Decoding Union Budget 2022-23



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Abstract

This Budget seeks to lay the foundation and give a blueprint to steer the economy over the Amrit Kaal of the next 25 years – from India at 75 to India at 100. It continues to build on the vision drawn in the Budget of 2021- 22. Its fundamental tenets, which included transparency of financial statement and fiscal position, reflect the government's intent, strengths, and challenges. This continues to guide us. The initiatives of the last year's Budget have seen significant progress and have been provided with adequate allocations in this Budget as well. The strengthening of health infrastructure, speedy implementation of the vaccination programme, and the nation-wide resilient response to the current wave of the pandemic, are evident for all. Towards implementation of the new Public Sector Enterprise policy, the strategic transfer of ownership of Air India has been completed. The strategic partner for NINL (Neelachal Ispat Nigam Limited) has been selected.

The public issue of the LIC is expected shortly. Others too are in the process for 2022-23.

Contents

SERIAL NO.	PARTICULARS
1.	INTRODUCTION
2.	REVIEW OF LITERATURE
3.	OBJECTIVE OF STUDY
4.	RESEARCH DESIGN
5.	RESEARCH METHODOLOGY
6.	DATA ANALYSIS
7.	DESCRIPTIVE STATISTICS
8.	CORRELATION
9.	REGRESSION
10.	CONCLUSION
11.	HYPOTHESIS
12.	REFERENCES

Introduction

Pegged as growth-oriented, the Union Budget 2022-23 injected Dalal Street with enthusiasm, and stock market trading ended on a high note after the tabling of the budget. The promise of increasing capital expenditure by 35 percent was the defining feature of the budget. Recovery from the pandemic demanded a strong commitment to growth, and the budget appears to have made that commitment. The other key highlight of the budget, inter-alia, was an accentuated emphasis on digitisation and ease of doing business. The objective of this article is to dive deeper into the intricacies of the budget to understand the nuances of what is being promised, how the promises are proposed to be delivered, and whether they meet the current needs of the Indian economy.

Since 2014 our government's focus has been on empowerment of citizens, especially the poor and the marginalised. Measures have included programmes that have provided housing, electricity, cooking gas, and access to water. We also have programmes for ensuring financial inclusion and direct benefit transfers. We are committed to strengthening the abilities of the poor to tap all opportunities. Our government constantly strives to provide the necessary ecosystem for the middle classes –

a vast and wide section which is populated across various middle-income brackets – to make use of the opportunities they so desire.

The Finance Minister said, India is celebrating Azadi ka Amrit Mahotsav and it has entered into Amrit Kaal, the 25-year-long leadup to India@100, the government aims to attain the vision of Prime Minister outlined in his Independence Day address and they are:

- Complementing the macro-economic level growth focus with a micro-economic level all inclusive welfare focus,
- Promoting digital economy & fintech, technology enabled development, energy transition, and climate action, and
- Relying on a virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment.

The pathway to growth chosen by the budget is increased capital expenditure while the revenue expenditure has not been increased much. Increased capital expenditure is expected to address the issue of slow-paced structural transformation in India and the palpable risk of a middle-income trap, with a boost to infrastructure spending crowding in private investment. However, while the figure that has caught the attention is a 35 percent increase in capex, the devil lies in the details. Firstly, the 35.4 percent increase in capex

follows from a comparison of budget estimates (BE) of 2021-22 and that of 2022-23.

Review of Literature

Name of the paper	Author	Research Design	Objective of study	Main Findings
Union Budget 2022-23 Analysis	PRS Legislative Research. Institute for Policy Research Studies	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	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	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.
Union Budget	Rohini Krishnamurthy	According to the revised estimates, the DST, DBT and	Of this amount, the Department of Science and	The Union Ministry of Science and

2022-23: Funds for science very low for India to make a mark Budget 2021: Census to go digital for the first time with Rs 3,768 crore allocation	India Today Web Desk	DSIR received Rs 5,240 crore, Rs 2,961 crore and Rs 5,297 crore, respectively. The central government on Monday announced Rs 3,768 crore for the upcoming census. Announcing India's first-ever digital census, Nirmala Sitharaman, who presented the Union Budget 2021-22 today, said the forthcoming census -- an exercise to determine the population of the country -- would be the first digital census in the history of India.	Technology (DST), Department of Biotechnology (DBT), Department of Scientific and Industrial Census data will be collected through a mobile app. This is for the first time that the mobile app will be used for the census exercise. India will be moving from the pen and paper census to digital data, which will be a big revolution in the country's census exercise	Technology has been granted Rs 14,217 crore in the 2022-2023 Union Budget — a drop of 3.9 % from last year. It is simply not enough The nationwide exercise will be carried out in 16 languages at a cost of Rs 12,000 crore
Powering sustained growth: UnionBudget 2022-23	Sanjeev Krishan, Chairman, PwC in India	Finally, on the indirect tax front, the budget proposals aim at serving the Government's long term vision of 'Make in India' and sustainable growth. In this direction, the Finance Minister has continued to rationalise various customs duty exemptions and has sought a gradual phase out of concessional rates on capital goods. Furthermore, as	The Union Budget 2022-23 is a Budget with a vision to transform India in the medium term. The budget has adopted a new economic growth template for "Amrit Kaal" (run up to India@100) by promoting capital expenditure led economic growth. Outlay of Capital	As per the REs, fiscal deficit is estimated to be 6.9% of the GDP for FY2022, which is higher than the 6.8% budgeted for the year based on a rise in government expenditure, especially capital expenditure, despite revenue collections performing better than budgeted. For FY2023, the

		part of the Digital India initiative and promoting ease of doing business, reforms focusing on IT-driven customs administration of special economic zones (SEZs) have been proposed.	expenditure of Rs 7.5 lakh crore, up ~35% YoY (and at 2.9% of GDP) along with expanding the scope of private capex through PLI for new age segments is expected to deliver inclusive growth, job creation and welfare for all.	Government has budgeted the fiscal deficit to be 6.4% of the GDP. The government has reiterated its commitment to the earlier announced fiscal glide path of 4.5% fiscal deficit by FY2026.

