DolphyRonaldCarlo & Co LLP

India Union Budget 2022

Budget for sustained Growth

February 2022

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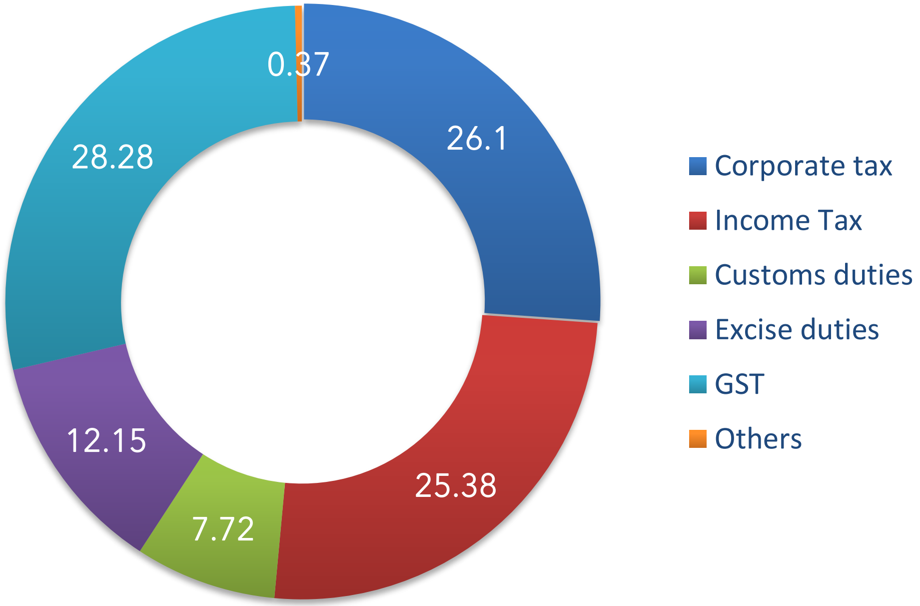
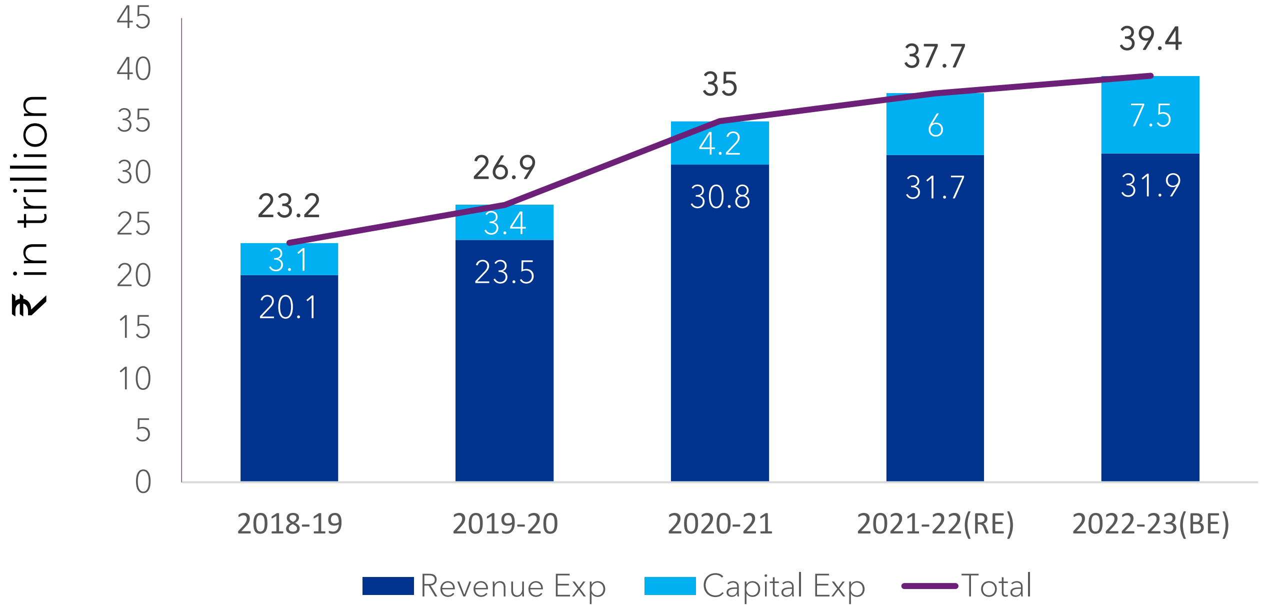
Economic Highlights

