



# UNION BUDGET



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## UNION BUDGET 2022

### Chapter 1: Boosting Infrastructure

*Infrastructure development has been at the core of the government's efforts since 2014 to fuel economic growth. The focus has not only been on physical infrastructure but also digital infrastructure, leading to a multiplier effect on economic growth. Good quality infrastructure improves productivity and for economic growth to be sustained, the growth has to be based on improving productivity. The government is pushing for investment in infrastructure, as it creates jobs, boosts private investment in core sectors, reduces logistic costs for the economy, improves the competitiveness of the manufacturing industry in domestic and global markets, enhances government tax revenues, and improves ease of living for citizens.*

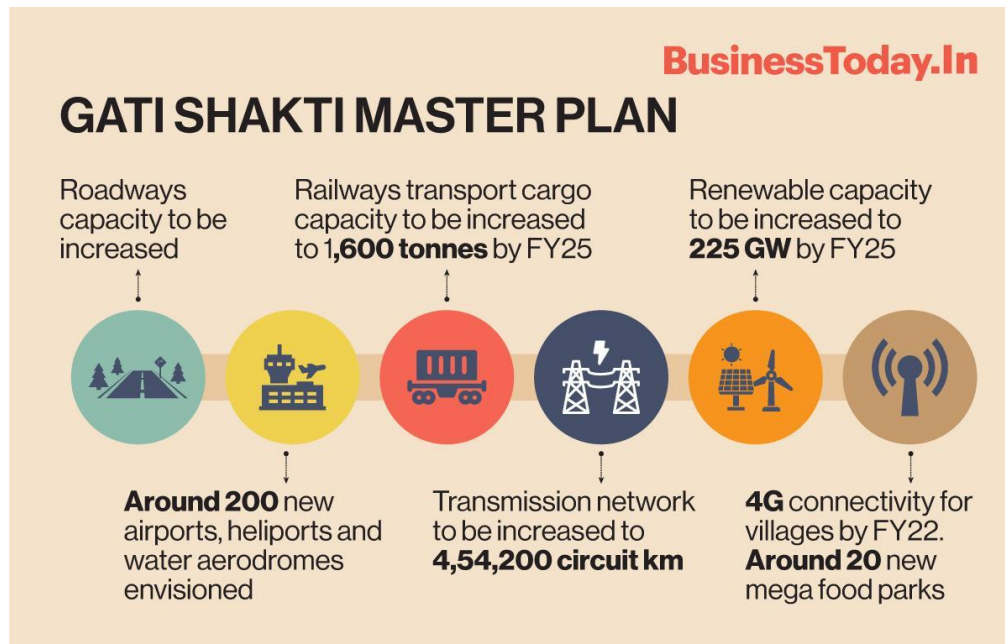
**The National Infrastructure Pipeline (NIP)** was clear guidance to the markets about the ambition of the government, giving confidence to investors that a comprehensive approach had been adopted. To achieve the highest multiplier effect of investment in infrastructure, a piecemeal approach to planning and delays in implementation are two factors to be avoided. The NIP coupled with the recently launched Gati Shakti programme will ensure a complete approach and timely delivery based on better coordination and planning.

#### What is Gati Shakti Master Plan?

- It is a Rs. 100 lakh-crore project for developing 'holistic infrastructure'.
- Leverages a dynamic Geographic Information System (GIS) based ERP (Enterprise Resource Planning) platform planned in collaboration with Bhaskaracharya National Institute for Space Applications and Geo-informatics (BISAG-N), wherein data on specific action plans of all the concerned Ministries/Departments, will be incorporated within a comprehensive database.
- The plan is aimed at easier interconnectivity between road, rail, air and waterways to reduce travel time, improve industrial productivity and developing synergies towards building a more harmonised infrastructure.
- The push for infrastructure is in line with the government's efforts to step up capital expenditure in infrastructure to promote economic growth.
- **National Master Plan developed by:** Bhaskaracharya Institute for Space Applications and Geoinformatics (BISAG-N)
- **Nodal department for PM GatiShakti:** Department for Promotion of Industry and Internal Trade (DPIIT)

#### What are the focus areas of the project?

- To reduce the logistics cost – a transformative approach, driven by roads, railways, ports, airports, mass transport, waterways and logistics infrastructure. All seven engines will pull the economy forward in unison
- Unshackle bureaucratic entanglements and end inter-ministerial silos that delay infrastructure projects and drive up costs
- Sets sectoral targets to be completed by 2024-25 in areas such as expanding national highways and increasing cargo capacity by the railway and shipping ministries
- Source of employment opportunities for the youth in future.
- Will create a multiplier effect with every rupee invested, yielding much higher returns.
- Raise the global profile of local manufacturers and help them compete with their counterparts worldwide.
- Increased possibilities of new future economic zones, increasing both manufacturing and exports



