



MARKET BYTES

MUDRA FINANCE CLUB, AMITY BUSINESS SCHOOL
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Union Budget 2022 and the future of crypto currency in India.

The term 'Budget' is not mentioned in the constitution, it is referred as 'Annual Financial Statement'.

Article 112-117 deals in the constitution deals with the financial matters.

On February 1, 2022, Finance Minister Nirmala Sitharaman presented her fourth Budget. The Budget speech by Finance Minister Nirmala Sitharaman began at 11:00 a.m. in Parliament. This is the tenth Budget of the Narendra Modi government, and the second paperless budget considering the ongoing Covid-19 pandemic. India's economy is expected to grow at 9.2% in FY22, the highest among all large economies. In 14 industries, 60 lakh new jobs will be created under the productivity-linked incentive scheme. PLI Schemes have the potential to generate an additional Rs 30 lakh crore in revenue. The budget gives encouragement for growth along four goals as it enters Amrit Kaal, the 25-year countdown to India's 100th birthday. PM GatiShakti Productivity Enhancement & Investment for Inclusive Development, Sunrise Opportunities, Energy Transition, Climate Action, and Investment capitalization.



Industry Speak: Mr. Abhinav Anurag

This year's budget was special as after years of deliberation, India has taken a step closer to accepting cryptocurrencies, as the country strives to keep up with the global trend toward digital assets. The value of Bitcoin has risen. Finance Minister Nirmala Sitharaman indicated in her budget address on Tuesday that the Reserve Bank of India will launch its digital currency in April of this year. She also claimed that the country aims to tax gains from the transfer of virtual assets at a 30% rate, effectively putting an end to any questions about the legality of such transactions. Cash-dependent to take advantage of evolving technologies and make transactions more efficient, India has joined countries like China in adopting digital versions of their money. At the same time, despite the central bank's warnings about the dangers of money laundering, terrorist financing, and price volatility,

cryptocurrency traders may be put off by the high tax rate. Bitcoin jumped more than 2% from the day's low following the tax news. Despite suggesting a ban early last year, India currently lacks legislation governing virtual coin trading. Despite this, millions of Indians took advantage of the global market for digital assets. According to an industry research agency called Chain-analysis, the local market expanded by 641 percent in the year running up to June 2021, according to a report released in October. "Virtual digital asset transactions have skyrocketed". Sitharaman added. "Because of the magnitude and frequency of these transactions, a particular tax structure is required." According to the finance minister, the introduction of a digital rupee will result in more cost-effective and efficient currency administration. The Reserve Bank of India is working on a phased implementation strategy to reduce India's heavy cash dependency.

China has begun testing its central bank's digital currency in several locations, with the goal of making the digital yuan available to athletes and fans during the Beijing Winter Olympics, which begin this week. Both the US Federal Reserve and the Bank of England are looking into possibilities for their respective economies.

Other key aspects from the budget speech about crypto assets include:

- Losses incurred because of the transfer of digital assets cannot be adjusted against other income.
- All bitcoin transactions will be subject to a 1% source tax.
- Virtual asset gifts will be taxed in the hands of the recipient.

India will now join a small handful of countries that have developed their own cryptocurrency. This has far-reaching implications for the financial sector, and it highlights India's digital finance leadership. Even the US has yet to build its own CBC.

The CBC suggests taking advantage of blockchain's benefits right away, such as decreased opex and faster settlements. Before we can completely appreciate the implications, we must wait for all of the details to be published. On the other hand, virtual assets are now clearly taxed. At the very least, we know what to expect this year from tax filers. Individuals may have wished for lower LTCG taxes and the option to carry forward equity or house losses. This is, nevertheless, a start.

Many stakeholders, including investors and industry players, were anticipating the establishment of a tax policy framework in the Union Budget 2022, thus the federal government was eager to include cryptocurrency in the tax net. Crypto is now officially recognized, and investors will be taxed on the profits made from the sale of digital assets at a rate of 30%, the same as lottery and gambling winnings.