Projected tax revenue in (%)



Source: Budget Document

Total Expenditure & Composition



BE--Budget Estimated
RE-Revised Estimated

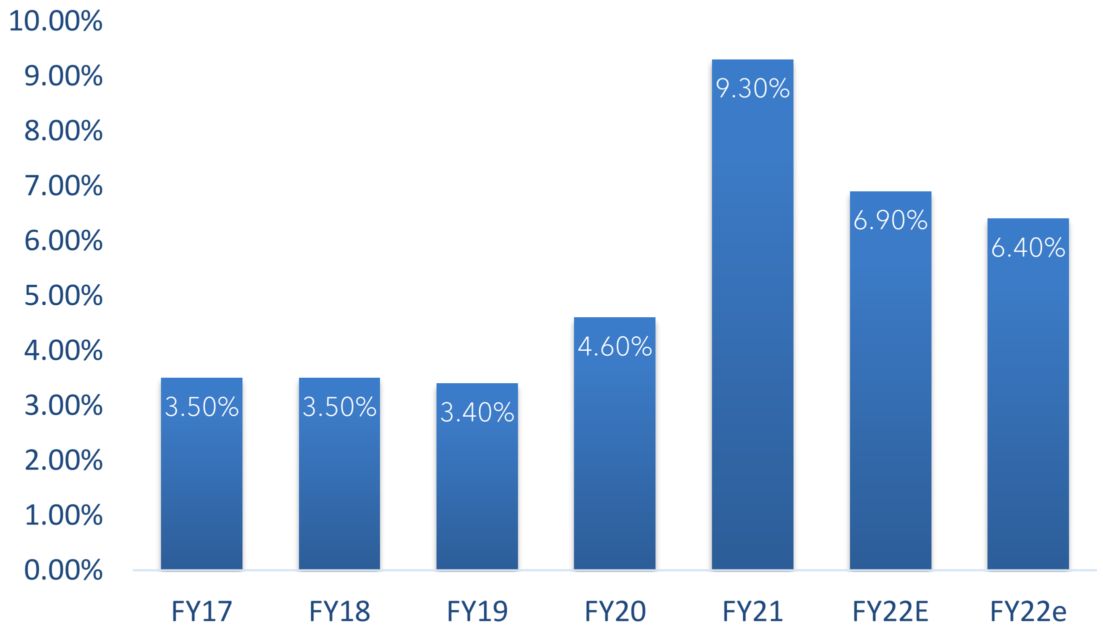
The government proposes to spend Rs 39,44,909 crore in 2022-23, which is an increase of 4.6% over the revised estimate of 2021-22. In 2021-22, total expenditure is estimated to be 8.2% higher than budget estimate

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.

In comparison to FY2022 RE, the government has budgeted a 9.6% increase in net tax revenue and a 14.1 percent decrease in non-tax revenue. In FY2023, disinvestment proceeds are expected to be ₹ 780 billion. Furthermore, revenue spending is only expected to increase by 0.9 percent in FY2023, but capital spending is expected to expand by 24.5 percent over FY2022 RE. Education, IT and telecom, and transportation would all receive increased funding in FY2023. Finance, subsidies, tax administration, and rural development would all get smaller allocations than in last year's revised budget.

