

Union Budget 2022-23 Analysis

Budget Highlights

- **Expenditure:** The government proposes to spend Rs 39,44,909 crore in 2022-23, which is an increase of 4.6% over the revised estimate of 2021-22. In 2021-22, total expenditure is estimated to be 8.2% higher than budget estimate.
- **Receipts:** The receipts (other than borrowings) in 2022-23 are expected to be to Rs 22,83,713 crore, an increase of 4.8% over revised estimate of 2021-22. In 2021-22, total receipts (other than borrowings) are estimated to be 10.2% higher than the budget estimates.
- **GDP:** The government has estimated a nominal GDP growth rate of 11.1% in 2022-23 (i.e., real growth plus inflation).
- **Deficits:** Revenue deficit in 2022-23 is targeted at 3.8% of GDP, which is lower than the revised estimate of 4.7% in 2021-22. Fiscal deficit in 2022-23 is targeted at 6.4% of GDP, lower than the revised estimate of 6.9% of GDP in 2021-22 (marginally higher than the budget estimate of 6.8% of GDP). Interest expenditure at Rs 9,40,651 crore is estimated to be 43% of revenue receipts.
- **Extra Budgetary Resources (EBR):** After a number of years, the budget has not relied on EBR or loans from National Small Savings Fund.
- **Ministry allocations:** Among the top 13 ministries with the highest allocations, in 2022-23, the highest percentage increase in allocation is observed in the Ministry of Communications (93%), followed by the Ministry of Road Transport and Highways (52%), and the Ministry of Jal Shakti (25%).

Main tax proposals in the Finance Bill

- **Income tax:** There is no change in income tax rates for individuals and corporations.
- **Surcharge on Long Term Capital Gains (LTCG):** Currently, the surcharge on LTCG on listed equities and equity mutual funds is capped at 15%. The surcharge on other LTCG is 25% if total income is between Rs 2 crore and Rs 5 crore, and 37% if it is above Rs 5 crore. The budget proposes to cap these at 15%.
- **Tax on virtual digital assets:** Income from the transfer of cryptocurrencies and non-fungible tokens will be taxed at the rate of 30%. Any loss incurred from such transfers cannot be set off against any other income or carried forward to subsequent years.
- **Updating return of income:** Taxpayers will be permitted to file an updated return of income within two years of the assessment year. They will have to pay 25% penalty on tax and interest due if it is filed in the year after the assessment year, and 50% penalty in the second year.
- **Co-operatives:** Alternate minimum tax for co-operatives will be reduced from 18.5% to 15%. Surcharge will be reduced from 12% to 7% for co-operatives whose total income is between one crore and ten crore rupees.
- **New companies and start-ups:** New domestic companies engaged in manufacturing have an option to pay tax at 15% (without claiming any deductions) if they start manufacturing by March 31, 2023. Certain types of start-ups have an option for tax holiday for three out of the first ten years if they incorporate by April 1, 2022. Both these deadlines have been extended by one year.
- **Changes in customs duty:** Customs duties on over 500 items have been changed. Many customs exemptions are also being phased out.

Non-tax proposals in the Finance Bill

- **The Reserve Bank of India Act, 1934** is being amended to enable RBI to issue its digital currency.

Policy Highlights

- **Legislative proposals:** The Special Economic Zones Act, 2005 will be replaced with a new legislation that will enable states to become partners in 'Development of Enterprise and Service Hubs', covering all existing and new industrial enclaves. Legislative changes will also be brought in to promote agro-forestry and private forestry. Amendments will be made in the Insolvency and Bankruptcy Code to facilitate cross border insolvency resolution.
- **Fiscal Management:** Rs 51,971 crore has been budgeted in 2021-22 towards settling the liabilities of Air India.
- **MSMEs:** Emergency Credit Line Guarantee Scheme (ECLGS) will be extended up to March 2023 and its guarantee cover will be expanded by Rs 50,000 crore to total cover of five lakh crore rupees. Credit Guarantee Trust for Micro and Small Enterprises will be revamped to facilitate additional credit of two lakh crore rupees.

