EDITOR'S DESK...

Greetings from PIM family!

“Without continual growth and progress, such words as improvement, achievement and success have no meaning.”

-Benjamin Franklin

A warm welcome to you all to the 5th issue of volume 13th of ARTHAPRAJNA. This issue has an alternate assortment of articles that gives a bird's eye view of the information on Indian Union Budget-2022-23 to the readers.

The focus of Budget 2022-23, presented to Parliament on February 1, is to facilitate “the process of strong growth”. Accordingly, the Budget “seeks to lay the foundation and give a blueprint to steer the economy over the ‘Amrutkaal’ of the next 25 years-from India at 75 to India at 100”.

In this context, the three-fold vision which the Budget has enumerated is: a) complementing the macroeconomic level growth focus with a microeconomic-level, all-inclusive welfare focus, b) promoting digital economy and fintech, technology-enabled development, energy transition, and climate action, and c) relying on a virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment.

In this issue you can find a brief explanation on how budgetary decisions have an impact on economy, business, investors, markets, consumers and taxpayers. So this special issue of Arthaprajna strives hard to contribute to authentic knowledge about Union Budget

We look forward to your valuable feedback and replies at arthaprajna@pim.ac.in

Warm regards,

Naveen R Bhat.

Chief Editor,

Arthaprajna-2021

Union Budget 2022

Highlights

Union Finance Minister Nirmala Sitharaman on February 1 presented her 4th Budget speech by expressing empathy for those who suffered during COVID-19 pandemic. The finance minister said that India's growth estimated to be at 9.2%, highest among all large economies. Meanwhile, PM Modi said that he will be talking about 'people friendly and progressive' Budget at a programme on February 2, at 11 am. Here are top announcements from her Budget proposals and announcements so far: Or farmers to adopt to natural farming, comprehensive package for participation of State governments & MSMEs to be introduced.

Hospitality services by the small & medium sector are yet to bounce back, therefore, the government has decided to extend the ECGL service for this sector by March 2023 with an increased cover of Rs 50,000 Skilling programs will be reoriented. For

skilling, upskilling & reskilling of our youth, Digital DESH e-portal will be launched.

'One Class One TV Channel' will be increased from 12 to 200 TV Channels to provide supplementary education in regional languages for class 1-12.



A digital university will be developed to provide access to students for world-class quality education with ISTE Standards. For mental health counselling, a National Tele Mental Health Program will be launched our government is committed towards Atma Nirbhar Bharat in armed forces. 68% of capital procurement budget will be earmarked for domestic industry for 2022-23 up from 58% in 2021-22, the FM said Rs 19,500 crore marked for PLI for manufacturing

of high efficiency module for polysilicon.

Financial support will be provided to farmers wanting to take up Agro-Forestry. 5-7% biomass pellets will be co-fired in thermal power plants resulting in carbon dioxide savings of 38 mmt annually. Outlay for capital expenditure increased by 35.4% from previous year to 7.50 lakh crore in 2022-23.

Sovereign Green Bonds to be issued in public sector projects to reduce carbon footprint initiatives in the economy. To further electronics manufacturing, duty concessions given for high growth of electronics items.

Customs duty on cut & polished diamonds, gems to be reduced to 5%. Duty concessions on parts of mobile phones. To levy 7.5% customs duty on select capital goods Gradually to have customs duty of 7.5% on projects imports.

By:



Heera Sanam
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COHERENCE WITH ATMANIRBHARTA AND DIGITAL INDIA

India has made excellent efforts controlling its economy through the gigantic interruption brought about by the Covid pandemic. The economy has bounced back at a quicker cut contrasted with other significant economies and that lightness is reflected in our products and labor and products charge (GST) assortments. Simultaneously, the worldwide economy is entering a period of rising expansion and proceeding with store network pressures.

With this backdrop, this year's budget reaffirms the government's commitment towards inclusive growth with a multipronged plan for world-class physical and digital infrastructure development and turbocharges; India's march towards becoming a \$10 trillion economy.