Economic Highlights

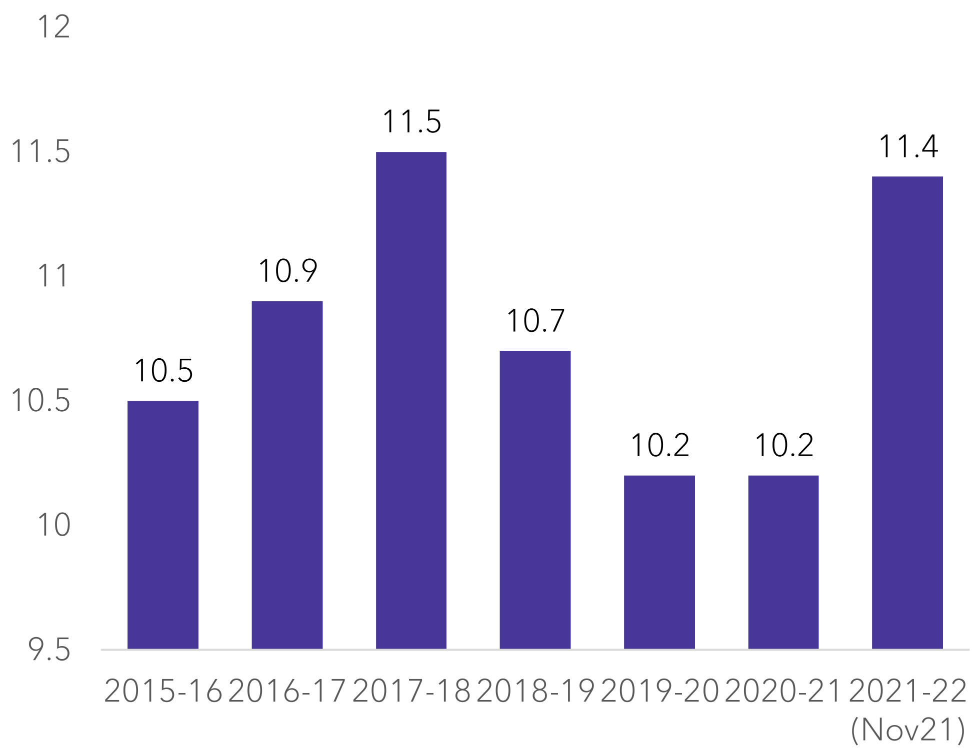
Fiscal defecit as a % of GDP



The revised estimate of fiscal deficit for FY 2021-22 is 6.9% of the GDP as against 6.8% budgeted estimate

The fiscal deficit for FY 2022-23 has been budgeted at 6.4% of the GDP

Tax receipts as a % of GDP



Tax receipts as a percentage of GDP, which was declining since 2017-18, has increased to 11.4% due to high revenue collection in the current year

Direct Tax Proposals

- Key changes in -Individual taxation
- Key changes in -Corporate taxation
- New add -taxation of -Virtual Digital Assets (VDA)
- Incentives to IFSCs and Start-ups
- Changes in assessment proceedings
- Other key changes

Key changes -Individual taxation

No change in the individual slab rates

- The existing slab to continue

Exemption for covid-19 medical expenditure & Ex-gratia

- Any sum of money received by an individual, from any person (including the employer) towards COVID-19 medical treatment for self and/or family subject to certain conditions (as may be notified)
- Any sum of money received by a member of the family of the deceased employee from the employer (without any limit) on account of COVID- 19-related illness within 12 months from the date of death, subject to certain conditions (as may be notified)
- Any sum of money received by a member of the family of the deceased individual from other persons up to INR 1 million on account of COVID- 19-related illness within 12 months from the date of death, subject to certain conditions (as may be notified)

Aamendment is proposed to be effective retrospectively from FY19-20

Other proposals

- Allow the deduction for amount paid to an insurance company in respect of scheme for disabled dependent. Currently, deduction is allowed to the taxpayer (parent/guardian) for an amount paid as premium towards a scheme for maintenance of disabled dependent where such dependent is eligible to receive lumpsum or annuity upon the taxpayer's death. It is proposed to extend the deduction even if disabled dependent receives lumpsum or annuity during taxpayer's lifetime on their attaining the age of 60 years and deposit to such scheme has been discontinued.
- Amendment is proposed to be effective from FY22-23

• Repeal of exemptions available to consultants for income arising out of certain co-operative technical assistance programmes in India based on the agreement between central government and foreign government or an international agency
  - Amendment is proposed to be effective from FY22-23

• The tax rates for individuals remain unchanged except, and surcharge on all LTCG to be capped at 15 percent.

Key changes - Corporate taxation

No change in the Tax rate card

– The existing slab to continue

Existing Tax rates

Corporate structure	Income up to ₹1 Crores		Income above ₹ 1 Crores and up to ₹ 10 Crores		Income above ₹ 10 Crores	
(A)Domestic Company:	Regular Tax	MAT	Regular Tax	MAT	Regular Tax	MAT
Normal rate	31.2%	15.6%	33.38%	16.69%	34.94%	17.47%
Turnover up to ₹ 400 Crores in FY20-21	26.0%	15.6%	27.82%	16.69%	29.12%	17.47%
Withstand to avail tax incentives or exemptions	25.17%	Not applicable	25.17%	Not applicable	25.17%	Not applicable
New manufacturing company (set up on or after 1 March 2016) - Does not avail tax incentives/exemptions	26.0%	15.6%	27.82%	16.69%	29.12%	17.47%
New manufacturing company (set up on or after 1 Oct 2019) - Does not avail tax incentives/exemptions	17.16%	Not applicable	17.16%	Not applicable	17.16%	Not applicable
(B)Foreign company	41.6%	15.6%	42.43%	15.91%	43.68%	16.38%

*The rates includes surcharge and cess.