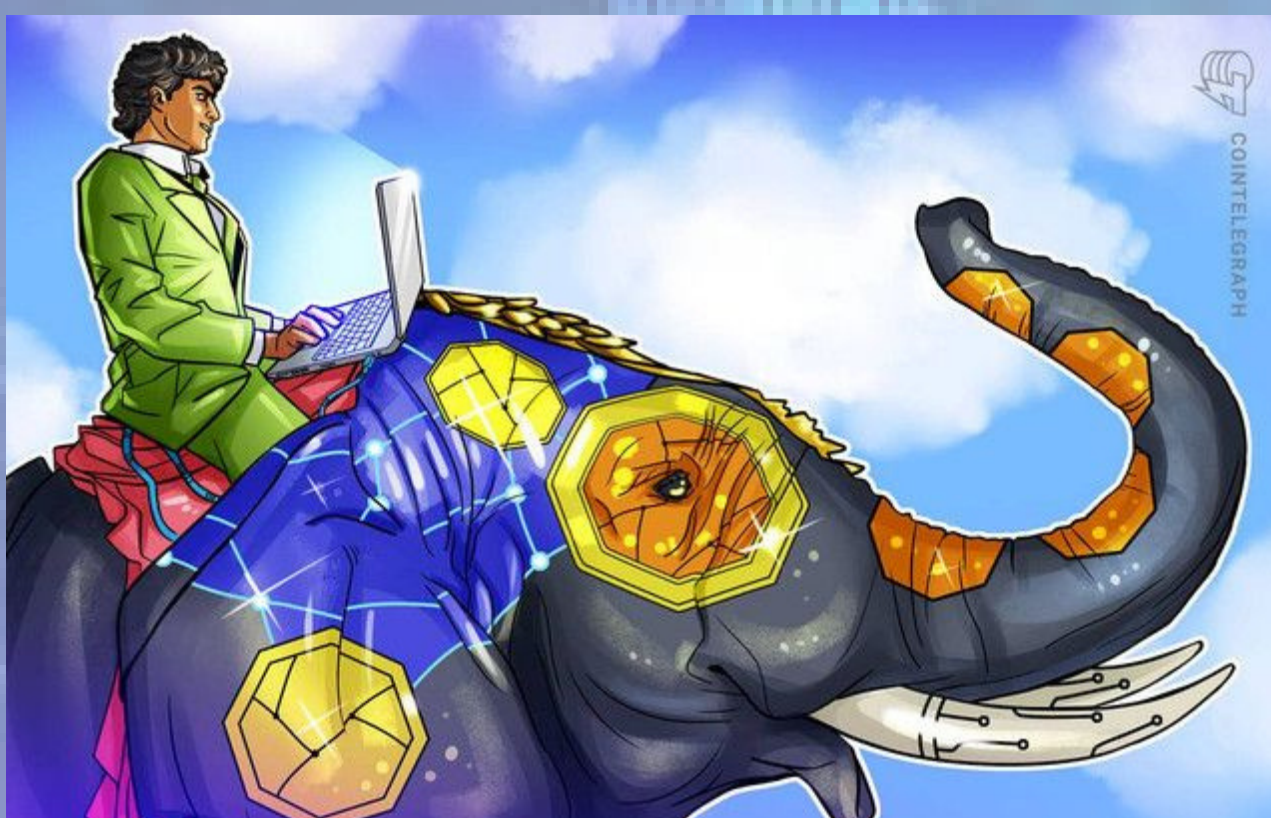
Now, there is no legislation that governs virtual currency. Despite the uncertainties, millions of Indians have already invested lakhs of rupees in the digital currency.

The number of transactions in virtual digital assets has skyrocketed in India. That is why the government developed a unique tax system.