The PM GatiShakti masterplan will play a major role in creating internal and external supply chain linkages and integrating our domestic market to ease the physical movement of goods and people. These plans will be well supported by a record capital expenditure outlay of ₹7.5 lakh crore, which will lead to consumption growth and creation of more jobs.



In a welcome move, Nirmala Sitharaman announced the extension of Emergency Credit Line Guarantee Scheme (ECLGS), which will help revive sectors that have traditionally shouldered the burden of job creation in the country such as micro, small and medium enterprises (MSMEs), hospitality, housing and the rural economy.

It is great to take note of that digitisation ran as one of the chief subjects across many arranged public spending drives. Regardless of whether it is schooling, skilling, reskilling, e-international IDs, carrying out a National Digital Health Ecosystem or the production of an advanced college, these are largely welcome advances and will empower us to connect the computerized partition.

The growth of communications infrastructure under the Bharatnet project and the proposed mega 5G network will catalyse the country's digital empowerment initiatives in the long run. Scheme for design-led manufacturing to be launched for 5G ecosystem as part of PLI scheme will greatly enable affordable broadband and mobile communication in rural and remote areas.

The electronics manufacturing landscape is growing more vivid. India has already realised the potential that

the sector can add to the overall GDP. With these progressive, people-centric initiatives, India is going to witness a major digital transformation, driven by a digital devices ecosystem with a “Make in India” tag in them.

This budget shows that the government is planning for longer time horizons and is providing continuity of policy towards its vision of Atmanirbhar Bharat and Digital India, which will act as a horizontal to support all sectors and overall job growth.

By:



Naveen R. Bhat
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PROPOSAL TO ACCELERATE CORPORATE BENEFITS

Finance minister Nirmala Sitharaman during budget speech said “**A Centre for Processing**



Accelerated Corporate Exit (C-PACE), with process re-engineering, will be established to facilitate and speed up voluntary winding up by companies”. It has also sought to make cross-border resolutions easier, which will allow lenders to claim foreign assets of defaulting borrowers to recover their dues.

The finance minister also stressed on the need for robust global cooperation to facilitate cross-border insolvency which enables the creditors claim assets of defaulters lying overseas and vice-versa.

Voluntary exit is fastest winding up process, but still there are many pending cases.

1. As on June 13, 2021, 10% cases were pending for more than 1000 days and

2. 54% for more than 365 days
in 28536 total pending cases

And his move would provide a big relief to firms seeking voluntary wind-up of business.

The move will even reduce delays in fewer cases by the **National Company Law Tribunal (NCLT)** bench, creating lags in the processes as the company has to contact several departments to take the specified clearance as required by NCLT.

Presently, the two methods of voluntary liquidation are through:

1. The Registrar of Companies (RoC) under section 248 of the Companies Act. 2013 and
2. IBC (The Insolvency and Bankruptcy Code)

The former is the most popular currently.

By:



Rini P J
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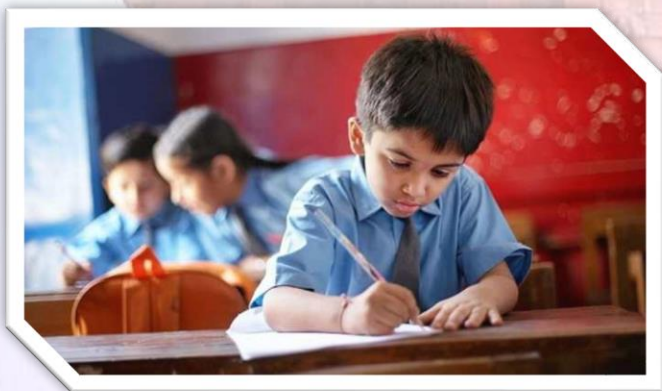
BUDGETED EDUCATION SYSTEM

This year's budget is stressing more on education, defence and health. Regarding the education Government is focused more on Agri education. Finance Minister stressed on revising the syllabi for agricultural universities through which they can meet the needs of zero-budget, natural, organic farming and modern-day agriculture.