February 1, 2022

- **Health and Nutrition:** Under Ayushman Bharat Digital Mission, an open platform for National Digital Health Ecosystem will be established. It will consist of digital registries of health providers and health facilities, unique health identity, consent framework, and universal access to health facilities. A National Tele Mental Health Programme will be launched to provide access to quality mental health counselling and care services.
- **River linking:** The Ken-Betwa Link Project will be implemented at an estimated cost of Rs 44,605 crore. Five more river linking projects are being implemented.
- **Labour and Employment:** The Digital Ecosystem for Skilling and Livelihood (DESH) Stack e-portal will be launched. The portal will help citizens learn skills, acquire credentials, and assist in finding relevant jobs.
- **Infrastructure:** Projects relating to transport and logistics infrastructure in the National Infrastructure Pipeline will be aligned with PM GatiShakti framework, which was launched last year. The Prime Minister's Development Initiative for North-East (PM-DevINE) will be implemented through the North-Eastern Council to fund development projects in the North-East region. Also, one lakh crore rupees is being allocated to states for catalysing investments, in the form of 50 year interest free loans.
- **Roadways:** The PM GatiShakti Master Plan for Expressways will be formulated in 2022-23. The National Highways network will be expanded by 25,000 km in 2022-23.
- **Railways:** One-station-one-product concept will be implemented to help local businesses and supply chains. 400 new Vande Bharat trains will be developed and manufactured during the next three years. Further, 100 cargo terminals for multimodal logistics facilities will also be developed during the next three years.
- **Telecom:** Spectrum auctions will be conducted to facilitate rollout of 5G mobile services within 2022-23. A scheme for design-led manufacturing will be launched to build an ecosystem for 5G as part of the Production Linked Incentive (PLI) Scheme.
- **Energy and Environment:** A battery swapping policy for electric vehicles will be implemented. Four pilot projects for coal gasification and conversion of coal into chemicals required for the industry will be set-up. Sovereign Green Bonds will be issued in 2022-23 for mobilising resources for green infrastructure.

Budget estimates of 2022-23 as compared to revised estimates of 2021-22

- **Total Expenditure:** The government is estimated to spend Rs 39,44,909 crore during 2022-23. This is an increase of 4.6% over the revised estimate of 2021-22. Out of the total expenditure, revenue expenditure is estimated to be Rs 31,94,663 crore (0.9% increase) and capital expenditure is estimated to be Rs 7,50,246 crore (24.5% increase). The increase in capital expenditure is mainly due to a substantial increase in loans and advances to state governments. Loans and advances by the central government are estimated to be Rs 1,40,057 crore in 2022-23, an increase of 153% over the revised estimates for 2021-22.
- **Total Receipts:** Government receipts (excluding borrowings) are estimated to be Rs 22,83,713 crore, an increase of 4.8% over the revised estimates of 2021-22. The gap between these receipts and the expenditure will be plugged by borrowings, budgeted to be Rs 16,61,196 crore, an increase of 4.4% over the revised estimate of 2021-22.
- **Transfer to states:** The central government will transfer Rs 16,11,781 crore to states and union territories in 2022-23. This is a marginal increase of 0.5% over the revised estimates of 2021-22. Transfer to states comprises: (i) devolution of Rs 8,16,649 crore out of the divisible pool of central taxes, and (ii) Rs 7,95,132 crore in the form of grants and loans. In 2021-22, as per the revised estimates, Rs 1,59,000 crore will be transferred to states in the form of back-to-back loans in lieu of GST compensation.
- **Deficits:** Revenue deficit is targeted at 3.8% of GDP, and fiscal deficit is targeted at 6.4% of GDP in 2022-23. The target for primary deficit (which is fiscal deficit excluding interest payments) in 2021-22 is 2.8% of GDP.
- **GDP growth estimate:** The nominal GDP is estimated to grow at a rate of 11.1% in 2022-23.

