

Union Budget FY 2022-23

Opportunities for Canadian Investors



INVEST INDIA
NATIONAL INVESTMENT PROMOTION
& FACILITATION AGENCY

Snapshot



- **India remains fastest growing major economy:** GDP growth 9.2% in FY 2021-22.
- **Strong tax collection:** Gross monthly GST collections have crossed INR 1 lakh crore consistently since July 2021.
- **Fiscal deficit: estimated** 6.4% for 2022-23. Government spending to lead in infrastructure development.
- **Ease of Doing Business 2.0:** Built on digitisation, integration between centre and states, single point access and standardisation.
- **Atmanirbhar Bharat:** encapsulates spirit of boosting domestic manufacturing capabilities, building supply chain resilience and making India a nodal point in global supply chains.
- And paves the way for **Amrit Kal:** 25 years leading up to India@100 to achieve the vision of:

All-inclusive development:
macro-level growth focus complements micro-economic growth and welfare.

Technology enabled development:
digital economy, fintech, energy transition and climate action.

Building virtuous cycle of investment:
public capital to crowding-in private investments.



The Four Pillars of the Budget

PM Gati Shakti

- Seven engines of economic transformation identified: roadways, railways, waterways, airports, ports, mass transport and logistics infrastructure.
- Masterplan for Expressways: 25,000 km national highways in FY 2023.
- Four multimodal logistic parks to be awarded through PPP in 2022-2023.
- Heightened focus on infrastructural development.

Inclusive Development

- Focus on chemical-free farming and agri-tech services .
- Affordable housing for all.
- Further development of lagging blocks in aspirational districts.
- Universalisation of education through digital learning ecosystem.
- Setting up of Digital Banking Units (DBU) in 75 districts.
- Post offices to be integrated in the country's core banking system.

Productivity Enhancement and Investment, Sunrise Opportunities, Energy Transition and Climate Action

- Central and state level systems to be merged via IT bridges.
- Establishment of centre of excellence in urban planning.
- Battery Swapping Policy in urban areas.
- Solar PLI expanded.
- Enhanced support to 5G under PLI scheme.
- Issuance of chip embedded e-passports for seamless travel.

Financing of Investments

- Expanded capital expenditure.
- High public spending to foster infrastructure projects.
- Sovereign green bonds to be issued to mobilise resources for green infrastructure.
- Measures to be introduced to aid venture capital and private equity investment.

PM Gati Shakti



Infrastructure

FDI: 100%

In the Budget

- **PM Gati Shaki Masterplan** to inspire seamless multimodal connectivity, logistical efficiency and infrastructure development.
- **Highways:** INR 20,000 crore allotted for network expansion of 25,000 KM in 2022-23.
- **Railways:** 'One Station, One Product' to create an efficient logistics framework for farmers and other enterprises to market regional products to a wider audience.
- **400 new** Vande-Bharat Trains for energy efficient railway networks throughout the country.
- **Logistics:** Four multimodal logistics parks to be set up in 2022-23 under PPP mode.
- **Unified Logistics Interface Platform (ULIP):** Provide for efficient movement of goods through different modes.

Opportunities for Investors

- One Station, One Product gives startups an opportunity to present their niche products.
- Investments in integrating postal service and railways networks in a single window system will improve connectivity and enhance productivity.
- Replacement of Special Economic Zone Act, 2005 with new legislation that enables states to become partners in "**Development of Enterprise and Service Hubs**" will create room for private investment in infrastructure development.



Real Estate

FDI: 100%

In the Budget

- **Affordable housing:** INR 48,000 crore will be allocated under the Pradhan Mantri Awas Yojana.
- 80 lakh houses are expected to be completed across the country by 2023.
- **Futuristic cities:** INR 250 crore for development of five academic centers of excellence to develop India specific knowledge, improve urban planning and foster real estate development in tier 1 and tier 2 cities.
- **National Ropeways Development Programme:** to boost connectivity and convenience in hilly areas; under PPP mode.

Opportunities for Investors

- Reduced time for obtaining construction approvals to ease market entry of investors.
- Focus on sustainable urban development to create incentives for allied segments, cement, tiles and other construction material.
- **INR 2,400 crore** allocated to tourism sector; INR 1,644 crore earmarked for developing infrastructure for tourism real estate.
- Extension of ECLGS to hospitality and allied industries till March 2023 with an additional corpus of INR 50,000 crore to help sector recovery as pandemic flattens.

Inclusive Development

Agri-Tech and Food Processing

FDI: 100 % in food products
retail trading under
government route



In the Budget

- Develop and deploy **digital and hi-tech services** to farmers through PPP mode.
- Stimulate use of '**Kisan Drones**' for crop inspection, digitisation of land records, spraying of insecticides and nutrients.
- Create a 2,500 KM long **Natural Farming Corridor** along the Ganga.
- NABARD to set up '**New blended Fund**' to finance start-ups for agriculture and rural enterprises.
- Ken Betwa river linking project will provide irrigation benefits to **9.08 lakh hectares of farm land**, drinking water supply for 62 lakh people, 103 MW of Hydro, and 27 MW of solar power.

Opportunities for Investors

- Push to agri-tech has created incentives for rapid innovation funded by private capital.
- Expected boost to agri-value chains will result from enhanced labour productivity and yield, boosting India's export potential.
- Emphasis on sustainable and chemical free farming has created potential for adoption of IoT.
- Investors can benefit from 22 Mega Food Parks already operational across the country.



Education

FDI: 100%

In the Budget

- **E-Vidya:** 'One class one TV Channel' 200 TV channels to provide supplementary educational content through televisions in all regional languages.
- **Digital university** to be built on a hub and spoke network model to provide world class quality and personalised learning.
- **Skilling, reskilling and upskilling:** DESH-Stack e-portal for needs of the youth.
- **E-content** to be created and delivered in regional languages through digital teachers.
- **750 virtual labs, 75 skilling e-labs** will create crucial critical thinking skills and give space for creativity in vocational courses.

