



## Budget 2022-23 Highlights: Financing of Investments

**For Prelims:** Budget 2022-23 highlights, Green Bonds, Gujarat International Finance Tec-City (GIFT City).

**For Mains:** Budget 2022-23, Central Bank Digital Currency (CBDC) and related issues, Issue of Public Finance.

### Why in News?

Recently, the Finance Minister presented the **Union Budget 2022-23**.

- One of the Priority Areas is '**Financing of Investments**'.

### What is in the Budget related to Financing of Investments?

- **Public Capital Investment:**
  - Outlay for capital expenditure **stepped up sharply by 35.4% to Rs. 7.50 lakh crore in 2022-23** in comparison to the current year. Outlay in 2022-23 to be **2.9% of GDP**.
  - The '**Effective Capital Expenditure**' of the Central Government is estimated at **10.68 lakh crore in 2022-23**, which will be about **4.1% of GDP**.
    - Capital expenditure is the money spent by the government on the development of machinery, equipment, building, health facilities, education, etc. It also includes the expenditure incurred on acquiring fixed assets like land and investment by the government that gives profits or dividends in future.
- **Green Bonds:** As a part of the government's overall market borrowings in 2022-23, **sovereign Green Bonds** will be issued for mobilizing resources for green infrastructure.
- **GIFT-IFSC:**
  - **World-class foreign universities and institutions** will be allowed in the **Gujarat International Finance Tec-City (GIFT City)** to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations, except those by **International Financial Services Centre Authority (IFSCA)** to facilitate availability of high-end human resources for financial services and technology.
  - An **International Arbitration Centre** will be set up in the GIFT City for timely settlement of disputes under international jurisprudence.
  - **Services for global capital for sustainable & climate finance** in the country will be facilitated in the GIFT City.
- **Infrastructure Status: Data Centres and Energy Storage Systems** including dense charging infrastructure and grid-scale battery systems will be included in the **harmonized list of infrastructure**.
- **Venture Capital and Private Equity Investment:** The government will form **an expert panel** to encourage venture capital and private equity investments.
  - Venture Capital and Private Equity invested more than 5.5 lakh crore last year facilitating one of the largest **start-up** and growth ecosystems.
- **Blended Finance for Sunrise Sectors:** For encouraging important **sunrise sectors such as**

**Climate Action, Deep-Tech, Digital Economy, Pharma and Agri-Tech**, the government will **promote thematic funds for blended finance** with the government share being limited to 20% and the funds being managed by private fund managers.

- Government backed Funds [National Investment and Infrastructure Fund \(NIIF\)](#) and SIDBI Fund of Funds have provided scale capital creating a multiplier effect.
- **Digital Rupee:** Government will introduce [Digital Rupee](#), using [blockchain](#) and other technologies, to be issued by the **Reserve Bank of India starting 2022-23**.
- **Financial Assistance to States for Capital Investment:**
  - The outlay for the [‘Scheme for Financial Assistance to States for Capital Investment’](#) is being enhanced from Rs. 10,000 crore in Budget Estimates 2021-22 to Rs. 15,000 crore in Revised Estimates 2021-22.
  - **For 2022-23**, the allocation is **1 lakh crore** to assist the states in catalysing overall investments in the economy.
    - These fifty-year interest free loans are over and above the normal borrowings allowed to the states.
    - This allocation **will be used for PM GatiShakti related and other productive capital investment of the states**. It will also include components for:
      - Supplemental funding for priority segments of [PM Gram Sadak Yojana](#), including support for the states’ share,
      - Digitisation of the economy, including [digital payments](#) and **completion of [Optic Fibre Cable \(OFC\) network](#)**, and
      - Reforms related to building byelaws, town planning schemes, transit-oriented development, and transferable development rights.
  - In 2022-23, in accordance with the recommendations of the [15<sup>th</sup> Finance Commission](#), the states will be allowed a **fiscal deficit of 4% of GSDP (Gross State Domestic Product) of which 0.5% will be tied to power sector reforms**.

**[Source: PIB](#)**

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