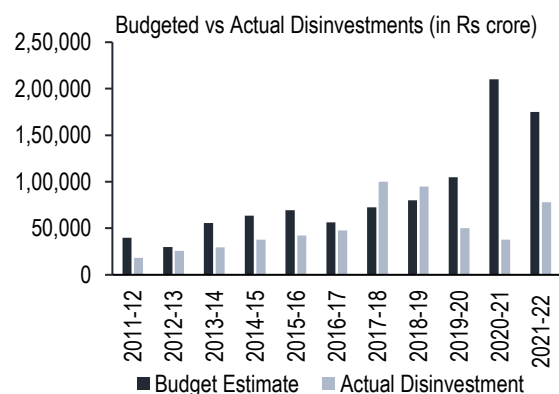
Table 1: Budget at a Glance 2022-23 (Rs crore)

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022-23)
Revenue Expenditure	30,83,519	29,29,000	31,67,289	31,94,663	0.9%
Capital Expenditure	4,26,317	5,54,236	6,02,711	7,50,246	24.5%
of which:					
Capital Outlay	3,15,826	5,13,862	5,47,457	6,10,189	11.5%
Loans and Advances	1,10,491	40,374	55,255	1,40,057	153.5%
Total Expenditure	35,09,836	34,83,236	37,70,000	39,44,909	4.6%
Revenue Receipts	16,33,920	17,88,424	20,78,936	22,04,422	6.0%
Capital Receipts	57,625	1,88,000	99,975	79,291	-20.7%
of which:					
Recoveries of Loans	19,729	13,000	21,975	14,291	-35.0%
Other receipts (including disinvestments)	37,897	1,75,000	78,000	65,000	
Total Receipts (excluding borrowings)	16,91,545	19,76,424	21,78,911	22,83,713	4.8%
Revenue Deficit	14,49,599	11,40,576	10,88,352	9,90,241	-9.0%
% of GDP	7.3%	5.1%	4.7%	3.8%	
Fiscal Deficit	18,18,291	15,06,812	15,91,089	16,61,196	4.4%
% of GDP	9.2%	6.8%	6.9%	6.4%	
Primary Deficit	11,38,422	6,97,111	7,77,298	7,20,545	-7.3%
% of GDP	5.8%	3.1%	3.3%	2.8%	

Source: Budget at a Glance, Union Budget Documents 2022-23; PRS.

Expenses which bring a change to the government's assets or liabilities (such as construction of roads or recovery of loans) are capital expenses, and all other expenses are revenue expenses (such as payment of salaries or interest payments). In 2022-23, **capital expenditure** is expected to increase by 24.5% over the revised estimates of 2021-22, to Rs 7,50,246 crore. **Revenue expenditure** is expected to increase by 0.9% over the revised estimates of 2021-22 to Rs 31,94,663 crore.

Disinvestment is the government selling its stakes in Public Sector Undertakings (PSUs). In 2021-22, the government is estimated to meet 45% of its disinvestment target (Rs 78,000 crore against a target of Rs 1,75,000 crore). The disinvestment target for 2022-23 is Rs 65,000 crore.



Note: Actual data for 2021-22 is revised estimate.
Source: Union Budget documents (various years); PRS.

Receipts Highlights for 2022-23

- **Receipts** (excluding borrowings) in 2022-23 are estimated to be Rs 22,83,713 crore, an increase of 4.8% over the revised estimates of 2021-22.
- **Gross tax revenue** is budgeted to increase by 9.6% over the revised estimates of 2021-22, which is lower than the estimated nominal GDP growth of 11.1% in 2022-23. This is mainly on account of a 15% decrease in excise duties. Other taxes are estimated to rise faster than nominal GDP. The net tax revenue of the central government (excluding states' share in taxes) is estimated to be Rs 19,34,771 crore in 2022-23.
- **Devolution to states** from centre's tax revenue is estimated to be Rs 8,16,649 crore in 2022-23. In 2021-22, the devolution to states increased by Rs 79,222 crore from an estimate of Rs 6,65,563 crore at the budgeted stage to Rs 7,44,785 crore at the revised stage.
- **Non-tax revenue** is expected to be Rs 2,69,651 crore in 2022-23. This is 14.1% lower than the revised estimate of 2021-22.
- **Capital receipts** (without borrowings) are budgeted to decrease by 20.7% over the revised estimates of 2021-22. This is on account of disinvestments, which are expected to be Rs 65,000 crore in 2022-23, as compared to Rs 78,000 crore as per the revised estimates of 2021-22.