The objective of study

Firstly, the estimation is that the 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. n

Secondly, the study will be about receipts and expenditure highlights talking about 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.

Thirdly, the study concludes by enlightening about The Fiscal Responsibility and Budget Management (FRBM) Act provides for ensuring fiscal discipline. In the Budget speech, Sitharaman had said

that for 2022-23, an allocation of Rs 1 lakh crore will be given to states to assist them in catalysing overall investments in the economy.

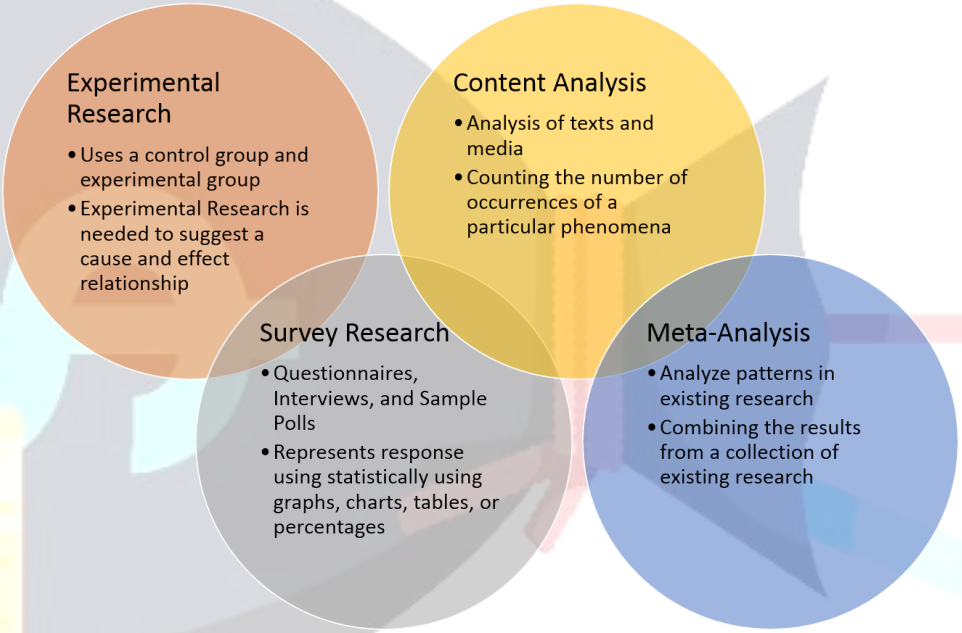
Research Design

Area of study	Decoding the Union Budget 2022, underlining the budget management.
Secondary Data	Economic Survey, Govt. of India Union Budget 2022-23 Analysis, PRS report Expenditure Budget, PIB.Govt FRBM Act report, Ministry of Finance
Data Analysis	Descriptive study based upon graphs and tables

Research Methodology

It refers to the process used to collect information and decision publication data for the purpose of making business. The methodology may use and include search interviews surveys & other search techniques that may include both present and previous information.

The research design may be classified into two: primary and secondary data. The data which is not available earlier or the surveys and questionnaires have to find out is called primary data and the data which you find in journal articles can book research papers through the internet is called secondary data. The present study is based on quantitative research which is the collection of statistical data from the internet, reports, journals, research papers to analyse India's fiscal budget 2022 situation comprising numerous sectors in the system. It is descriptive as well as exploratory research. The data and the facts were collected from various sources such as the ministry of finance, the Economic survey and many more