The move to tax digital assets will be a huge setback for existing crypto investors in the coming fiscal year, and it may deter new crypto investments. According to industry estimates, India has 15 million to 20 million cryptocurrency investors, with a total crypto market capitalization of roughly Rs 40,000 crore. In the 2019 fiscal year, the decision to tax digital assets will be a big setback for existing crypto investors, and it may prevent future crypto investments.

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A cryptocurrency is a type of digital or virtual money that is represented by tokens or coins. The term "crypto" refers to the complex encryption that enables the creation and processing of digital currency as well as their transactions across decentralized platforms. The government is now drafting regulations to oversee the use of cryptocurrencies in the country.



The government's chief economic adviser, Sanjeev Sanyal, has stressed that cryptocurrencies must be approached in a balanced and thorough manner.

"Inside the administration, particularly in the Ministry of Finance, and even in Parliament, this is a source of disagreement. Because there are certain concerns regarding financial stability, the final decision will be based on a balanced viewpoint" he declared

The Reserve Bank of India (RBI) has raised "severe worries" about private cryptocurrencies, warning that they could lead to financial instability. Although government sources and industry experts have suggested that cryptocurrencies will be considered as digital assets in the future, the government has yet to specify whether it will accept them. Meanwhile, the RBI plans to create a new digital rupee based on blockchain technology in 2022-23. "The introduction of central bank digital money will be extremely beneficial to the digital economy. Currency administration will become more efficient and less expensive because of digital currency" According to the Minister of Finance". The future for digital currency seems bright.



Author's Profile: Abhinav Anurag

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Working Exp.: (Sept. 2021 – present)

Entrepreneurship and its effect in economy

Entrepreneurship is a wide phrase with many different definitions. Entrepreneurship, according to Harvard Business School's Howard Stevenson, is defined as the "pursuit of opportunity beyond resources held," implying some inventiveness in the approach to developing breakthroughs. Entrepreneurship is a broad term that refers to the process of launching a firm. For example, Harvard Business School's Howard Stevenson defines entrepreneurship as the "pursuit of opportunity beyond resources controlled," viewing it as a managerial approach rather than a specific time, such as when a company is founded, or a specific person within a company, such as its founder. While there are some complicating elements in the relationship between entrepreneurship, economic growth, development, and welfare, which are explored below, entrepreneurship has a significant impact on economic growth. It is not, however, a silver bullet, and as explained further below, larger economic conditions outside of entrepreneurship play a significant role in determining whether or not economic growth occurs. Entrepreneurial activities have compelled new social, political, and economic shifts, promising new opportunities.

Entrepreneurship and innovation are unquestionably important contributors to economic growth, and they are a major source of concern for policymakers.

2 Scholars, on the other hand, believe that entrepreneurship's economic growth potential is overestimated.



Entrepreneur Speak: Mr. Shubh Gupta

Entrepreneurial activity does not produce equal growth in all sectors of the economy. Despite the pervasiveness of innovation, entrepreneurs, and innovation ideology, studies of economic growth have pointed to an apparent paradox in which productivity growth has been "at best moderate in recent years." This is because, according to studies from the National Bureau of Economic Research, innovation affects industries in very different ways, having a significant impact on the growth of some sectors but not all. While the link between entrepreneurship and improved welfare is generally good, it is also convoluted.

Entrepreneurship can be classified as either "necessity entrepreneurship," which is motivated by a lack of other options, or "opportunity entrepreneurship," which is motivated by a perceived business opportunity. If entrepreneurial activity, such as necessity entrepreneurship, is a symptom that the economy isn't producing enough jobs or wage possibilities, it could be linked to weak economic growth or lagging economic development, according to experts.

The degree to which a country's economy has developed will determine whether entrepreneurship leads to increased economic growth. According to economist Zoltan Acs,

The correlation between economic growth and entrepreneurship appears to be U-shaped. Economic growth is inversely related to entrepreneurship in countries that are in the early or medium phases of economic development. In highly developed economies, the two are positively linked, a tendency that began in the second half of the twentieth century.