Table 2: Break up of central government receipts in 2022-23 (Rs crore)

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022-23)
Gross Tax Revenue	20,27,104	22,17,059	25,16,059	27,57,820	9.6%
<i>of which:</i>					
Corporation Tax	4,57,719	5,47,000	6,35,000	7,20,000	13.4%
Taxes on Income	4,87,144	5,61,000	6,15,000	7,00,000	13.8%
Goods and Services Tax	5,48,778	6,30,000	6,75,000	7,80,000	15.6%
Customs	1,34,750	1,36,000	1,89,000	2,13,000	12.7%
Union Excise Duties	3,91,749	3,35,000	3,94,000	3,35,000	-15.0%
Service Tax	1,615	1,000	1,000	2,000	100.0%
A. Centre's Net Tax Revenue	14,26,287	15,45,397	17,65,145	19,34,771	9.6%
Devolution to States	5,94,997	6,65,563	7,44,785	8,16,649	9.6%
B. Non Tax Revenue	2,07,633	2,43,028	3,13,791	2,69,651	-14.1%
<i>of which:</i>					
Interest Receipts	17,113	11,541	20,894	18,000	-13.9%
Dividend and Profits	96,877	1,03,538	1,47,353	1,13,948	-22.7%
Other Non-Tax Revenue	93,641	1,27,948	1,45,544	1,37,703	-5.4%
C. Capital Receipts (excl. borrowings)	57,626	1,88,000	99,975	79,291	-20.7%
<i>of which:</i>					
Disinvestment	37,897	1,75,000	78,000	65,000	-16.7%
Receipts (without borrowings) (A+B+C)	16,91,546	19,76,425	21,78,911	22,83,713	4.8%
Borrowings	18,18,291	15,06,812	15,91,089	16,61,196	4.4%
Total Receipts (including borrowings)	35,09,836	34,83,236	37,70,000	39,44,909	4.6%

Sources: Receipts Budget, Union Budget Documents 2022-23; PRS.

- **Indirect taxes:** The total indirect tax collections are estimated to be Rs 13,30,000 crore in 2022-23. Of this, the government has estimated to raise Rs 7,80,000 crore from GST. Out of the total tax collections under GST, 85% is expected to come from central GST (Rs 6,60,000 crore), and 15% (Rs 1,20,000 crore) from the GST compensation cess.
- **Corporation tax:** The collections from taxes on companies are expected to increase by 13% in 2022-23 to Rs 7,20,000 crore. The revised estimates of 2021-22 indicate an increase in corporate tax collections to Rs 6,35,000 crore from Rs 5,47,000 crore at the budget estimate stage.
- **Income tax:** The collections from income tax are expected to increase by 14% in 2022-23 to Rs 7,00,000 crore. According to the revised estimate for 2021-22, income tax collection will be of Rs 6,15,000 which is 9.6% higher than Rs 5,61,000 at the budget estimate stage.
- **Non-tax receipts:** Non-tax revenue consists of interest receipts on loans given by the centre, dividends and profits, external grants, and receipts from general, economic, and social services, among others. In 2022-23, non-tax revenue is expected to decrease by 14% over the revised estimates of 2021-22 to Rs 2,69,651 crore. This is due to a decline of 14% in interest receipts and a decline of 23% in dividend and profits.
- **Disinvestment target:** The disinvestment target for 2022-23 is Rs 65,000 crore. This is 17% lower than the revised estimate of 2021-22 (Rs 78,000 crore).

Expenditure Highlights for 2022-23

- **Total expenditure** in 2022-23 is expected to be Rs 39,44,909 crore, which is an increase of 4.6% over than the revised estimate of 2021-22. Out of this, (i) Rs 11,81,084 crore is proposed to be spent on central sector schemes (1.2% decrease over the revised estimate of 2021-22), and (ii) Rs 4,42,781 crore is proposed to be spent on centrally sponsored schemes (a 6.6% increase over the revised estimate of 2021-22).
- The government has estimated to spend Rs 2,07,132 crore on pension in 2022-23, which is 4.1% higher than the revised estimate of 2021-22. In addition, expenditure on interest payment in 2022-23 is estimated to be Rs 9,40,651 crore, which is 23.8% of the government's expenditure.