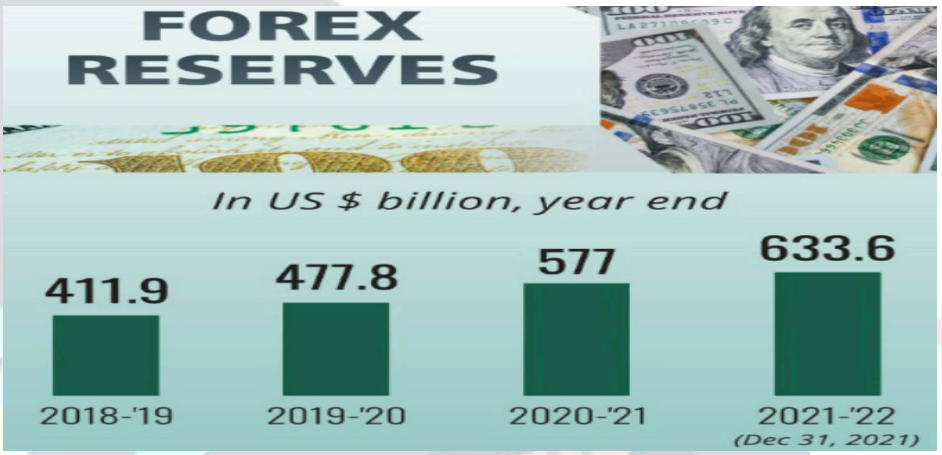
Economic survey 2022

- ***State of the Economy (GDP Growth):***

The Indian economy is estimated to grow by 9.2% in real terms in 2021-22 (as per first advance estimates) subsequent to a contraction of 7.3% in 2020-21.The Gross Domestic Product (GDP) projected to grow by 8-8.5% in real terms in 2022-23.Projection comparable with World Bank and Asian Development Bank's latest forecasts of real GDP growth of 8.7% and 7.5% respectively for 2022-23,According to the International Monetary Fund's latest World Economic Outlook projections, India's real GDP is projected to grow at 9% in 2021-22 and 2022-23 and at 7.1% in 2023-2024, which would make India the fastest growing major economy in the world for all 3 years.Combination of high Foreign Exchange Reserves, sustained Foreign Direct Investment, and rising export earnings will provide an adequate buffer against possible global liquidity tapering in 2022-23. Tapering is the theoretical reversal of quantitative easing (QE) policies, which are implemented by a central bank and intended to stimulate economic growth.

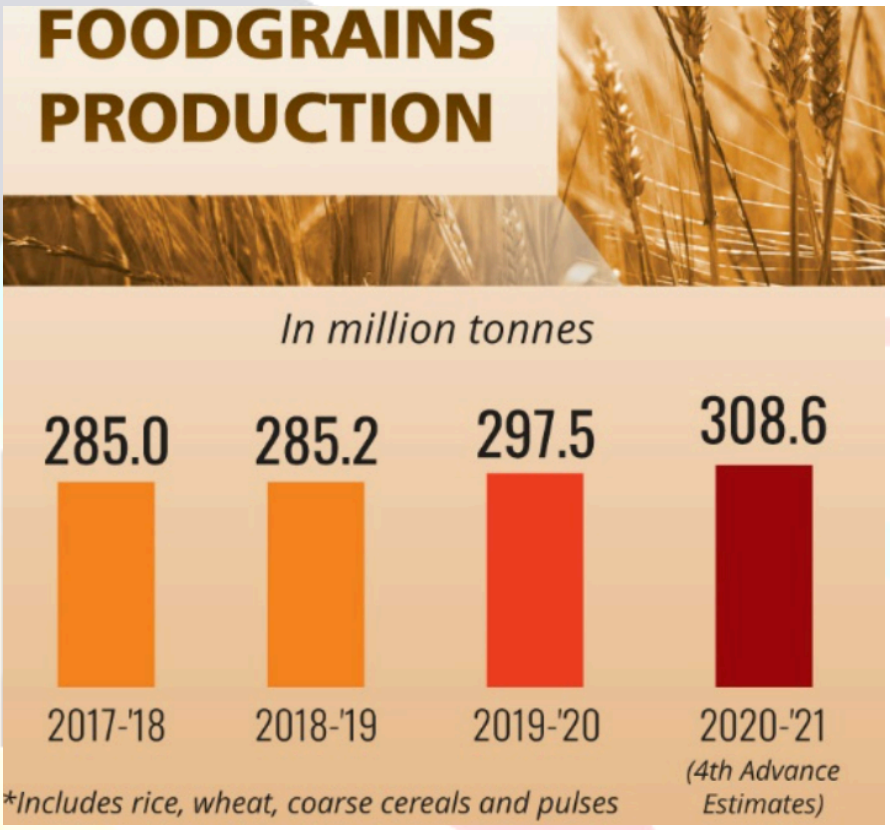
- *External Sectors*

India's merchandise exports and imports rebounded strongly and surpassed pre-Covid levels during the current financial year.There was significant pickup in net services with both receipts and payments crossing the pre-pandemic levels, despite weak tourism revenues. Net capital flows were higher at USD 65.6 billion in the first half of 2021-22, on account of continued inflow of foreign investment, revival in net external commercial borrowings, higher banking capital and additional Special Drawing Rights (SDR) allocation. As of end-November 2021, India was the fourth largest forex reserves holder in the world after China, Japan and Switzerland.Monetary Management and Financial IntermediationThe liquidity in the system remained in surplus.Repo rate was maintained at 4% in 2021-22, Reserve Bank of India undertook various measures such as G-Sec Acquisition Programme and Special Long-Term Repo Operations to provide further liquidity. The economic shock of the pandemic has been weathered well by the commercial banking system:Bank credit growth accelerated gradually in 2021-22 from 5.3% in April 2021 to 9.2% as on 31st December 2021. The Gross Non-Performing Advances ratio of Scheduled Commercial Banks (SCBs) declined from 11.2% at the end of 2017-18 to 6.9% at the end of September, 2021. Net Non-Performing Advances ratio declined from 6% to 2.2% during the same period.Capital to risk-weighted asset ratio of SCBs continued to increase from 13% in 2013-14 to 16.54% at the end of September 2021.The Return on Assets and Return on Equity for Public Sector Banks continued to be positive for the period ending September 2021.