### Significance

- **Logistics Grid:** With Gati Shakti, India will be able to build an integrated, harmonised transportation and logistics grid. Such a grid will help bring down logistics & supply cost of India.
- **Enhances Supply Chain Efficiency:** It helps build new supply-side capacities & enhances supply chain efficiency that can set the wheels of growth in motion and move towards the ambitious mission of a \$5-trillion economy
- **Coordinated Governance:** To have all utility and infrastructure planning under an umbrella framework will ensure coordinated planning, cut down ministerial delays, and leads to faster decision making.
- **Attracts FDI:** Having an umbrella framework under Gati Shakti provides clarity & stability to investors thereby attracting Foreign Direct investment into infrastructure sector.
- **Scope for New Economic Corridors:** Increased investment by domestic & foreign investors for new infrastructure creations open the doors for new future economic zones
- **Improves Connectivity:** It will ensure last-mile connectivity to economic zones in a definite timeframe.
- **Increased Competitiveness of exports:** Supply chain inefficiencies add to product costs, and thus, run the risk of making our exports uncompetitive vis-à-vis other international export players. Dedicated infrastructure development under Gati Shakti, therefore, improves India's infrastructure capacity and global export competitiveness with regard to manufacturing in India.
- **Data for Policy Making:** The geographic information system (GIS)-enabled digital platform under Gati Shakti will provide useful data — including a region's topography, satellite images, physical features, maps of existing facilities and so on — for ministries, thus, helping them save on funds and time for approvals.
- **Enhances India's share in cargo business:** India's share in the international cargo business was worth ₹1,686 crore in 2019-20, which rose to ₹2,644 crore in 2020-21 (a 57% increase). Having a harmonised & integrated logistics hub will help increase this share.

### Some concerns

- The effectiveness of a platform in ensuring better coordination among ministries is debatable. **Breaking down bureaucratic silos** may prove to be harder than expected.



- Critical to the success of some of these infrastructure projects will be the **participation of state governments**. The Centre will need to devise political interventions and ways to coax and incentivise state government participation and cooperation.

By bringing together 16 ministries to help remove the hurdles in project implementation, the Gati Shakti digital platform could provide an effective mechanism for closely monitoring the public sector infrastructure projects. This technology-led integrated approach could help align all stakeholders, ease the problems with attaining clearances, and bring about greater coordinated action across government departments.

### Conclusion

The level of infrastructure development requires investments at a mammoth scale.

- Giving advance guidance to the market of investment needs is a starting point (NIP is a step in that direction).
- Focus on timely completion and willingness of the government to step in when needed, helps in building investor confidence (Gati Shakti is an initiative towards this end).
- Innovative methods of augmenting finance by understanding financial markets and offering diverse products is the other aspect of the solution. As part of the National Monetisation Pipeline (NMP), NHAI has launched its InvIT (Infrastructure Investment Trust) to monetise road projects.
- Lastly and most importantly, protecting the environment while developing infrastructure is an efficient balancing act.

### Zojila Tunnel

- The tunnel will provide all-weather connectivity between Srinagar valley and Leh on NH-1 and will bring about an all-round economic and socio-cultural integration of Jammu and Kashmir.
- It takes 3.5 hours to travel between Srinagar and Ladakh. The tunnel will reduce the travel time to 15 minutes
- The 14.15-km tunnel will be Asia's longest bi-directional tunnel

## Chapter 2: Tax Proposals

- **Increasing tax deduction limit on employer's contribution to NPS account** of state government employees
- **Allowing taxpayers to file Updated Return within 2 years for correcting errors** - Updated Return
- **Tax relief to persons with disability**
- **Reducing Alternate Minimum Tax Rate** and Surcharge for Cooperatives
- **Extending period of incorporation of eligible startups for providing tax incentives**
- **Income from transfer of virtual assets** to be taxed at 30%
- **Better litigation management** to avoid repetitive appeals: 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
- **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 start up community
- **Any Surcharge or Cess on Income and Profits not allowable as business expenditure**

- **No set off, of any loss** shall be allowed against undisclosed income detected during search and survey operations.
- **Provide for tax deduction** by the person giving benefits, if the aggregate value of such benefits exceeds ₹ 20,000 during the financial year

**More**

- Customs administration to be fully IT driven in SEZs
- Phasing out concessional rates in capital goods and project imports gradually and apply a moderate tariff of 7.5%
- Review of customs exemptions and tariff simplification
- Customs duty rates are being calibrated to provide a graded rate structure to facilitate domestic electronics manufacturing
- Rationalisation of exemptions on implements and tools for agri sector manufactured in India
- Extension of customs duty exemption to steel scrap
- Reduction of duty on certain inputs required for shrimp aquaculture
- Unblended fuel shall attract additional differential excise duty
- 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
- Customs duty on diamond to be reduced to 5%
  - Customs on polished diamonds, gemstones cut to 5%.
  - Simply sawn diamonds will be exempted.
  - To facilitate export of jewellery through e-commerce, simplified regulations will be in place by June this year.
- Certain goods will become cheaper as the government has slashed the customs duty and they are:-
  - Frozen mussels
  - Frozen squids
  - Asafoetida
  - Cocoa beans
  - Methyl alcohol
  - Acetic acid
  - Cut and polished diamonds
  - Camera lens for cellular mobile phone
- Following is a list of imported items that will become costlier:
  - Umbrella
  - Imitation Jewellery
  - Single or multiple loudspeakers
  - Headphones and earphones
  - Smart meters
  - Solar cells
  - Solar modules
  - X-ray machines
  - Parts of electronic toys