Taxation of -Virtual Digital Assets (VDA)

Definition

VDA has been defined to mean any information or code or number or token generated through cryptographic means or otherwise providing a digital representation of value which is exchanged with or without consideration, with the promise or representation of having inherent value or functions as a store of value or a unit of account and includes its use in any financial transaction or investment, but not limited to, investment schemes and can be transferred, stored or traded electronically. Non fungible token and any other token of similar nature are included in the definition

Key provisions

- Transfer of VDA to be taxable at 30%;
- No deduction/ allowance/ set off of loss will be available from income from transfer except for cost of acquisition
- Loss on transfer will neither be available for set off against any income nor available to be carried forward to subsequent years
- This amendment will be effective from 1 April 2023
- TDS to apply at 1% on transfer of VDA by resident
- No TDS required where consideration is less than INR 50,000 payable by 'specified persons' and INR 10,000 for others
- This amendment will be effective from 1 July 2022

Gift of VDA

- Gift of VDA will be taxable in hands of recipient
- This amendment will be effective from 1 April 2023

Virtual digital assets have been defined to include cryptocurrency, non-fungible tokens. Other digital assets to be notified by the central government

Incentives to IFSCs and Start-ups

Incentives for IFSC units

- Law currently provides for exemption of income from transfer of non-deliverable forward contracts entered into with OBUs set up in IFSC. FB 2022 now extends the benefit to income from transfer of offshore derivative instruments or over the counter derivatives entered into with such OBUs

- The current exemption of royalty or interest income received by a non-resident from a unit set up in an IFSC on account of lease of aircrafts will be extended to royalty or interest income on account of lease of ships as well. Consequently, similar benefit will be extended to unit in IFSC on gains from transfer of ships leased by a unit in IFSC, which under the current ITL provisions is available with reference to aircrafts

- Budget provides for an additional exemption in respect of income of a non-resident from a portfolio of securities or fund maintained with the OBU set up in IFSC, to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India.

- Further, budget now provides that premium on issue of shares in excess of fair value of shares issued to a specified fund set up in an IFSC will not be subjected to tax in the hands of the issuing company.

- These amendments will be effective from assessment year 2023-24.

Measures introduced to incentivise units in IFSCs

Extension of sunset clause for eligible start-ups and new domestic manufacturing companies by a year

Changes in assessment

Expanding Scope of New Reassessment Regime introduced

With effect from April 1, 2021, a new regime for reopening cases based on certain objective criteria, including information flagged by the Risk Management Strategy and final objections by the Comptroller and Auditor General of India, (CAG) was introduced in an effort to provide transparency and certainty to taxpayers. In addition, the new regime shortened the time limit for revisiting cases from seven years to four years from the end of the relevant fiscal year (extendible to 11 years in certain high-value cases involving income over INR50L representing in the form of an asset in a single year).

Budget now expands the scope of the New Reassessment Regime to cover cases as follows:

- All audit objections (including draft CAG objections) that the assessment is not in accordance with ITL;
- Based on Information received under international exchange of information agreement;
- Information which requires action in consequence of order or a court or Tribunal

Furthermore, the application of the 11-year extended limitation period is expanded to include fugitive income in excess of INR50 lakhs in the form of any expenditure on a special occasion or event, or an entry in the books of accounts. The tax authority is also authorised to examine each of these impacted years if the investment in asset/ expenditure on occasion or event is INR50L but spread over more than 1 year (within the block of 11 years).

Within the New Reassessment Regime, FA 2021 also includes incidents involving search and seizure that began after April 1, 2021. In this regard, it was stated that in cases involving search/seizure, the satisfaction of the aforementioned objective requirements was not required. In such circumstances, income was deemed to have eluded assessment for three years prior to the start of the search or seizure, allowing the tax office to proceed with the assessment process.

- Now, Budget has extended such deeming provision beyond 3 years to cover all the 10 years for reassessment.
- This amendment will be effective from 1 April 2022.