Agriculture and Food Management

The Agriculture sector experienced buoyant growth in the past two years, accounting for a sizable 18.8% (2021-22) in Gross Value Added (GVA) of the country registering a growth of 3.6% in 2020-21 and 3.9% in 2021-22. Minimum Support Price (MSP) policy is being used to promote crop diversification. Net receipts from crop production have increased by 22.6% in the latest Situation Assessment Survey (SAS) compared to the SAS Report of 2014. Allied sectors including animal husbandry, dairying and fisheries are steadily emerging to be high growth sectors and major drivers of overall growth in the agriculture sector.



Budget Report

The government projects India's economy to grow by 9.2 **%**in the current fiscal year. Finance minister said that India is expected to grow at the fastest pace among all major economies.From expansion of national highways, affordable housing to manufacturing of 400 new generation Vande Bharat trains and more such measures, the government aims to enhance job creation and boost economic activity. The main target for the “India@75” vision is to increase per capita income from $1,900 in 2017-18 to $3,000 in 2022-23. Achieving the “New India” goal as a whole is conditional to this income growth, which according to the vision strategy would “enable us

to achieve freedom from squalor, illiteracy, corruption, poverty, malnutrition and poor connectivity for the common Indian."

Latest Union government data for 2021-22 shows that India's per capita income is around $1,258 (Rs 93,973) — lower than in 2017-18. In the last two years, the pandemic accelerated the country's economic slowdown that started in 2016. To reach a $3,000 per capita income level in the next 70 weeks, we have to more than double the current figure. This entails unmatched economic growth, a miracle. To increase per capita income and thus the size of the overall economy, the "India@75" vision targets include raising the employment level, and in particular increasing female labour participation rate to at least 30 % by 2022-23. Going by government data, this figure was just 16.9 % in January-March 2021. According to December 2021 data with the Centre for Monitoring Indian Economy, 23**%** of the 35 million unemployed people in the country actively seeking jobs are women. Another critical indicator for "India@75" — pivotal to the per capita income growth — is the increase of India's GDP (gross domestic product) to $4 trillion by March 31, 2023. This is short by $1.5 trillion by the end of 2021 fiscal. Rather, poverty levels have increased in India, even though there is no official estimate since 2011. In December last year, the NITI Aayog released an index that used health, education and standard of living to gauge poverty levels and their intensity. It says 25.01**%** of India's population suffers from multidimensional poverty.

- *Covid impact on Budget*

India's Union Budget for fiscal year 2021-2022 represents an expansive effort by the government to shore up the country's nascent post-COVID economic recovery. The blow to the domestic economy in fiscal year 2020-2021, caused by the global pandemic and the consequent national lockdown, has been severe, with growth rates remaining in negative territory for much of the fiscal year. As India limps back from a recession, the new budget provides a belated but much-needed fiscal stimulus in the form of robust investments in health and human services and infrastructure to fast-track economic growth. While the fiscal year 2020-2021 budget deficit is coming in at a higher-than-expected 9.5 percent of gross domestic product (GDP), the current budget projects that number to be brought down to 6.8 percent of GDP in the next year—as one-time, pandemic-linked food subsidies decline and expenditure growth is met through an ambitious program of disinvestments and asset monetization.As enduring pandemic-related risks remain at large, staying on course with budgeted capital-expenditure programs will be crucial in aiding the economy to get back on track and returning output to pre-COVID levels. A significant ramp-up of 26% in capital expenditure fueled by increased spending on health infrastructure, investments in the transport sector, and a host of initiatives to boost manufacturing and exports should yield big gains in productivity and enhance competitiveness. Although details remain elusive, step-ups in financial-sector reforms to underwrite infrastructure growth include the creation of a bad bank to absorb toxic banking assets, the launch of a specialized development finance institution, and an increase in limits for FDI in the insurance sector from 49%to 74%.

Income tax proposal

The budget proposes a new provision permitting taxpayers to file an Updated Return on payment of additional tax. This updated return can be filed within two years from the end of the relevant assessment year. Smt. Sitharaman said that with this proposal, there will be a trust reposed in the taxpayers that will enable the assessee herself to declare the income that she may have missed out earlier while filing her return. It is an affirmative step in the direction of voluntary tax compliance. To provide a level playing field between co-operative societies and companies, the budget proposes to reduce Alternative Minimum Tax for the cooperative societies also to fifteen per cent. The Finance Minister also proposed to reduce the surcharge on co-operative societies from present 12 to 7 per cent for those having total income of more than Rs 1 crore and up to Rs 10 crores.ome Tax Proposal. For the taxation of virtual digital assets, the budget provides that any income from transfer of any virtual digital asset shall be taxed at the rate of 30 per cent. No deduction in respect of any expenditure or allowance shall be allowed while computing such income except cost of acquisition. Further, loss from transfer of virtual digital assets cannot be set off against any other income. In order to capture the transaction details, a provision has been made for TDS on payment made in relation to transfer of virtual digital assets at the rate of 1% of such consideration above a

monetary threshold. Gift of virtual digital assets is also proposed to be taxed in the hands of the recipient.

In an effort to establish a globally competitive business environment for certain domestic companies, a concessional tax regime of 15% tax was introduced by the government for newly incorporated domestic manufacturing companies. The Union Budget proposes to extend the last date for commencement of manufacturing or production under section 115 BAB by one year i.e. to 31st March, 2024.

Fiscal Deficit

Fiscal Deficit in the current year is estimated at 6.9%of GDP as against 6.8% projected in the Budget Estimates. The Fiscal Deficit in 2022-23 is estimated at 6.4% of GDP, which is consistent with the broad path of fiscal consolidation announced by her last year to reach a fiscal deficit level below 4.5% by 2025-26. While setting the fiscal deficit level in 2022-23, called for nurturing growth, through public investment, to become stronger and sustainable.