### Chapter 3: Banking and Digital Currency

*The banking sector is an important component of the economy's growth engine which will play an important role in meeting budgetary objectives.*

The banking sector has performed well as the capital adequacy ratios have improved and non-performing assets have reduced. Capital to risk-weighted asset ratio (CRAR) of SCBs increased from 15.84% at end-September 2020 to 16.54% at end-September 2021, on account of improvement of CRAR of both public and private sector banks. The Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial Banks (SCBs) decreased from 7.5% at the end-September 2020, to 6.9% at end-September 2021, whereas restructured standard advances (RSA) ratio increased from 0.4% to 1.5% during the same period.

#### Major Regulatory and Policy Initiatives

The major regulatory measures in the banking sector inter alia include setting up a National Asset Reconstruction Company Limited (NARCL) and India Debt Resolution Company Limited (IDRCL) by RBI, passing of the Deposit Insurance and Credit Guarantee Corporation (Amendment) Act.

- About 1.5 lakh post offices are proposed to come on to the core banking system enabling financial inclusion. It is proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by SCBs.
- The Budget has also continued support for the digital payment ecosystem and the focus will be to promote the use of economical and user-friendly payment platforms. Scheduled Commercial Banks to set up 75 Digital Banking Units in 75 districts
- The government has also extended the **Emergency Credit Line Guarantee Scheme (ECLGS)** by one year upto March 31, 2023. In addition, the guarantee cover for ECLGS will also be expanded by Rs 50,000 crore, to a total of Rs 5 lakh crore. The additional amount will be focused on hospitality and related enterprises. The scheme provides 100 percent guarantee coverage to Banks and NBFCs to enable them to extend emergency credit facilities to Business Enterprises/MSMEs in view of COVID-19 crisis.
- In a further move to help MSMEs impacted by the pandemic, the **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)** will also be revamped with required infusion of funds. This will facilitate additional credit of Rs 2 lakh crore for MSEs and expand employment opportunities.
- **Insolvency and Bankruptcy Code (IBC) Amendments** to enable seamless cross-border insolvency, as well as quicker dispute resolution.

#### Setting up of Digital Currency by RBI starting 2022-23, using blockchain and other technologies

- Central Bank Digital Currency (CBDC) is being explored by central banks across the world. China has tested proof of concept for e-Yuan while the US Federal Reserve has solicited public comments on its proposed foray into digital dollar - the sovereign digital currency
- The committee set up by the government to examine the policy and legal framework for the regulation of virtual/cryptocurrencies recommended the introduction of CBDCs in India.
- This is now being implemented. With this India will join the select few major global economies to have its own sovereign digital currency.
- CBDC is the legal tender issued by a central bank in a digital form. It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency. Only its form is different. CBDC is the same as currency issued by a central bank but takes a different form than paper (or polymer). It is sovereign currency in an electronic form and it would appear as liability (currency in circulation) on a central bank's balance sheet. The underlying technology, form and use of a CBDC can be moulded for specific requirements. CBDCs should be exchangeable at par with cash.

#### Virtual Digital Assets (VDA)

Section 115BBH proposed to be inserted with effect from the assessment year 2023-24 to provide the following:

- Taxation of income from transfer of any VDA @ 30%
- Deduction to be allowed only for cost of acquisition
- No set off or carry forward of any loss arising from transfer of VDA to be allowed.

The term "VDA" proposed to be broadly defined to inter alia mean any information or code or number of tokens (not being Indian or foreign currency) generated through cryptographic means or otherwise, providing a digital representation of value which is exchanged with or without consideration, and includes its use in any financial transaction or investment and can be transferred, stored or traded electronically. Receipt of VDA without consideration or for a consideration less than fair market value proposed will be taxed under section 56(2)(x). TDS provisions introduced effective July 1, 2022, requiring deduction at 1% on consideration for transfer of VDA to a resident.

Various practical aspects relating to the taxation of VDA need consideration e.g. clarity on coverage of definition, point of deduction of tax, determination of amount for TDS purpose, mechanism of TDS etc.

### **BUDGET 2022: Health**

- **National Digital Health Ecosystem** will be rolled out: 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** will be launched for quality counselling
- **Integrated architecture:** Mission Shakti, Mission Vatsalya, Saksham Anganwadi, and Poshan 2.0 launched to provide integrated benefits to women and children.
- Two lakh Anganwadis to be upgraded to **Saksham Anganwadis** that have better infrastructure and audio-visual aids, powered by clean energy and providing improved environment for early child development.