Table 3: Break up of central government expenditure in 2022-23 (Rs crore)

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021- 22 to BE 2022-23)
Central Expenditure	27,49,541	26,72,604	29,17,249	30,06,111	3.0%
Establishment Expenditure of Centre	5,94,449	6,09,014	7,00,541	6,92,214	-1.2%
Central Sector Schemes	13,56,817	10,51,703	11,95,078	11,81,085	-1.2%
Other expenditure	7,98,274	10,11,887	10,21,631	11,32,813	10.9%
Grants for CSS and other transfers	7,60,295	8,10,632	8,52,751	9,38,797	10.1%
Centrally Sponsored Schemes (CSS)	3,83,976	3,81,305	4,15,351	4,42,781	6.6%
Finance Commission Grants	1,84,063	2,20,843	2,11,065	1,92,108	-9.0%
<i>of which:</i>					
Rural Local Bodies	60,750	44,901	42,623	46,513	9.1%
Urban Local Bodies	26,710	22,114	14,614	22,908	56.8%
Grants-in-aid	22,262	35,376	35,376	36,486	3.1%
Post Devolution Revenue Deficit Grants	74,340	1,18,452	1,18,452	86,201	-27.2%
Other grants	1,92,257	2,08,484	2,26,334	3,03,908	34.3%
Total Expenditure	35,09,836	34,83,236	37,70,000	39,44,909	4.6%

Sources: Budget at a Glance, Union Budget Documents 2022-23; PRS.

Expenditure by Ministries

The ministries with the 13 highest allocations account for 53% of the estimated total expenditure in 2022-23. Of these, the Ministry of Defence has the highest allocation in 2022-23, at Rs 5,25,166 crore. It accounts for 13.3% of the total budgeted expenditure of the central government. Other Ministries with high allocation include: (i) Consumer Affairs, Food and Public Distribution, (ii) Road Transport and Highways, and (iii) Home Affairs. Table 4 shows the expenditure on Ministries with the 13 highest allocations for 2022-23 and the changes in allocation as compared to the revised estimate of 2021-22.

Table 4: Ministry-wise expenditure in 2022-23 (Rs crore)

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022-23)
Defence	4,85,681	4,78,196	5,02,884	5,25,166	4.4%
Consumer Affairs, Food and Public Distribution	5,66,797	2,56,948	3,04,454	2,17,684	-28.5%
Road Transport and Highways	99,159	1,18,101	1,31,149	1,99,108	51.8%
Home Affairs	1,44,258	1,66,547	1,73,083	1,85,776	7.3%
Railways	1,12,159	1,10,055	1,20,056	1,40,367	16.9%
Rural Development	1,97,593	1,33,690	1,55,043	1,38,204	-10.9%
Agriculture and Farmers' Welfare	1,15,827	1,31,531	1,26,808	1,32,514	4.5%
Chemicals and Fertilisers	1,29,510	80,715	1,41,735	1,07,715	-24.0%
Communications	60,903	75,265	54,517	1,05,407	93.3%
Education	84,219	93,224	88,002	1,04,278	18.5%
Health and Family Welfare	80,694	73,932	86,001	86,201	0.2%
Jal Shakti	23,199	69,053	69,046	86,189	24.8%
Housing and Urban Affairs	46,701	54,581	73,850	76,549	3.7%
Other Ministries	13,63,136	16,41,398	17,43,372	18,39,751	5.5%
Total Expenditure	35,09,836	34,83,236	37,70,000	39,44,909	4.6%

Sources: Expenditure Budget, Union Budget 2022-23; PRS.

- **Communications:** Allocation to the Ministry of Communications is estimated to increase by Rs 50,890 crore (93%) in 2022-23, over the revised estimate of 2021-22. This is mainly on account of capital infusion of Rs 44,720 crore in BSNL.
- **Road Transport and Highways:** Allocation to the Ministry of Road Transport and Highways is estimated to increase by Rs 67,959 crore (52%) in 2022-23, over the revised estimate of 2021-22. This is mainly on account of an increase in

investment in National Highway Authority of India (Rs 1,34,015 crore in 2022-23 as compared to Rs 65,060 crore in 2021-22).