In the budget Nirmala Sitaraman also stated about formation of digital university. The main intension of this system is to provide access to world-class education to Indian students. The budget also focused in digital learning citing the long closure of schools impacting the academic performance of the students. She also stated that the digital university will be imparting the lessons in all regional languages so that there will be creation of network of 'hub and spoke'. These

digital universities will be working with other central universities of the country in order to provide required infrastructure and training.

Apart from this, in order to help the students in rural and urban areas e-learning content platforms will be launched via smartphones, internet and televisions. The minister laid focus on '1 class 1 TV channel' while announcing the scheme.



The finance minister also said that expansion of SWAYAM PRABHA TV from 12 channels to 200 which comes under the scheme of PM e-vidya, with the intension to made the channels available in all regional languages. In the state of ITIs (Industrial Training Institutes)

new skill development courses will be introduced to enable the youth of the country.

By:



Sowmya
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DEFENCE BUDGET

This year's union budget of India has given special privilege to Indian Defence Force. Nirmala Sitaraman has allocated Rs. 5.25 lakh crore for defence in the budget for the next fiscal year which is quite higher than last year's defence budget that is Rs.4.78 lakh crore.

Along with this Nirmala Sitaraman also said that the government is committed in reducing imports and promoting self-reliance in defence manufacturing which is a

proactive measure for safety of defence of the country.

1. Rs. 1,52,369 crores have been set aside out of Rs.5.25 lakh crore for the capital expenditure. This capital expenditure includes purchasing new arms, fighter jets, warships and other military equipment's. Last year's budget allocation for capital expenditure was Rs. 1,35,060 crore which is increased to Rs. 1,38,850 crores in current year's budget.

2. Apart from capital expenditure Rs. 2,33,000 crores have been kept for revenue expenditure for the next fiscal year. Revenue expenditure includes expenses on payment of salaries and maintenance of establishments.

3. Apart from these expenditures Rs.1,19,696 crore has been allocated for Defence Pension and

Rs.20,100 crores for Ministry of Defence.

Nirmala Sitaraman said in the budget that 25% of defence R&D budget will keep for start-ups and private entities in the financial year 2022-23. Defence Minister Rajnath Singh has quoted this development as an "excellent move."



Also 68% of defence capital procurement budget would be allocated to procurement from domestic industry which is 10% more than last year's budget. Main intension behind this is to boost up the domestic private industries to take up design and development of military platforms and equipments.

This year's budget is most favourable towards the Indian

Defence force. Along with providing benefits for the defence she also made favour towards Indian businesses. All these acts will boost up the domestic industries, reduce import from other countries which will make defence force quite safe and encourage of private companies etc.

By:



Shreesha
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BOOSTER FOR START-UPS

The Prime Minister declared January 16,2022 as 'National Start-up Day' acknowledging the start-ups are the backbone of the new India. Start-ups have emerged as key drivers of growth for India's economy and tax benefits have been extended. This tax advantage scheme was only available to firms that were formed between April 1,2016 and

March 31,2021. The finance minister extended the deadline for start-ups to March 31,2023 giving them an extra year.

If the aggregate annual turnover does not exceed Rs.25 crore in any financial year, such start-ups will be eligible for 100% tax credit on profits made for a period of three years in a total time frame of ten year of operations. This move is anticipated to assist emerging entrepreneurs in fulfilling their working capital needs, particularly during the critical early years of their operations.

Capital is seen as a catalyst for growth in the Budget. The administration's concern on this issue is demonstrated by a significant increase in government capex (capital expenditure) combined with a re-evaluation of the private capital (PE/VC) regime. Lowering the capital gains fee for all assets is an intriguing idea that will benefit both start-ups and, maybe real

estate. This is a budget for “Investing in India”!



A tax change announced in Budget 2022-23 is anticipated to benefit venture capital investors and start-up entrepreneurs. Finance Minister Nirmala Sitharaman said that the surcharge on long-term capital gains (LTCG) tax has been limited at 15% for all listed and un-registered enterprises. This satisfies a long-standing desire of new-age corporations, who wanted unlisted company share sales taxed the same as listed company share sales. To be clear, only the surcharge on unlisted stock sales has been decreased, from 37.5 % to 15%. The tax rate has remained steady at 20%.