## **Chapter 4: Modern and Profitable Agriculture**

### **Budget 2022-23 Allocation for Agriculture**

- Promoting chemical free natural farming starting with farmers' lands, in 5-km wide corridors along river Ganga, at the first stage.
- Promoting post-harvest value addition, consumption and branding of millet products → 2023 - International Year of Millets
- Delivery of Digital and Hi-Tech services to farmers in PPP mode.
- Use of Kisan Drones to aid farmers, for crop assessment, digitization of land records, spraying of insecticides, and nutrients
- 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.
- Launching fund with blended capital to finance agriculture startups for agriculture & rural enterprise, relevant for farm produce value chain
- A rationalised and comprehensive scheme to increase domestic production of oilseeds

### **Let's break it down**

- The overall allocation increased by a meagre 4.4 per cent for the year, even as important schemes for crop insurance and minimum support price (MSP) saw a drastic slashing of funds.



- The Budget speech saw no mention of the Union government's ambitious plan to double farm incomes, which reaches its deadline this year (2022).
- The overall allocation for the sector increased marginally to Rs 132,513.62 crore in 2022-23, from the 2021-22 revised estimates (RE) of Rs 126,807.86 crore.
- However, the Market Intervention Scheme and Price Support Scheme (MIS-PSS) was allocated Rs 1,500 crore, 62 per cent less than Rs 3,959.61 crore in revised estimates (RE) of FY 2021-22.
- The **Pradhan Mantri-Annadata Aya Sanrakshan Abhiyan (PM-AASHA)** saw an even deeper cut. It was allocated just Rs 1 crore for the year as against an expenditure of Rs 400 crore in 2021-22. Both schemes ensure MSP-based procurement operations in the country, especially for pulses and oilseeds.

#### ***Cut in the Pradhan Mantri-Annadata Aya Sanrakshan Abhiyan (PM-AASHA)***

- The reductions come at a time when an **assured MSP** continues to be **one of the key demands** of farm unions that ended their year-long protest against the Union government's three agricultural laws related to marketing reforms and stocking of essential commodities. The protest ended on the Centre's assurance that a committee on MSP would be established.
- Either the government is anticipating that prices of pulses and oilseeds will remain expensive (due to the ongoing food inflation) in 2022-23 and will not be sold at MSP
- The other reason could be that it is looking to wind up the scheme — an indication that is not faring well. But the low allocation is questionable on the grounds that the government has been saying that it will procure under MSP and talking about nutrition security.

#### ***Cut in the food and nutritional security***

- The Budget document mentions an aim to provide special emphasis on pulses and nutri cereals, beyond 2021-22, to achieve self-sufficiency in these crops along with nutritional security.
- However, even allocation under food and nutritional security has come down to Rs 1,395 crore from Rs 1,540 crore in RE 2021-22.
- The 'Distribution of Pulses to state / Union territories for Welfare Schemes' that aims to dispose pulses procured for utilisation under midday meals, public distribution system, among others, saw an allocation of just Rs 9 crore.
- The 2021-22 budget estimate for the same was Rs 300 crore but actual expenditure was Rs 50 crore. This shows that the government is not anticipating procurement and distribution of pulses at MSP.
- 16.3 million farmers benefited from 120.8 million tonnes of paddy and wheat procurement at MSP in 2021-22. This is a reduction from the 19.7 million farmers that benefited from procurement of 128.6 million tonnes in 2021.
- The Rs 2.37 lakh made in direct payments for the procurement is also less than the Rs 2.48 lakh crore made in 2020-21.

#### ***Other Cuts***

- Allocation for Pradhan Mantri Fasal Bima Yojana (PMFBY) or crop insurance scheme was also reduced marginally to Rs 15,500 crore for this year from Rs 15,989 crore in 2021-22. This is significant in the backdrop of a gradual fall in the number of farmers under the scheme as they do not find it useful.
- Allocation to the Agriculture Infrastructure Fund (AIF) increased to Rs 500 crore in 2022-23 from Rs 200 crore in RE for 2021-22. It was, however, Rs 900 crore in last year's budget estimate.
  - The Rs 1 lakh crore AIF was announced in May 2020 as part of the Atmanirbhar Bharat Abhiyan and was meant for spending over the subsequent six years. However, experts said its dismal expenditure indicated poor implementation.

#### ***Bright Spot: Rashtriya Krishi Vikas Yojana (RKVY) & PM-KISAN***

- The programme has been restructured to include schemes like:
  - Pradhan Mantri Krishi Sinchai Yojna-Per Drop More Crop
  - Paramparagat Krishi Vikas Yojna
  - National Project on Soil and Health Fertility
  - Rainfed Area Development and Climate Change
  - Sub-Mission on Agriculture Mechanization including Management of Crop Residue
- These schemes were earlier a part of the Green Revolution programme. This scheme has been running since 2007-08 and allocations had reduced over the years. But the government has **resurrected** it in this budget, which is a welcome step. The scheme will give more autonomy to states and they can prioritise their spending under this.
- **Allocation under PM-KISAN**, which provides income support by way of cash benefit to all land holding farmers, has also increased marginally to Rs 68,000 crore from Rs 67,500 crore last year.

### **BUDGET 2022: WELFARE FOCUSED SCHEMES**

**Har Ghar, Nal Se Jal:** Allocation of 60,000 crore has been made with an aim to cover 3.8 crore households in 2022-23

**PM Awas Yojana:**

- 80 lakh houses to be completed in 2022-23
- Work with the state governments for reduction of time required for all land and construction related approvals, for promoting affordable housing for middle class and Economically Weaker Sections in urban areas.
- Work with the financial sector regulators to expand access to capital along with reduction in cost of intermediation.