- In 2021-22, transfer to states as support for COVID-19 vaccines was Rs 39,000 crore, higher than the budget estimate of Rs 35,000 crore. Allocation for 2022-23 is Rs 5,000 crore.
- Allocation towards the Ministries of Consumer Affairs, Food and Public Distribution, and Chemicals and Fertilisers have decreased mainly on account of a reduction in food subsidy and fertiliser subsidy, respectively. We discuss the expenditure on subsidies below.

Expenditure on Subsidies

In 2022-23, the total expenditure on subsidies is estimated to be Rs 3,55,639 crore, a decrease of 27.1% from the revised estimate of 2021-22 (Table 5).

- **Food subsidy:** Allocation to food subsidy is estimated at Rs 2,06,831 crore in 2022-23, a 27.8% decrease over the revised estimate of 2021-22. A higher level of food subsidy was budgeted in 2020-21 and 2021-22 mainly on account of: (i) Pradhan Mantri Garib Kalyan Ann Yojana, which provides for free foodgrains to poor to mitigate the impact of COVID-19, and (ii) clearing loans of Food Corporation of India.
- **Fertiliser subsidy:** Expenditure on fertiliser subsidy is estimated at Rs 1,05,222 crore in 2022-23. This is a decrease of Rs 34,900 crore from the revised estimate of 2021-22. Fertiliser subsidy for 2021-22 was increased substantially under the supplementary demands in December 2021. This was in response to a sharp increase in international prices of raw materials used in the manufacturing of fertilisers.
- **Petroleum subsidy:** Petroleum subsidy consists of subsidy for LPG and Kerosene. No kerosene subsidy has been budgeted for either 2021-22 or 2022-23. Expenditure on LPG subsidy is estimated to decrease by 10.8% to Rs 5,813 crore in 2022-23.
- **Other subsidies:** Expenditure on other subsidies includes interest subsidies for various government schemes, subsidies for the price support scheme for agricultural produce, and assistance to state agencies for procurement, among others. In 2022-23, the expenditure on these other subsidies is estimated to decrease by 31% over the revised estimate of 2021-22.

Table 5: Subsidies in 2022-23 (Rs crore)

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022-23)
Food subsidy	5,41,330	2,42,836	2,86,469	2,06,831	-27.8%
Fertiliser subsidy	1,27,922	79,530	1,40,122	1,05,222	-24.9%
Petroleum subsidy	38,455	14,073	6,517	5,813	-10.8%
Other subsidies	50,459	33,460	54,763	37,773	-31.0%
Total	7,58,165	3,69,899	4,87,872	3,55,639	-27.1%

Sources: Expenditure Profile, Union Budget 2022-23; PRS.

Expenditure on Major Schemes

Table 6: Scheme wise allocation in 2022-23 (Rs crore)

	Actuals 2020-21	Budgeted 2021-22	Revised 2021-22	Budgeted 2022-23	% change (RE 2021- 22 to BE 2022-23)
MGNREGS	1,11,170	73,000	98,000	73,000	-25.5%
PM-KISAN	60,990	65,000	67,500	68,000	0.7%
Jal Jeevan Mission/National Rural Drinking Water Mission	10,998	50,011	45,011	60,000	33.3%
Pradhan Mantri Awas Yojana	40,260	27,500	47,390	48,000	1.3%
National Education Mission	28,088	34,300	30,796	39,553	28.4%
National Health Mission	37,478	37,130	34,947	37,800	8.2%
Saksham Anganwadi and POSHAN 2.0*	-	20,105	20,000	20,263	1.3%
Modified Interest Subvention Scheme*	-	-	-	19,500	-
Pradhan Mantri Gram Sadak Yojana	13,688	15,000	14,000	19,000	35.7%
Pradhan Mantri Fasal Bima Yojana	14,161	16,000	15,989	15,500	-3.1%
National Livelihood Mission-Ajeevika	10,025	14,473	12,505	14,236	13.8%
AMRUT and Smart Cities Mission	9,754	13,750	13,900	14,100	1.4%
Pradhan Mantri Krishi Sinchai Yojana	7,877	11,588	12,706	12,954	2.0%
Rashtriya Krishi Vikas Yojana	-	-	-	10,433	-
PM-POSHAN*	-	-	-	10,234	-

Note: * Saksham Anganwadi and POSHAN 2.0 replaced certain components of the umbrella ICDS scheme. The Modified Interest Subvention Scheme replaced the scheme for interest subsidy for short term credit to farmers (allocation towards this scheme is Rs 18,142 crore in 2021-22 at the revised stage). PM-POSHAN scheme replaced the Mid-Day Meal Scheme. In 2021-22, the Mid-day Meal Scheme has been allocated Rs 10,234 crore at the revised stage. Sources: Expenditure Profile, Union Budget 2022-23; PRS.

- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has the highest allocation in 2022-23 at Rs 73,000 crore. This is a decrease of 25.5% over the revised estimate of 2021-22. In 2021-22, allocation to the scheme has increased by 34.2% from Rs 73,000 crore at the budget stage to Rs 98,000 crore at the revised stage, to mitigate the

impact of second wave of COVID-19.

- The PM-KISAN scheme (income support to farmers) has the second highest allocation in 2022-23 at Rs 68,000 crore. Allocation to the scheme has seen a marginal increase of 0.7% over the revised estimate of 2021-22.
- Key schemes with the comparatively higher increase in allocation in 2022-23 include: (i) Pradhan Mantri Gram Sadak Yojana (35.7%), (ii) Jal Jeevan Mission (33.3%), and (iii) National Education Mission (28.4%).

Expenditure on Scheduled Caste and Scheduled Tribe sub-plans and schemes for welfare of women, children and NER

- Programmes for the welfare of women and children have been allocated Rs 2,63,743 crore in 2022-23, an increase of 7.1% over the revised estimate of 2021-22. These allocations include programmes under all the ministries.
- The allocation towards scheduled castes and scheduled tribes in 2022-23 is estimated to increase by 1.7% and 2%, respectively. The allocation towards North Eastern Region is estimated to increase by 11.1% in 2022-23 over the revised estimates of 2021-22.

Table 7: Allocations for women, children, SCs, STs and NER (Rs crore)

	Actuals 2020-21	Revised 2021-22	Budgeted 2022-23	% change (RE 2021-22 to BE 2022-23)
Welfare of Women	1,52,099	1,66,183	1,71,006	2.9%
Welfare of Children	77,482	80,003	92,737	15.9%
Scheduled Castes	71,811	1,39,956	1,42,342	1.7%
Scheduled Tribes	49,433	87,473	89,265	2.0%
North Eastern Region (NER)	-	68,440	76,040	11.1%

Sources: Expenditure Profile, Union Budget 2022-23; PRS.

Fiscal Responsibility and Budget Management targets

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the central government to progressively reduce its outstanding debt, revenue deficit and fiscal deficit. The central government gives three year rolling targets for these indicators when it presents the Union Budget each year. Note that the Medium Term Fiscal Policy Statement in both 2021-22 and 2022-23 did not provide rolling targets for budget deficits. In the Budget speech, the finance minister noted that the government aims to reduce fiscal deficit to below 4.5% of GDP by 2025-26.

Fiscal deficit is an indicator of borrowings by the government for financing its expenditure. The estimated fiscal deficit for 2022-23 is 6.4% of GDP.

Revenue deficit is the excess of revenue expenditure over revenue receipts. Such a deficit implies the government's need to borrow funds to meet expenses which may not provide future returns. The estimated revenue deficit for 2022-23 is 3.8% of GDP.

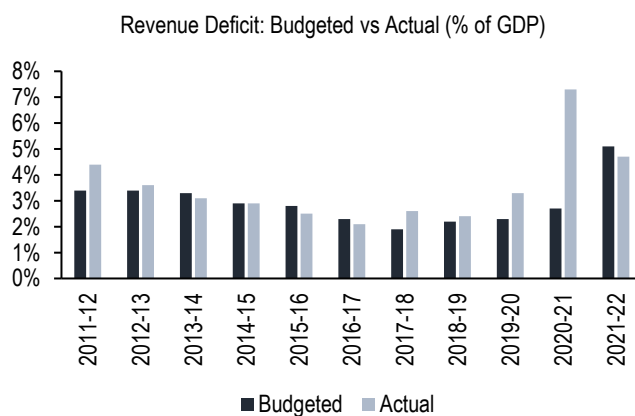
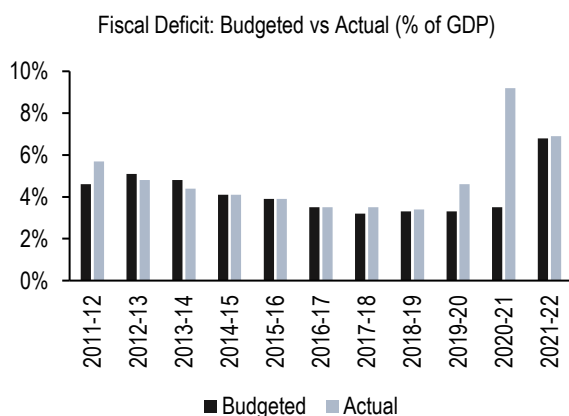
Table 8: FRBM targets for deficits (as % of GDP)