Faceless assessment

Existing procedure of the Faceless Assessment Scheme has been amended to streamline the process and resolve various issues. Key changes are

- This scheme will be applicable to reassessment proceedings.
- 15 days time limit to file a reply to initial notice changed to date specified in the notice.
- Power to initiate special audit granted.
- Prior approval not required for personal hearing through video conferencing/video telephony.

Other key changes

Corporate Tax deduction

- It has been clarified that the rules for disallowing expenditures connected to exempt income will apply even if no exempt income has accrued, arisen, or been received during the year.
- To provide that the conversion of interest payments into a debenture or other instrument is not deemed actual payment and hence is not eligible for deduction.
- It is clarified that no deduction will be permitted for expenses incurred for the purpose of committing an offence, compounding an offence, or offering any advantage or perquisite to a person whose acceptance of such benefit or perquisite breaches any law.

Treatment of cess and surcharge

- It is clarified with retrospective effect from FY 2004- 05 that “tax” includes surcharge or cess and is not an allowable business expenditure

Withdrawal of concessional tax rate on dividend from specified foreign companies

- With effect from FY 22-23, concessional tax rate of 15 percent on dividend received by Indian companies from specified foreign companies has been withdrawn

Onus to prove unexplained cash credits

- Explanation by taxpayer of the nature and source of loan or borrowing or other liability would be considered satisfactory, only if the source of such fund is explained in the hands of the creditor (exception provided for a few SEBI-regulated entities)

Other key changes

Charitable Trusts

In order to rationalize the provisions relating to trusts and institutions by ensuring effective monitoring and implementation, bringing consistency and providing clarity on taxation, certain amendments have been proposed

- Mandatory requirement to maintain the books of accounts in the prescribed format and manner.
- Penal provisions to discourage the misuse of funds of the trust and institution.
- Uniform applicability of the conditions relating to accumulated income and taxability in case of non-application.
- Taxability in the hands of trusts and institutions in case any income or property of the trust or institution has been applied unreasonably for the benefit of specified trustee or persons.
- Uniformity of provisions in case of dissolution/ voluntary wind up/merger of a charitable trust and institution.
- Mandatory filing of return in order to claim deductions.
- Allowability of expenses in case exemptions are denied due to prescribed violations
- Clarification on the process of approval or cancellation of trust and institution where the PCIT/CIT may, after affording a reasonable opportunity of being heard, cancel the registration of the trust/ institution if it has committed any of the specified violation. Such order can be passed in writing within six months from the end of the quarter in which first notice has been issued.

Cooperative Societies

- It is proposed to reduce the rate of AMT applicable on cooperative societies from 18.5% to 15%
- Surcharge applicable to cooperative societies having income of INR 1 crore to INR 10 crore is proposed to be reduced to 7% from existing 12%. The reduced rate will also apply for computing TDS on payments made to non-resident cooperative societies

Other key changes

Option to file updated tax return

The budget proposes to allow a taxpayer to file an updated tax return within two years from the end of the relevant AY where any income has been under reported on payment of additional tax at:

– -25% of aggregate tax and interest if the updated return is filed within 12 months.
– -50% of aggregate tax and interest, if updated return is filed beyond 12 months.

Goodwill

Reduction of goodwill from block of assets to be considered as transfer, applicable retrospectively from 1 April 2021

Set-off of losses disallowed against undisclosed income

Brought forward loss or unabsorbed depreciation cannot be set-off against undisclosed income detected during search or survey proceedings

Litigation reduction

Filing of departmental appeal in a particular case shall be deferred if an appeal is pending on an identical question of law before jurisdictional High Court or the Supreme Court.

-Decision to defer will be subject to taxpayer's acceptance.
-Procedure to be adopted in such cases shall be announced in due course.

Other key changes

TDS on benefit or perquisite

- Provision of benefits or a perquisite exceeding INR 20,000 to a resident during a financial year (in the course of business or profession) to be subjected to TDS at the rate of 10 percent.
- Where cash part is inadequate to cover TDS liability, the provider of the benefit or perquisite needs to ensure that the tax has been paid by the recipient of the benefit or perquisite.
- The provisions do not apply to certain individuals or HUF.
- This amendment will take effect from 1 July 2022

Penalty and prosecution

- Effective 1 April 2022, the penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections, etc., has been enhanced from INR 100 per day to INR 500 per day.
- The prosecution provisions for second and subsequent offences for failure to pay TDS has been proposed to be extended for TCS provisions.