Opportunities for Investors

- Virtual content creation, video conferencing and virtual planning offer startups and other enterprises an opportunity to take Indian learning online.
- Opportunity to indigenize teaching and learning content in India and grow user base on ed-tech platforms.
- Emphasis on creating a generation of skilled youth capable of answering tomorrow's questions.
- Opportunity for universities and higher education institutions to collaborate with Indian institutions, especially in content creation

Financial Services

FDI: 100% automatic for private banking and 100% government for public



In the Budget

- **Digital Rupee:** The RBI will introduce digital rupee to boost digital economy, create a more efficient and cheaper currency management system.
- **Financial inclusion:** 1.5 lakh post offices to be connected to the core banking system.
- Set up **75 Digital Banking Units (DBUs)** in 75 districts by Scheduled Commercial Banks.
- Amend **Insolvency and Bankruptcy Code** to address faster resolution and cross border insolvency.
- Build **digital health eco-system** to boost health insurance penetration.

Opportunities for Investors

- Focus on digital banking and digital payments captures scope for growth in sector, to be captured by greater private sector participation.
- **IFSC-GIFT City:** Granted income-tax exemption to foreign investors in Overseas Direct Investment (ODI) and OTC derivatives, written by an OBU.
- GIFT City to allow foreign universities to offer courses, promoting skill and talent building.
- Tax exemptions for foreign investors appointing a fund manager in GIFT City.

**Productivity Enhancement and
Investment, Sunrise Opportunities,
Energy Transition and Climate Action**



Automotive

FDI: 100%

In the Budget

- **Battery Swapping Policy** and inter-operability standards to be pursued to enhance uptake of EVs.
- Increase uptake of **EV in public transport** to encourage clean and sustainable mobility.
- Introduce special mobility zones with **zero fossil fuels policy** in urban centres.
- Government proposed to **open R&D** in defence for auto component development to private players.
- Prioritise **blended fuel** by imposing additional excise duty of INR 2/litre on unblended fuel from October 2022.

Opportunities for Investors

- Public transport and government fleet adoption of EVs to boost consumer demand.
- Growth of EV segment to encourage supply diversification and generate private capital in manufacturing of EVs and its components.
- Expansion of public transport systems in metros to incentivise private capital influx.
- Income tax concession extended by 1 year till 31 March 2024. Will provide new manufacturing units an extended window to set up new domestic manufacturing facilities.
- Private players encouraged to develop sustainable and innovation-based business models that can provide '**Battery or Energy as a Service.**'



Climate Action

In the Budget

- Issuing of **Sovereign Green Bonds** to finance decarbonisation projects.
- **Blended Finance** of private and government capital (limited to 20 per cent) managed by private fund managers.
- Encourage **climate action, deep-tech, digital economy, pharma and agri-tech.**
- Serving global capital for **sustainable and climate finance** through dedicated facility in GIFT City.
- Four pilot projects **for coal gasification** and conversion of coal into chemicals will be set up in 2022-2023 to evolve technical and financial viability.

Opportunities for Investors

- Increasing scope for private capital to lead India's decarbonised growth and help it fulfil COP26 commitments.
- Infrastructure growth to be amalgamated with renewable energy expansion.
- Investment in circular economy will enhance productivity and create opportunities for new businesses, big and small.
- New green infrastructure opens space for climate technology startups to innovate and lead adaptation efforts.



Energy

FDI: 100%

In the Budget

- **Manufacturing:** Allocation of **INR 19,500 crores** for expansion of PLI for solar modules.
- **Capacity building:** By 2030, **500 GW** of installed non-fossil capacity will be installed.
- **Standardisation:** Energy efficiency standards for large commercial buildings.
- **Digital infrastructure and energy storage:** Data centres and energy storage systems will be included to the unified infrastructure list.
- **Thermal plants:** Mandated 5 to 7 % of biomass pellets to be co-fired in thermal power plants pellets to save 38 MMT of CO₂ annually.
- **Decentralised RE generation** to be promoted under Vibrant Villages Programme.

Opportunities for Investors

- India's RE industry is on an upward trajectory; investors can benefit from ambitious targets and manufacturing incentives.
- The gradual shift from coal to renewables opens the space to innovation and R&D.
- Solar parks across the country have combined generation capacity of 20,000 MW; low tariffs can foster expansion and grid integration.
- A government policy on hydrogen is expected to be released this month. It will further the focus on climate action, energy transition and sustainability put forth in the budget.



IT & Telecommunications

FDI: 100%

In the Budget

- **5G:** spectrum auction to be held in 2022. Proposed PLI scheme for design manufacturing ecosystem to build strong 5G ecosystem.
- **Optical fibre:** All villages to be connected by 2023. Contracts to be awarded in PPP mode with BharatNet.
- **Drones:** “Drone Shakti” to facilitate development by startups for DrAAS.
- Panel would be set up to promote audio-visual and gaming (AVGC) sector.
- **Enabling affordable broadband and mobile service:** allocation of 5% of annual collections through Universal Service Obligation (USO) fund.

Opportunities for Investors

- 5G rollout to help increase tele-density, enhance Digital India campaign to promote extension of key citizen services.
- Incentives to further India’s domestic ESDM sector, an already established strength.
- Supportive policies allow India to take the lead in emerging technologies like drones.
- Competition to increase with heightened focus on digitisation in education, healthcare, finance.
- R&D related USO funds to support ‘Make in India,’ help indigenous niche players build up technologies around Open Radio Access Networks and private networks.



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