**PM-DevINE:** To fund infrastructure and social development based on felt needs of the North East

**Aspirational Blocks Programme:** For development of lagging blocks of aspirational districts

**Vibrant Villages Programme:** Targeting development of villages on the Northern Border left out from the development gains - 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.

**Digital Banking by Post Offices:** 100% of post offices to 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 interoperability and financial inclusion.

**Digital Payments:** Scheduled Commercial Banks to set up 75 Digital Banking Units (DBUs) in 75 districts

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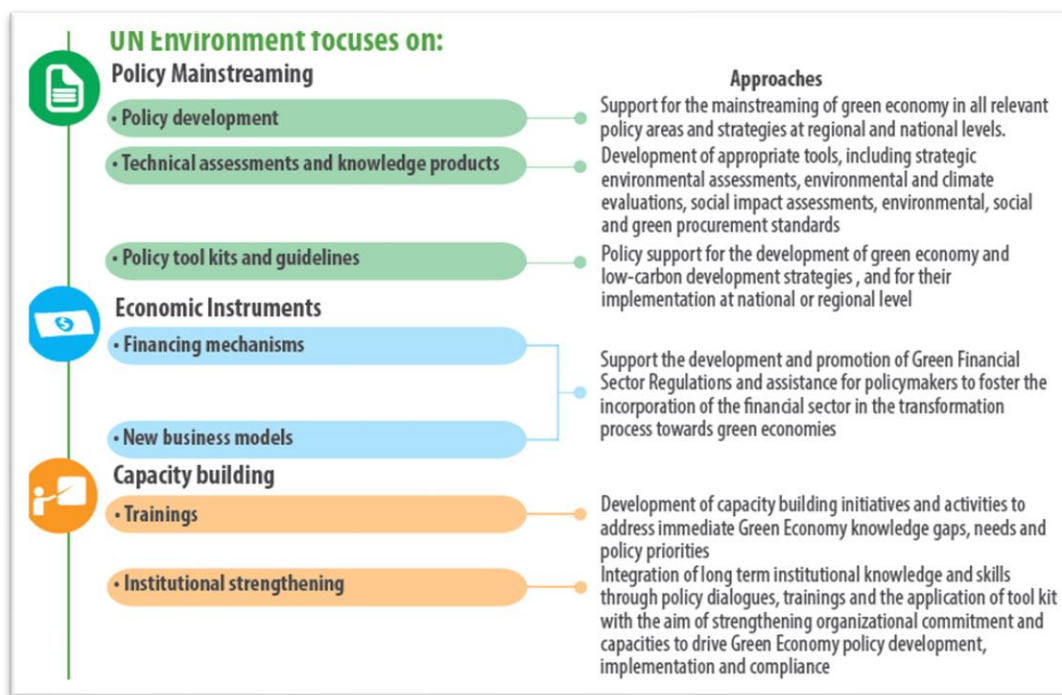
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## Chapter 5: Green Economy

*A green economy is defined as low carbon, resource efficient and socially inclusive. In a green economy, growth in employment and income are driven by public and private investment into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.*



As a country simultaneously vulnerable to climate change and under pressure to uplift 134 million people from poverty (people with income of \$2, or Rs 149.6, per day or less in purchasing power parity), India's Union Budget 2022-23 should ideally reflect government spending that expands the social safety net and plans for low-carbon, climate-resilient development.

- The Overseas Development Institute estimates that India could lose 3-10 per cent of its Gross Domestic Product (GDP) annually by 2100 due to climate change.
- India has set three goals on paper that have been submitted to the United Nations Framework Convention on Climate Change in the form of its Nationally Determined Contribution. They include the goal
  - To reduce the emissions intensity of its economy;
  - To increase the non-fossil-based component of electric power; and
  - To expand the carbon sink from forest and tree cover.
- A further verbal commitment was made at the 26th Conference of Parties to the UNFCCC by Prime Minister Narendra Modi to achieve Net Zero emissions by 2070 and reduce emissions by one billion tonnes by 2030.

### Indian Government Budget announcement on Climate Change for 2022-23

*In the backdrop of India's commitment at COP26 of reaching net zero by 2070, the Budget recognised energy transition and climate action as a key priority area. Green energy and clean mobility systems were recognised as sunrise industries and both of these areas present an enormous potential for capital deployment at scale.*



### Energy Transition

- I. **The low carbon development strategy** as enunciated in the 'Panchamrit' is an important reflection of our government's strong commitment towards sustainable development. Opens up huge employment opportunities and will take the country on a sustainable development path.
- II. **Solar Power:** 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.
- III. **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
- IV. Services for global capital for **sustainable & climate finance** in the country will be facilitated in the **GIFT City**
- V. A battery swapping policy will be brought out and interoperability standards will be formulated for the electric vehicles sector
- VI. **Circular Economy:** Expected to help in productivity enhancement as well as creating large opportunities for new businesses and jobs.
  - The focus is 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.