Transfer pricing

- The timelines to issue direction for the application of the faceless assessment scheme to TP assessments and DRP proceedings have been extended to 31 March 2024
- The revision of orders under section 263 has been expanded to cover TP order specifically
- Fresh TP order, pursuant to the setting aside or cancelling of the assessment by the ITAT or by the revision under section 263, shall be issued within nine months from the end of the financial year in which the ITAT order is received or revision order under section 263 is passed
- The AO shall give effect to the fresh TP order within two months from the end of the month in which such fresh TP order is received

Coverage of faceless assessment scheme for TP assessments and DRP has been extended to 31 March 2024

Other key changes

TDS/ TCS on non filers at higher rates

- FA 2021 introduced provisions for higher rate of TDS/TCS for a specified person, i.e., non filers of tax returns for two years.
- The definition of specified person has been amended to provide that a "specified person" means a person (excluding non-residents who do not have a PE in India) who has not **furnished** income-tax return in the **previous year (as against the earlier requirement of two years) preceding the financial year** in which tax is required to be deducted/ collected, for which, the time limit for furnishing of original return has expired and the aggregate of TDS and TCS is INR 50,000 or more.
- Some exclusions such as TDS on transfer of certain immovable property and rent by individual or HUF have been introduced.

Indirect Tax Proposals

- Key changes in –Goods & Service Tax (GST)
- Key changes in -Customs
- Key changes in –Central Excise
- Other key changes

Goods & Service Tax

Time limit for events

- **Time limit for ITC availment:** Statutory time limit for availing ITC extended to 30 November from the current time limit of due date of September return
- **Time limit for issuance of credit notes:** Statutory time limit for issuing credit notes extended to 30 November
- **Payment of tax by vendor**: Self-assessed ITC availed in return to be reversed, along with interest where tax is not paid by the supplier; re-availment permissible in cases where a supplier is paying tax

With the new section 38 and scrapping of sections 42, 43, and 43A of the CGST Act, the two-way communication process in return filing shall no longer prevail; no credit availment on a provisional basis

ITC availment solely on GSTR-2B

Refund procedures

- Time limit for refund of taxes paid on procurements by specified persons extended from six months to two years from end of relevant quarter.
- Scope of withholding of or recovery from refunds extended to all types of refunds.
- Clarity provided regarding relevant date for filing refund claim for SEZ supplies to be the due date of filing statement of outward supplies.

GST Returns

- GSTR-1 not allowed to be filed where returns of any past tax period has not been furnished
- Rectification of already filed GSTR-1/3B extended to 30 November
- Filing of GSTR-1 pre-condition to file GSTR-3B

GST proposals introduced with an aim to facilitate ease of doing business and checking tax evasion

Cancellation of GST registration on non-filing of returns

- **For composition dealers**: Where the return required to be filed annually is delayed beyond three months from the due date of furnishing of the said return
- **For others**: When there is a delay for a "continuous tax period" as maybe prescribed; earlier it was six months

Customs

Widening of scope of 'proper officer'

- Definition of term 'proper officer' under the customs law proposed to be widened, retrospectively, to include DRI and other officials appointed by the CBIC.
- Such officers can be assigned powers/ responsibilities basis various criteria (specific to industry, goods or class of persons).
- Two or more officers of Customs can concurrently exercise same powers and functions.

Rationalisation of advance ruling provisions

- Time-limit for withdrawal of application changed from 30 days to anytime before the pronouncement of ruling.
- Ruling to be valid until there is change in laws/facts or for a period ofthree years, whichever is earlier.

Protection of import/export data

Unauthorised disclosure of import/export data to attract penalty up to INR 50,000 and/or imprisonment up to six months

Rationalisation of customs duty rates on specified Goods

Changes in product-specific customs duty rates to ensure:

- Level playing field to domestic manufacturing industry, MSMEs, etc.
- Reduction of cost of inputs and correction of inverted duty structure.

Phasing out customs exemption

Around 350 exemption entries are being withdrawn.
Around 40 exemptions related to capital goods and project imports are proposed to be gradually phased out in due course

Customs duty rates have been further rationalised, and duty exemptions have been removed, in order to:

- Restrict imports to only critical raw materials not available or are in short supply in India.
- Encourage domestic manufacturing of goods.