Several key sectors such as oil and gas, cement, fertilizer use, and tourism and travel—especially air traffic—are still down. And there is unevenness as well between corporates; micro,

small, and medium enterprises; and the unorganized sector. The unemployment rate has improved, but employment remains below pre-pandemic levels. The huge increase in demand for back-breaking Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) work in fiscal year 2020–2021 shows that the impact on livelihoods and its attendant social impacts have been huge, with eighty to one hundred million people projected to fall back into poverty.

Data Analysis

a.) Budget estimates from 2010 to 2020 as compared to revised estimates of 2021-22 - Table 1

▪ **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.

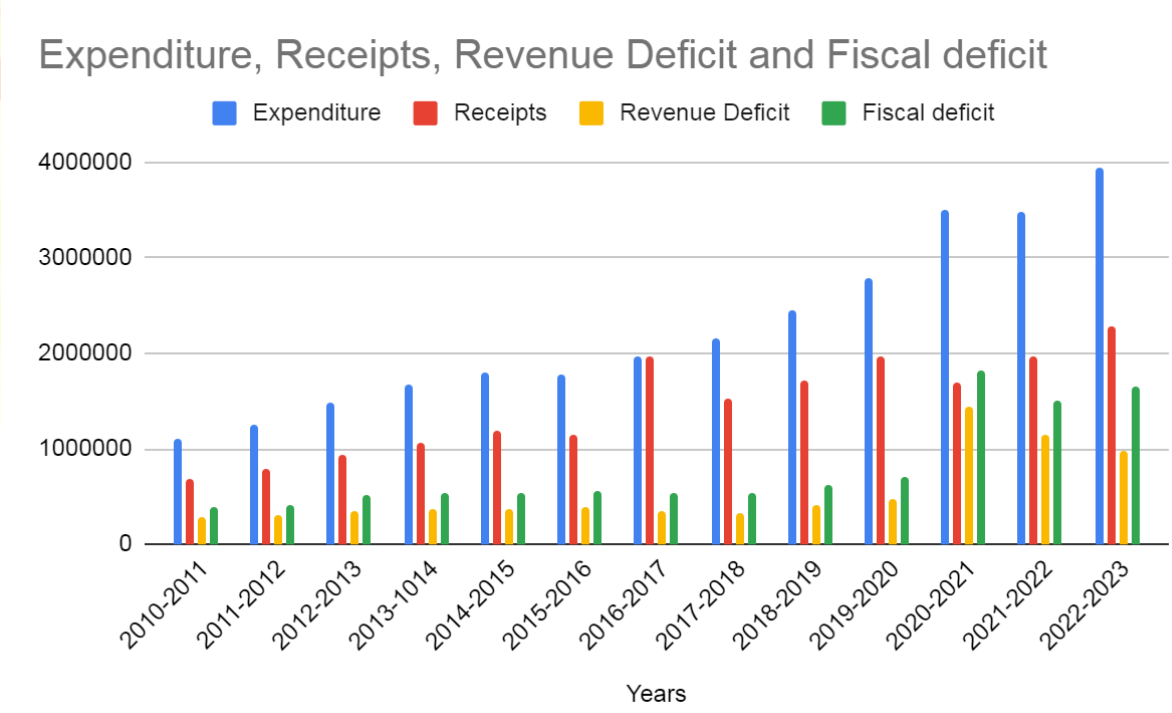
In 2021-22, as per the revised estimates, Rs 1,59,000 crore will be transferred to states in the form of back-to-back loans in lieu of GST compensation.

▪ **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

Years	Expenditure	Receipts	Revenue Deficit	Fiscal deficit
2010-2011	1108749	682212	276512	381408
2011-2012	1257729	789892	307270	412817
2012-2013	1490925	935685	350424	513590
2013-1014	1665297	1056331	379838	542499
2014-2015	1794892	1189763	378348	531177
2015-2016	1777477	1141575	394472	555649
2016-2017	1978060	1964876	354015	533904
2017-2018	2146735	1515771	321163	546532
2018-2019	2442213	1725738	416034	624276
2019-2020	2786349	1962761	485019	703760
2020-2021	3509836	1691545	1449599	1818291
2021-2022	3483236	1976424	1140576	1506812
2022-2023	3944909	2283713	990241	1661196



b.) Receipts Highlights for 2022-23 - Table 2

▪ **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 the 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.