### Climate Action

- I. **Transition to Carbon Neutral Economy:** Five to seven per cent biomass pellets will be co-fired in thermal power plants resulting in CO<sub>2</sub> savings of 38 MMT annually.
  - a. Provide extra income to farmers
  - b. Job opportunities to locals
  - c. Help avoid stubble burning in agriculture fields
- II. **Energy efficiency and savings measures** will be promoted in large commercial buildings through the Energy Service Company (ESCO) business model; will facilitate capacity building and awareness for energy audits, performance contracts, and common measurement & verification protocol.
- III. **Coal:** 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.
- IV. **Agro-forestry:** The policies and required legislative changes to promote agro forestry and private forestry will be brought in. Financial support will be provided to farmers belonging to Scheduled Castes and Scheduled Tribes, who want to take up agro-forestry.
- V. **Parvatmala**, a preferred ecologically sustainable alternative to conventional road systems in hilly areas – also known as National Ropeways Development Programme, will be undertaken in PPP mode.
- VI. Blended finance (with the government's share limited to 20 per cent) to be promoted for climate action, agriculture and other clean technology; this will be managed by private fund managers
- VII. Inclusion of energy storage in the harmonised list of infrastructure

### A few concerns

- While there is a need for targeted spending in order to transition from a low to no carbon future, India must also **prioritise investments in the climate adaptation space** given the nation's relatively high physical risk exposure to climate change. Climate resilience still remains an area with less financial and technical support than required, which is critical to



be addressed at this hour as any new green infrastructure created can crumble if not made climate-proof

- A quick look at trends of previous years' budgetary allocation to Ministry of Environment, Forests, and Climate Change reveals a drop from Rs 31 billion in 2021-21 to Rs 28.7 billion in 2021-22. Similarly, the allocation for ensuring clean air in cities was also slashed by half to Rs 22.2 billion.

### The Way Forward

*Fighting climate change needs a systemic approach, with an equitable focus on decarbonisation and adaptation efforts.*

*Immediate interventions that can be made*

- India needs to create a legal mandate for climate impact assessment of all activities. This can facilitate investment by dedicated green funds.
- The 500 GW renewables target needs a major boost, such as channelling more national and international climate funding into decentralised solar power.
  - Rooftop solar, estimated at 7,701 megawatt (MW) installed capacity as of June 2021, could be scaled up by modernising unattractive State-level regulation.
  - The problem with expansion of rooftop solar, which registered 53% year-on-year growth in 12 months, is resistance from State electricity utilities, although costs are reducing.
- Another emerging sector is green hydrogen production because of its potential as a clean fuel. India has a National Hydrogen Mission now in place.
  - The fuel can cover major sectors such as power and steel production (shifting from coal) and automotive (fuel cell vehicles), while green ammonia, with potential uses in energy storage, shipping, and as a base for hydrogen production, are promising areas. This can steadily decarbonise big sources of emissions as industry leaders explained at COP 26.
- India's urban solid waste management will need to modernise to curb methane emissions from unscientific landfills.
- These plans need a political consensus and support from State governments.
- Net zero will involve industrial renewal using green innovation, green economy support and supply chains yielding new jobs.
- It also needs low carbon technologies, zero emission vehicles, and renewed cities promoting walking and cycling.
- Industry will need to make highly energy-efficient goods that last longer, and consumers should be given a legal right to repair goods they buy.
- Preventing the release of stored carbon in the environment, such as trees and soil, has to be a net zero priority.

*To truly make the energy transition a 'just' one, unbiased, inclusive and rigorous*

- Each and every stakeholder must introspect, drop their respective biases, come clean about their own motives and then listen carefully to the concerns of each other so that the dialogue does not become a war of words, but a constructive and forward-looking strategy-making process. This will actuate the optimal usage of one of the most important and often overlooked pillar of the just transition framework – social dialogue.
- Dialogues are required to hear the **historically unheard voices** from the ground – each stakeholder should come together on a platform and collectively shape the facets of energy transition.

## **BUDGET 2022: TRANSFORMING INDUSTRIAL ECOSYSTEM**

### ***Ease of Doing Business 2.0***

- **Trust based governance**
- Integration of 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
- **Expanding scope of PARIVESH Portal**- will enable application for all four approvals through a single form, and tracking of the process through Centralized Processing Centre-Green (CPC-Green).
- **Unique Land Parcel Identification Number** for IT based management of land records.
- Promotion of adoption or linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' as an option for uniform process for registration and 'anywhere registration' of deeds & documents.
- Establishing **C-PACE** to facilitate voluntary winding up of companies
- **End to end online e-Bill System** and utilising surety bonds in government procurement; will enable the suppliers and contractors to submit online their digitally signed bills and claims and track their status from anywhere
- **Necessary amendments in the Insolvency and Bankruptcy Code** to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.
- **Set up Animation, visual effects, gaming, and comic (AVCG) promotion task force** to build domestic capacity for serving our markets and the global demand
- **Support to 5G** under PLI scheme; the contracts for laying optical fibre in all villages, including remote areas, will be awarded under the Bharatnet project through PPP
- **Export Promotion:** 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.
- To reduce imports and promote AtmaNirbharta in equipment for the Armed Forces, 68 per cent of the capital procurement budget will be earmarked for domestic industry
- **Opening up defence R&D** for industry, startups and academia; 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.