	Actuals 2020-21	Revised 2021-22	Budgeted 2022-23
Fiscal Deficit	9.2%	6.9%	6.4%
Revenue Deficit	7.3%	4.7%	3.8%
Primary Deficit	5.8%	3.3%	2.8%

Sources: Medium Term Fiscal Policy Statement, Union Budget 2022-23; PRS.

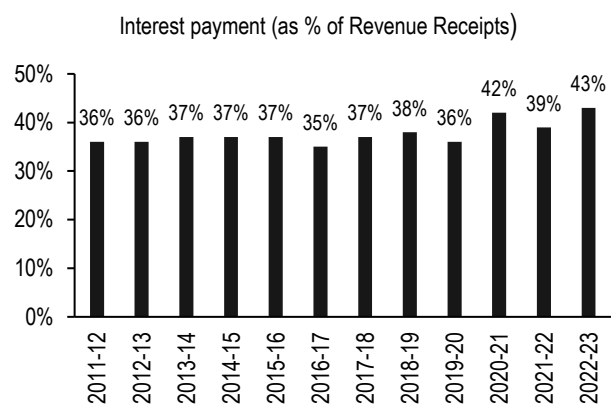
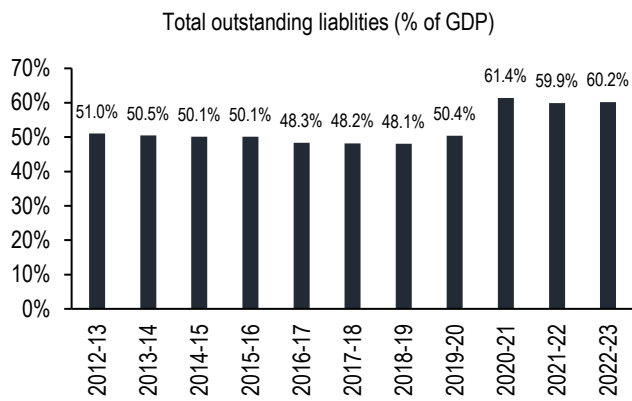
In 2021-22, the government had set a budget estimate of 6.8% of GDP for fiscal deficit, and 5.1% of GDP for revenue deficit. As per the revised estimates, the fiscal deficit is expected to marginally exceed the budget estimate to 6.9% while revenue deficit is estimated to be lower at 4.7%.

Primary deficit is the difference between fiscal deficit and interest payments. It is estimated to be 2.8% of GDP in 2022-23.



Note: Data for 2021-22 is revised estimate.

Sources: Budget at a Glance, Union Budget (multiple years); PRS.



Note: Data for 2021-22 are revised estimate and for 2022-23 are budget estimate.
Sources: Economic Survey 2021-22, Union budget documents 2022-23; PRS.

- **Outstanding Liabilities:** From 2012-13 onwards, the central government’s outstanding liabilities declined from 51% of GDP to 48% of GDP in 2018-19. It increased to 61% of GDP in 2020-21. This is estimated to decrease marginally to 60% of GDP in 2022-23.
- Outstanding liabilities is the accumulation of borrowings over the years. A higher debt implies that the government has a higher loan repayment obligation over the years.
- The interest payments as a percentage of revenue receipts have increased from 36% in 2011-12 to 42% in 2020-21. As per the budget estimates, this figure is expected to increase further to 43% in 2022-23.

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