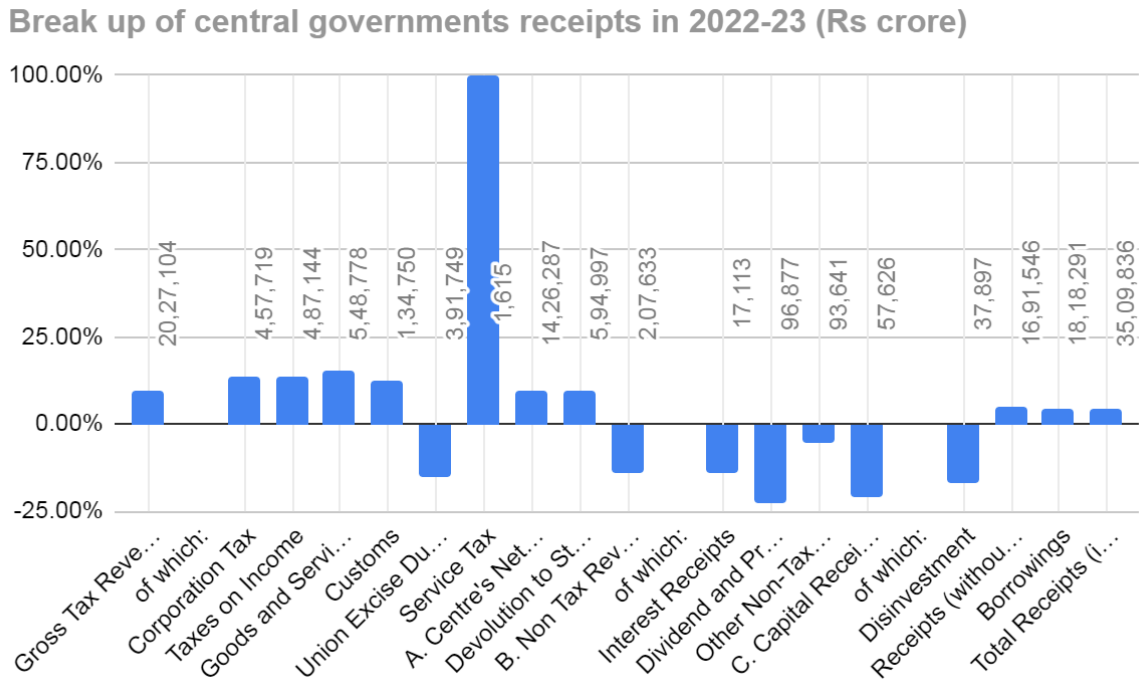
▪ **Capital receipts (without borrowings)** are budgeted to decrease by 20.7% over the revised estimates of 2021-22. This is on account of disinvestments, which are expected to be Rs 65,000 crore in 2022-23, as compared to Rs 78,000 crore as per the revised estimates of 2021-22.

▪ **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.

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%**
of which:					
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%**
of which:					
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%**
of which:					
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.



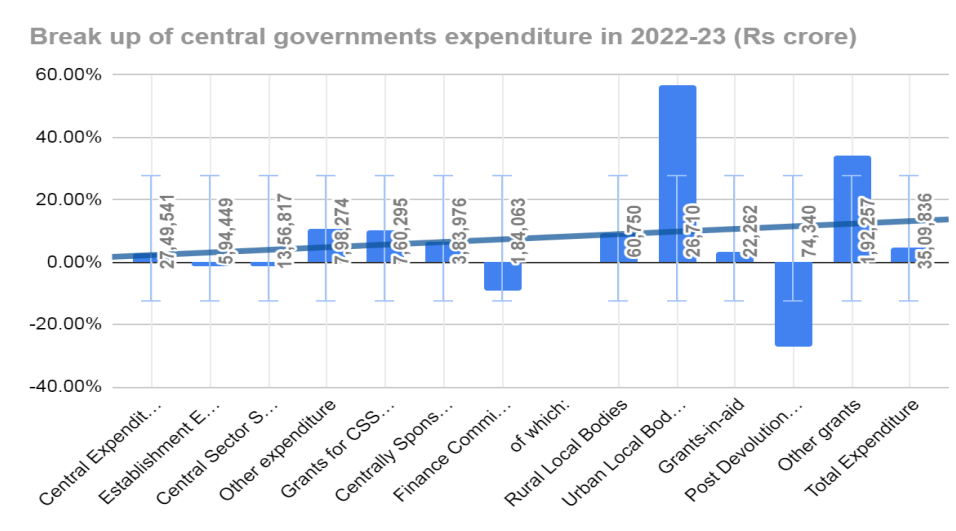
c.) Expenditure Highlights

▪ **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 is estimated to spend Rs 2,07,132 crore on pensions 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%
of which:					
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.



Descriptive Statistics

TABLE 4

2010 to 2022	Expenditure	Receipts	Revenue Deficit	Fiscal Deficit
Mean	2260492.846	1455098.923	557193.1538	794762.3846
Median	1978060	1515771	379838	546532
Mode	#N/A	#N/A	#N/A	#N/A
Maximum	3944909	2283713	1449599	1818291
Minimum	1108749	682212	276512	381408
Range	2836160	1601501	1173087	1436883
Sample Variance	835341951973	270514121977	143358031409	254869705671

Standard Deviation	913970.4328	520109.7211	378626.5065	504846.2198
Kurtosis	-0.7353492385	-1.377865986	1.474165964	0.3100582121
Skewness	0.6795903961	-0.001325290755	1.639432959	1.414738824
Count	13	13	13	13
Standard Error	253489.7892	144252.4822	105012.0987	140019.1486
Sum	29386407	18916286	7243511	10331911

Correlation

CORRELATION: Correlation refers to the relationship between two or more variables that fluctuate together. There are 3 types of correlation- Positive Correlation, Negative Correlation and No Correlation.