Central Excise & others

Increase in abatement rates on RSP for specified products

RSP abatement for pan masala containing tobacco and chewing tobacco has been increased from 50% to 55% (effective 2 February 2022

Additional excise duty on Diesel and petrol

Additional basic Excise duty of INR 2 per litre imposed on unblended petrol and diesel sold as-is to retail consumers to be imposed (effective 1 October 2022).

New law replacing the existing one proposed

Revamping of existing SEZ law to be carried out with focus on following key aspects

Involvement of state governments as partners in the revamp and development process. However, the extent and manner of their involvement is yet to be clarified.

- Fully IT driven structure in partnership with Customs Administration provisions through ICEGATE portal for enhanced automation and faceless mechanisms.
- Risk-based verification approach instead of the existing comprehensive checking approach

The proposed changes to SEZ legislation are likely to improve current SEZ infrastructure while also attracting new participants.

Existing SEZ developers/units would also benefit from various assistance initiatives to help them overcome operational issues.

Policy updates

- Digital push to financial services
- Ease of Doing Business (EODB) 2.0
- Impetus to infrastructure
- Other policy updates

Digital push

Setting up digital banking units (DBUs)

Seventy-five DBUs to be set-up in 75 districts of the country by Scheduled Commercial Banks

Introduction of Digital currency

RBI to introduce Digital Rupee in the form of CBDC
RBI Act to be amended to include definition of "bank notes" which will comprise physical as well as digital form of currency. This is to facilitate issuance of digital rupee in the form of CBDC in FY22-23

GIFT- IFSC

To facilitate availability of high-end human resources for financial services and technology, foreign universities and institutions in the GIFT City to be allowed to offer the following courses, which will be free from domestic regulations except those prescribed by IFSCA:

- Financial Management
- FinTech
- Science
- Technology
- Engineering
- Mathematics

Post office upgrade with core banking system

1.5 Lakh post offices to come under core banking system enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs and provide online transfer of funds between post office accounts and bank accounts,

Ease of Doing Business

Insolvency Law

Necessary amendments in the Insolvency and Bankruptcy Code to be carried out to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution

Centre for Processing Accelerated Corporate Exit (C-PACE) to be established to facilitate and speed up the voluntary winding-up of companies

National Generic Document Registration System

National Generic Document Registration System (NGDRS) to be integrated with the 'One-Nation One-Registration Software' for uniform process for registration and 'anywhere registration' of deeds & documents.

Infrastructure

SEZ Law set to replace

The Special Economic Zones Act to be replaced with a new legislation to cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports

Widening infrastructure sector

Data Centres and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems to be included in the harmonized list of infrastructure

PM Gati Shakti

- Under Gati Shakti national master plan for creating world-class modern infrastructure and logistics for movement of goods and people
- seven engines–roadways, railways, airports, ports, mass transport, waterways, and logistic infrastructure with road transport to expand by 25,000 km in FY22-23 using innovative financing
- Engines supported by – energy transmission, IT communication, bulk water and sewerage, and social infrastructure
- Approach powered by – clean energy with the coordinated efforts by state governments, central government, and the private sector.
- Data exchange will be driven under a Unified Logistics Interface Platform to increase efficiency

Other policy updates

Affordable housing

Collaboration between the central and 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

Drone-start-ups

- Start-ups to be promoted to facilitate 'Drone Shakti' through varied applications and for DrAAS
- Required courses for skilling to be started in select industrial training institutes in all states

Healthcare

National Digital Health Ecosystem to be rolled out which will be an open platform consisting of digital registries of health providers, health facilities, unique health identity, consent framework, and universal access to health facilities

E-passport

e-passports using embedded chip and futuristic technology to be rolled out to enhance convenience for the citizens in their overseas travel

Green Bond

To mobilise resources for green infrastructure and reduce the carbon intensity of the economy, green bonds to be issued

Impact analysis- Industry

- Auto
- Metal & Mining
- Healthcare & Pharma
- Real Estate
- Agri & Allied
- technology
- Aerospace & defense

Auto

Proposal

The finance minister has announced a new battery swap policy to encourage electric vehicle (EV) adoption. The government also proposed to open up defence research and development (R&D) to private players for auto component development

Impact

- The new policy measures for electric vehicles are expected to accelerate their uptake. The general capex drive through PLIs, as well as the extension of the corporate tax rate concession (@15%) window for new manufacturing firms, are anticipated to have a favourable impact.
- This policy is also expected to encourage private sector to develop sustainable and innovative business models for 'Battery or Energy as a Service'

Metal & Mining

Proposal

- The PM Gati Shakti National Master Plan announced with an aim to making logistics connectivity seamless. The national highways network will be expanded by 25,000 km, with an outlay of ₹20,000 crores via financing. A scheme for expressways will be formulated to facilitate faster movement of people and goods. Railways will develop new products and logistics services for small farmers, and small and medium enterprises.