### ***Sunrise Opportunities***

*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.*

- 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.

**MSME**

- **Interlinking various portals:** Udyam, e-Shram, NCS and ASEEM portals; will now perform as portals with live, organic databases, providing G2C, 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 of Emergency Credit Line Guarantee Scheme (ECLGS):** Focus on hospitality and related services, especially those by micro and small enterprises, are yet to regain their pre-pandemic level of business.
  - For helping companies tide over liquidity crunch resulting from Covid-19 curbs, banks provide additional loans to existing borrowers without asking for extra collateral. To encourage banks, these loans are fully guaranteed by the government against credit losses.
  - Sanctions and disbursements under the facility are relatively faster since lenders have the Central government guarantee in case of default against these loans.
- **Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme** will be revamped with required infusion of funds; will facilitate additional credit of ` 2 lakh crore for Micro and Small Enterprises and expand employment opportunities.
- **Raising and Accelerating MSME Performance (RAMP) programme** will help the MSME sector become more resilient, competitive and efficient.

**Chapter 6: Demographic Dividend**

With falling fertility (currently 2.0), rising median age (from 24 years in 2011, 29 years now and expected to be 36 years by 2036), a falling dependency ratio (expected to decrease from 65% to 54% in the coming decade taking 15-59 years as the working age population), India is in the middle of a demographic transition.

- This provides a window of opportunity towards faster economic growth.
- In India, the benefit to the GDP from demographic transition has been lower than its peers in Asia and is already tapering. Hence, there is an urgency to take appropriate policy measures.

**What are the challenges of demographic transition?**

- Without proper policies, the increase in the working-age population may lead to rising unemployment, fueling economic and social risks.
- This calls for forward-looking policies incorporating
  - Population dynamics
  - Education and skills
  - Healthcare
  - Gender sensitivity
  - Providing rights and choices to the younger generation.

**What measures are required to reap the best of Demographic Dividend?**

- **Update National Transfer Accounts (NTA) Assessment:** India's per capita consumption pattern is way lower than that of other Asian countries. A child in India consumes around 60% of the consumption by an adult aged between 20 and 64 (In China it is 85%). The NTA data for India (State-Specific) needs to be updated to capture the progress made on such investments since 2011-12.

- **Invest more in children and adolescents:** Given that India's workforce starts at a younger age, a greater focus needs to be on transitioning from secondary education to universal skilling and entrepreneurship, as done in South Korea.
- **Make health investments:** The public spending on health has remained flat at around 1% of GDP. Evidence suggests that better health facilitates improved economic production.
- **Rights-based approach to make reproductive healthcare services accessible:** The unmet need for family planning in India at 9.4% as per the latest National Family Health Survey-5 (2019-21) is high as compared to 3.3% in China and 6.6% in South Korea, which needs to be bridged.
- **Bridge Gender Inequality in Education:** In India, boys are more likely to be enrolled in secondary and tertiary school than girls. In the Philippines, China and Thailand, it is the reverse. In Japan, South Korea, and Indonesia, the gender differences are rather minimal. This needs to be reversed.
- **Address the diversity between States:** While India is a young country, the status and pace of population ageing vary among States. Southern States already have a higher percentage of older people whereas north-central region can act as the reservoir of India's workforce.
- **Federal approach to governance reforms:** A new framework need to be put in place for policy coordination between States on various emerging population issues such as migration, ageing, skilling, female workforce participation and urbanisation.
- **Increase female workforce participation:** As of 2019, 20.3% of women were working or looking for work, down from 34.1% in 2003-04. New skills and opportunities for women and girls befitting their participation in economy is urgently needed.

#### Why is increasing female workforce participation important?

- Finding work will likely delay her age of marriage and make her participate in the economy more productively, as also exercise her rights and choices.
- South Korea's female workforce participation rate of 50% has been built on
  - Legally compulsory gender budgeting to analyse gender disaggregated data and its impact on policies
  - Increasing childcare benefits
  - Boosting tax incentives for part-time work.
- It is predicted that if all women engaged in domestic duties in India who are willing to work had a job, female labour force participation would increase by about 20%.

## BUDGET 2022: EDUCATION & SKILL DEVELOPMENT

### *Universalization of Quality Education*

- One class One TV channel programme of PM eVIDYA to be expanded to 200 TV channels - will enable all states to provide supplementary education in regional languages for classes 1-12
- Virtual labs and skilling e-labs to promote critical thinking skills and stimulated learning environment
- A Digital University will be established with world class quality universal education with personalised learning experience - will be built on a networked hub-spoke model, with the hub building cutting edge ICT expertise.
- High quality e-content in all spoken languages will be developed for delivery via internet, mobile phones, TV and radio through Digital 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

### *Skill Development*

- Digital Ecosystem for Skilling and Livelihood (DESH-Stack e-portal) will be launched to empower citizens to skill, reskill or upskill through on-line training. It will also provide API-based trusted skill credentials, payment and discovery layers to find relevant jobs and entrepreneurial opportunities.
- Startups will be promoted to facilitate Drone Shakti for Drone-As-A-Service (DrAAS)

## **Union Budget: Umbrella Schemes of Ministry of Women & Child Development**

### ***A. Mission Shakti***

Prime objectives:

- To address gaps in State action for women and children
- To promote inter-ministerial and inter- sectoral convergence to create gender equitable and child centred legislation, policies and programmes
- Mission Shakti: Mission for Protection and Empowerment for Women

Aims to create an inclusive society in the country where women and girls have equal access to resources and opportunities which will in turn help in the country's social, economic and political development.