Karl's Pearson Coefficient of Correlation (r) = ∑xyΣx2y2

The present study shows the correlation between expenditure and receipts, revenue deficit and fiscal deficit

Correlation between expenditure and receipts from year 2010 to 2022

2010 to 2022 (TABLE 5)

	EXPENDITURE	RECEIPTS
EXPENDITURE	1	0.8700505717
RECEIPTS	0.8700505717	1

Correlation between revenue deficit and fiscal deficit from year 2010 to 2022

2010 to 2022 (TABLE 6)

	REVENUE DEFICIT	FISCAL DEFICIT
REVENUE DEFICIT	1	0.9794485743
FISCAL DEFICIT	0.9794485743	1

Covariance

Covariance measures the direction of the relationship between two variables. A positive covariance means that both variables tend to be high or low at the same time. A negative covariance means that when one variable is high, the other tends to be low.

Population Covariance Formula

$$Cov(x,y) = \frac{\Sigma(x_i-\bar{x})(y_i-\bar{y})}{N}$$

Sample Covariance

$$Cov(x,y) = \frac{\Sigma(x_i-\bar{x})(y_i-y)}{N-1}$$

Expenditure and receipts

Covariance	for population	381776777530
	for sample	413591508991

Revenue Deficit and Fiscal Deficit

Covariance	for population	172818270749
	for sample	187219793312

Regression

In statistical modeling, regression analysis is a set of statistical processes for estimating the relationships between a dependent variable (often called the 'outcome' or 'response' variable) and one or more independent variables (often called 'predictors', 'covariates', 'explanatory variables' or 'features'). The most common form of regression analysis is linear regression, in which one finds the line (or a more complex linear combination) that most closely fits the data according to a specific mathematical criterion.

- Simple linear regression: $Y = a + bX + u$
- Multiple linear regression: $Y = a + b1X1 + b2X2 + b3X3 + ... + btXt + u$

Where:

Y = the variable that you are trying to predict (dependent variable).

X = the variable that you are using to predict Y (independent variable).

a = the intercept.

b = the slope.

u = the regression residual

Table 7 - Expenditure and Receipts

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.846440006
R Square	0.716460683
Adjusted R Square	0.688106752
Standard Error	493433.4157
Observations	13

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	6.15E+12	6.15E+12	25.2684775	0.000516567
Residual	10	2.43E+12	2.43E+11		
Total	11	8.59E+12			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	18633.38808	486401.441	0.03830866	0.97019558	-1065136.56	1102403.336	-1065136.56	1102403.336
682212	1.53855125	0.306071175	5.02677605	0.00051657	0.856582174	2.220520325	0.85658217	2.220520325