Finance Minister also detailed a number of policy

measures that will help start-ups grow over time and expand into new markets. Proposals include establishing an expert committee to examine the regulatory framework. For mobilizing venture capital and private equity investments in the start-up sector, providing funding to agricultural and rural-based start-ups through NABARD, introducing a digital ecosystem for skilling and upskilling rural workforce through on-line training, and expanding the ‘One Class One TV Channel’ program to 200 Tv channels to provide supplemental programming.

“The country has experienced a surge in successful start-ups in recent years.” Start-ups that were formed before 31-03-2022 were eligible for a tax benefit for three of the ten years following their formation. Over 61,400 start-ups have been recognised in the country, with nearly 75% of districts having at least one.

India has also eclipsed the United Kingdom as the world's third largest country in terms of unicorns (companies with a market capitalization of \$1 billion or more). In 2021, India produced 44 unicorns, placing third behind the United States and China, which added 487 and 301 unicorns respectively

By:



Sameeksha M. Prabhu
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FOCUS ON REGIONAL LANGUAGE EDUCATION, NEW DIGITAL UNIVERSITY AND SKILL COURSES

Regional language education and new digital university:

In general budget on February 1, 2022 the Union finance minister Nirmala Sitharaman put light on the need of digital learning and importance

to regional languages in higher educational institutions including schools.

The finance minister put forth the idea to set up digital university with a goal to avail access to digital education for a large number of students in the country. The higher education institutions across the country and the digital university will come together and provide programmes in regional languages. It was also said that the hub-and-spoke model will be adopted for the functioning of the university which includes a network where multiple networks are connected to the central body.

Regarding the school education, the adverse effects of COVID-19 pandemic on the children belonging to the weaker sections was brought up by the finance minister. Due to the adverse effects the building of supplementary teaching resources was recognized by the govt.

The E-Vidhya programme which was launched on May 2020, which provides education through the medium of television to students who cannot afford or do not have access to internet or compatible devices, will be extended from 12 channels to 200 channels for students of class 1- class 12.



When the programme was launched at the time of COVID induced lockdown which put light on the discrimination between school children regarding the access to digital means of education.

It was also mentioned that the Centre has been working on ways to create high quality digital content for learning and training the teachers to use latest digital tools for teaching lessons.

Skill courses:

The finance minister also announced the introduction of DESH stack e-portal, a Digital Ecosystem for Skilling and Livelihood aiming at making the youth employment ready. The aim is to empower citizens to skill, reskill or upskill through online training. It will provide authorized skill certificates, payment and discovery layers to find appropriate positions and entrepreneurial opportunities with the help of API (Application Programming Interface) software.

By:



Yashashwini
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BUDGET 2022: INDIA TO POST 9.2% GDP GROWTH

Growth of India's GDP post to 9.2%, highest among all economies, says Finance Minister

Nirmala Sitharaman while presenting the Union Budget 2022-23 in Parliament. On further the speed in coverage of vaccination has helped in economic recovery. This can be a advantage for development in the growth of economy.



India's economy contracted by 6.6% in FY 2021, in wake of two successive quarters of negative growth. With monitoring the administration of Covid vaccines and gradual reduction in the Covid cases, economic recovery started picking pace and India reported highest ever quarterly GDP at 20.1% in Quarter 1 FY 2022.

The Economic Survey of 2022 which was released on January 31 also projected that India to grow

at 9.2% for FY 2022 and at 8% to 8.5% for Finance year 2023.

V. Anantha Nageswaran, Chief Economic Advisor believes that India can become an economy of \$5 trillion by the FY 2025-26 or 2026-27. Addressing press conference, that was held after the Finance Minister Nirmala Sitharaman tabled Union Budget 2022-2023, the CEA said that if GDP continues to grow bullish at around 8%, \$5 trillion economy growth in India is possible.

The government on February 1,2022 projected that India's nominal gross domestic product (GDP) will grow by 11.1% in 2022-23. Adjusted for inflation, India's real GDP, according to the government estimates, will grow 9.2% in 2021-22.

By:



Mayura Shetty
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A Budget is more than just a series of numbers on a page; it is an embodiment of our values

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