- It will be run in a mission mode and will adopt a life cycle continuum approach.
- Provides a strong architecture for convergence, cooperation, and synergy
- Budget allocation: Rs 3,184 crore in 2022-23

**The sub-schemes included under it are:**

- **Sambal** is more concentrated on the safety and security of women. It includes One Stop Centre to provide necessary support and assistance to women affected by violence in private and public spaces, Mahila Police Volunteer to fight the crime against women through active volunteering, Women's Helpline providing 24-hour emergency and non-emergency referral services.
- **Swadhar Greh scheme** to provide rehabilitation to women affected by unforeseen circumstances, the Ujjawala scheme to help in preventing women and children trafficking. A new component Nari Adalats has been added to the scheme wherein faster alternative dispute resolution is provided and gender justice is ensured.
- **Samarthya** aims towards woman empowerment. It includes the schemes of the government like Beti Bachao Beti Padhao to generate awareness and improve the efficiency of welfare services intended for girls in India. Besides it also includes the maternity benefits program under the Pradhan Mantri Matru Vandana Yojana, gender budgeting, research, creche provisioning for working mothers under National Creche Scheme.

### ***B. Mission Poshan 2.0***

An Integrated Nutrition Support Programme that seeks to address the challenges of malnutrition in children, adolescent girls, pregnant women and lactating mothers

- Through a strategic shift in nutrition content and delivery and



- By creation of a convergent eco-system to develop and promote practices that nurture health, wellness and immunity.
- Poshan 2.0 will seek to optimize the quality and delivery of food under the Supplementary Nutrition Program.

**Poshan 2.0 will bring 3 important programmes/schemes under its ambit, viz.,**

- Anganwadi Services
- Scheme for Adolescent Girls
- Poshan Abhiyaan

**Poshan 2.0 shall focus on**

- Maternal Nutrition
- Infant and Young Child Feeding Norms
- Treatment of MAM/SAM
- Wellness through AYUSH

**Pillars of Poshan 2.0:** Convergence, Governance, and Capacity-building

**Mission Poshan 2.0 will integrate several key strategies to fulfil its objectives, viz.,**

- Corrective strategies
  - Nutrition Awareness strategies
- Communication strategies and Creation of green eco-systems.

Digital infrastructure under the “Poshan Tracker” will strengthen and bring about transparency in nutrition delivery support systems. Technology under Poshan Tracker is being leveraged for

- Dynamic identification of stunting, wasting, under-weight prevalence among children
- Last mile tracking of nutrition service delivery

### **C. Mission Vatsalya**

Children have been recognized by policy makers as one of the supreme national assets. India is home to 472 million children upto the age of 18 years and comprise 39 percent of the country's population.

**Objectives of Mission Vatsalya:**

- To secure a healthy and happy childhood for every child in India
- Foster a sensitive, supportive and synchronized ecosystem for development of children
- Assist States/UTs in delivering the mandate of the Juvenile Justice Act 2015
- Achieve the SDG goals.

**Components under Mission Vatsalya** will include statutory bodies; service delivery structures; institutional care/services; non-institutional community based care; emergency outreach services; training and capacity building.

### **Other notable schemes for rural women**

**Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM)**

- New name given to Aajeevika – NRLM in November 2015.
- The initiative to move towards a demand-driven strategy enabling the states to formulate their own livelihoods-based poverty reduction action plan is at the core of the mission.

**Mahila Kisan Sashaktikaran Pariyojana**

- A sub-component of the Deendayal Antodaya Yojana-NRLM (DAY-NRLM).
- It seeks to improve the present status of women in agriculture and to enhance the opportunities available to empower them.
- MKSP recognizes the identity of “Mahila” as “Kisan” and strives to build the capacity of women in the domain of agro-ecologically sustainable practices.

**Startup-Village Entrepreneurship Programme**

- Implemented by Deendayal Antyodaya Yojana –National Rural Livelihoods Mission (DAY-NRLM).

- Objectives:
  - To support the rural poor come out of poverty
  - To support them to set up enterprises and provide support till the enterprises stabilize
  - SVEP focuses on providing self-employment opportunities with financial assistance and training in business management and soft skills.

**Aajeevika Gramin Express Yojana**

- Launched under Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM) scheme.
- To offer members of Self Help Groups an alternative household income by facilitating them to operate public transport (e-rickshaws, three and four-wheeler motor vehicles) in backward rural areas.

**All the best**  
**Team IASbaba 😊**



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