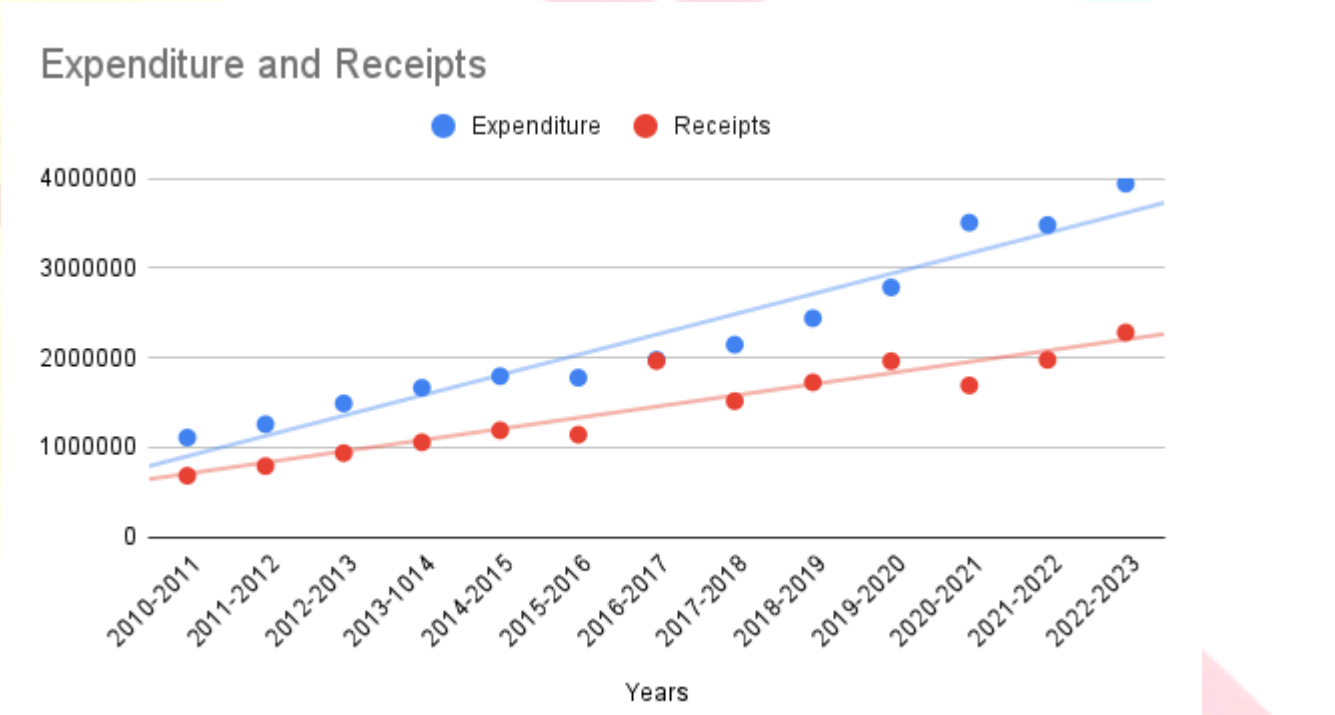


Table 8 - Revenue and Fiscal Deficit

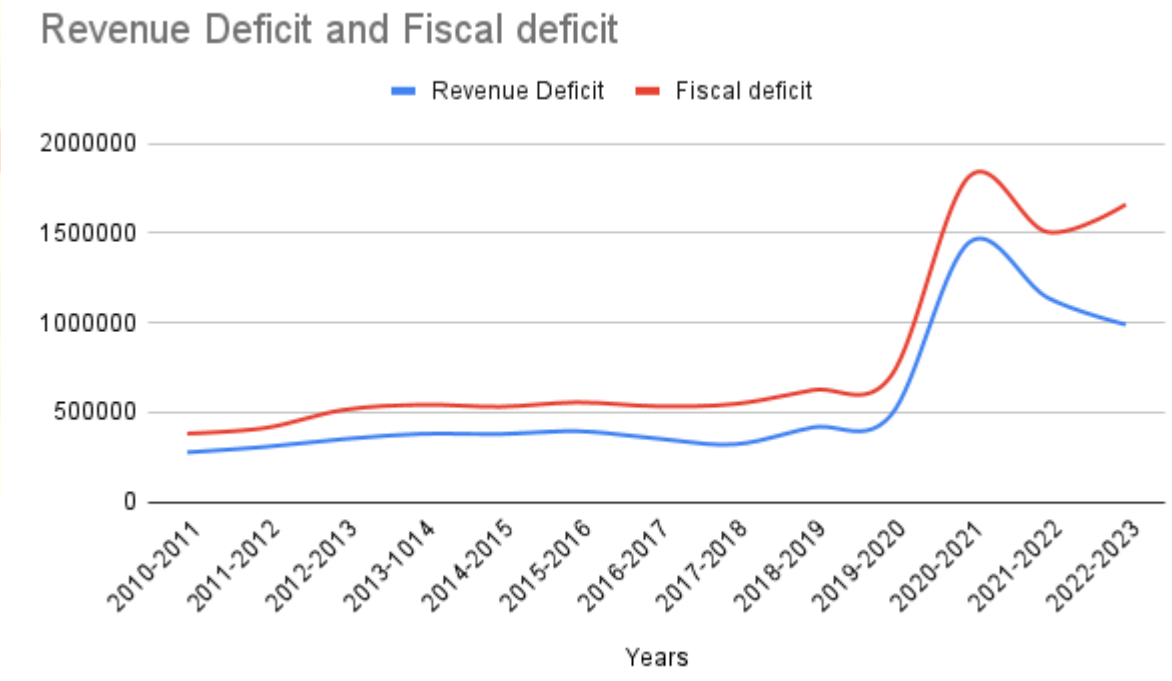
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.978553842
R Square	0.957567622
Adjusted R Square	0.953324385
Standard Error	83291.5281
Observations	13

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	1.57E+12	1.57E+12	225.6690938	3.45E-08
Residual	10	69374786532	6937478653		
Total	11	1.63E+12			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-31495.7003	47310.20945	-0.665727349	0.520645104	-136909.4161	73918.01547	-136909.416	73918.01547
381408	0.738148353	0.049136884	15.02228657	3.45E-08	0.628664553	0.847632154	0.628664553	0.847632154



Conclusion

There was huge speculation that the government may increase tax rates to decrease its fiscal deficit so, there was a dip in BSE Sensex after touching the 50,000 mark. Other than that many economic journals also suggested introducing a new tax on High net worth individuals. The demand in the Indian market was low and the unemployment rate was very high so, the Budget has to Increase both the demand and new jobs.

As per the first advance estimates (FAE) released by the National Statistical Office (NSO) that are used as the base for the budget making, India's GDP has declined by 7.3% in FY2021 due to the first COVID-19 wave and the accompanying lockdown restrictions. With accelerated vaccination and less stringent lockdowns during FY2022, India's GDP is estimated to grow by 9.2%, although over a lower base. GDP in FY2022 is expected to be 1.3% higher than that in FY2020, indicating a slight growth from the pre-pandemic level. Private consumption is expected to grow by 6.9% in FY2022 but is likely to remain below the FY2020 level, indicating that consumption recovery has not been broad based. Although there has been partial resumption of contact services during Q2 and Q3 of FY2022, muted rural demand and uncertainties caused by the second and third waves of the pandemic have prevented a substantial increase in private consumption. Government consumption is expected to increase by 7.6% in FY2022 with reliance on higher spending during the second half of the year crossing the pre-pandemic level by 10.7%. Investment is estimated to grow by 15% over FY2021 and by 2.6% over FY2020. This increase is largely to be driven by government capital expenditure, with significant spending generally taking place during Q4. The agriculture sector has shown resilience to the pandemic and is estimated to grow at 3.9% in FY2022, mainly due to a good monsoon, adequate availability of fertilisers and seeds, increased acreage, and

efficient procurement of food grains. The manufacturing sector is expected to grow by 12.5% over FY2021 and by 4.4% over the pre-pandemic level owing to the boost in domestic and export demand. The services sector's output is estimated to remain 0.8% below the pre-pandemic level, although growing 8.2% over the FY2021 level. Trade, hotels, transport, communication and services related to broadcasting have witnessed a decline of 8.5% from the pre-pandemic level, indicating slow recovery in contact-based services and sensitivity to pandemic resurgence.

Hypothesis

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.

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.

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.

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