Impact

Proposed capital expenditure under various proposed measures is likely to drive demand in the cement, steel, and mining sectors

Health care & Pharma

Proposal

With the launch of the Ayushman Bharat Digital Mission in Budget 2022, the government has taken a step toward ensuring universal access to healthcare for all Indian citizens in the long run.
However, no regulatory changes have been made to allow for private participation, which would help to build the entire healthcare infrastructure and increase access to healthcare services.

Medical devices imported by international organisations and diplomatic missions have been exempted from health cess.

Impact

- The government has prolonged the benefit of a low-tax environment for manufacturers. The pharmaceutical industry has also been identified by the government as one of the "sunrise opportunity" industries that will benefit from future supportive measures, among other things.
- The government, on the other hand, ignored industry's long-standing desire for incentives to encourage research and development so that India might go from being a marginal innovator to a worldwide player in novel medications.
- PLI push will make India integral part of the global supply chain and create job opportunities. It will also attract global players in the Indian pharma and medical devices manufacturing

Real Estate

Proposal

Capping of surcharge at 15 percent for all LTCGs for individual, HUF, AOP, BOI, or any artificial juridical person.

finance minister announcing the allocation of ₹48,000 crore under the Pradhan Mantri Awas Yojana. Around 8 million houses are expected to be completed by 2023 across the country.

Impact

- will result in a lower effective tax on transfer of real estate classified as long term in nature.
- Announcements like enhancing the PM Gati Shakti scheme and increased infrastructure spending look positive and are likely to corroborate growth in the long term. The digitisation of land records, emphasis on urban planning, and the affordable housing scheme to build 80 lakh homes are other significant measures announced by the Finance Minister

Agri & Allied

Proposal

The government will promote the use of 'Kisan Drones' for crop assessment along with chemical-free farming. National Bank for Agriculture and Rural Development (NABARD) will finance start-ups for agriculture and rural enterprises and these start-ups will include inter-area support for farmer-producer organisations, machineries for farmers on a rental basis at the farm level and technology including invitee base.

Impact

- Delivery of digital and hi-tech services to farmers in PPP model
- Leasing business for equipment
- Produce oilseeds and reduce import
- Concessional custom duty

Technology

Proposal

- Blockchain-enabled digital currency will be issued by the Reserve Bank of India starting 2022-23. The government is promoting digital economy, digital health eco-system and e-passport, amongst others to drive India's growth
- impetus on electronics manufacturing
- Start-ups are to be promoted to facilitate 'Drone Shakti' through various applications and to promote drone-as-a-service

Impact

The significant push to building digital infrastructure and digitisation across both the private and public sector. In addition, the proposed investments in harnessing new technologies such as analytics, Block Chain, artificial intelligence (AI) and machine learning (ML) will further create new opportunities for the sector and act as a catalyst to the industry's efforts of being an intellectual tech hub for global markets

Setting up of the AVGC promotion task force is likely to lead to timely efforts that will help scale up the entertainment and media sector to realise the supply-side opportunities it presents to India

Aerospace & Defense

Proposal

- The total defense budget is INR 3,853.7bn denotes an increase of 11% compared to the FY 2021–22 budget (4.6% compared to the revised estimate for FY 2021–22).
  -The capital budget has increased by 12.8% and the revenue budget by 9.9%.
  -There is a 10.4% growth on the budgeted estimate for capital expenditure on equipment modernisation.
- Of the capital procurement budget, 68% is earmarked for the domestic industry, up from 58% last year.
- Of the defense R&D budget, 25% is earmarked for the industry, start-ups and academia
- There is a focus on sunrise opportunities: artificial intelligence, geospatial systems and drones,
  semiconductors and their ecosystem and space economy

Impact

- opportunities for indigenized defence manufacturing
- Defense R & D

What does Budget 2022 mean for your business?

Write back to us on bangalore@drcc.co.in

DOLPHY RONALD CARLO & CO LLP

About Us

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