According to Acs' writings, industrialisation market economies in later stages of economic development, such as the United States and areas of western Europe such as Germany and Sweden, were able to benefit greatly from entrepreneurship in the twentieth century, fuelled by the decline in manufacturing and the shift to a service based economy.

Entrepreneurs and Social Progress

Many entrepreneurs have grown increasingly interested in the social ramifications of their economic activities as a result of growing concerns about sustainability, inequality, and social impact. The development of social consciousness among entrepreneurs, in particular, has resulted in several initiatives to utilise business to make the world more equitable and sustainable.

Since the 1950s, social entrepreneurship has grown in popularity. It refers to a type of entrepreneurship in which the goal is to generate a profit while also resolving societal issues. It has evolved into a method of advocating for social change within the contexts of social justice and entrepreneurship, but it is distinct from the traditional approach

Investment

Socially responsible investing (SRI) and environmental, social, and governance (ESG) criteria have promised to provide more socially conscious outcomes, particularly in terms of sustainability, while other initiatives aim to address the core causes of societal issues. Both, though, are not without controversy. Some investors, for example, are sceptical about ESGs, like Eiji Hirano, the former chairman of the board of visitors for Japan's Government Pension Investment Fund, who has warned of the risk these investments may provide. Commissioner Hester Pierce of the Securities and Exchange Commission has stated that requiring ESGs would be a violation of the agency's power and may "undermine financial and economic stability."



UNION BUDGET 2022-23

The Union Budget was presented by Finance Minister Hon. Nirmala Sitharaman on February 1, 2022. To begin, it was a paperless budget presented on a tablet made in India. The Union Budget for 2022-23 will lay the groundwork for India's economic growth and expansion over the next 25 years.

Second, it was a budget that placed a greater emphasis on capital expenditure. We can see the increasing importance of capital expenditure in the recent few years. Let's see what the government has planned for the upcoming financial year.

I have split the budget into 5 major heads. Let us see the allocation and proposals for each of the segment:

Ministry Allocation:

The budget for the Ministry of Rural Development has risen by 3.36 % to ₹135,944 crore. The budgetary allocation for the rural employment guarantee scheme is at ₹73,000 crore. The NREGA Sangharsh Morcha sought a budget allocation of Rs 3.62 lakh crore, the largest ever. The Union Budget for 2022-23 allotted ₹5020.50 crore to the Ministry of Minority Affairs. A total of ₹491 crores have been set aside for skill development and livelihood projects. The Union Budget 2022-23 has allocated ₹16,893 crore to the Ministry of Labour and Employment. The MSME sector has been allocated ₹21,422 crores for this year FY 22-23.



Alumni Speak: Ms. Ayushi Singh

Government Expenditure:

The Central Government's Capital Expenditure is estimated to be 10.68 lakh crore in 2022-23, or about 4.1 percent of GDP, when Grants-in-Aid to States for capital asset creation are factored in. The total expenditure in 2022/23 is estimated to be 39.45 trillion rupees which is much higher than the previous year budgeted expenditure.

The national highway network will be expanded by 25,000 kilometres in 2022/23, at a cost of ₹200 billion. ₹5.25 Lakh Crore Allocated for Defence Budget, 9.7% Rise Than Last Year.

Deficits:

India's fiscal deficit in the current year will rise to 6.9% and the estimated target is to cut it down to 6.4% in the next financial year. Many disinvestments from PSU have been initiated in order to raise funds and targets for the same are usually unrealistic.

However, the budgeted receipts from the disinvestments are set to an achievable target of Rs. 78,000 crore in the current fiscal year. This budget seeks to steer the economy from the slump induced by the pandemic, as it lays the foundation of growth in the coming 25 years. The total receipts realized during the current year stand at about ₹22.84 lakh crore while the expenditures amounted to ₹39.45 lakh crore.

In the next financial year, the CAPEX spending is to be increased to Rs. 7.5 lakh crore from ₹5.54 lakh crore i.e., about 35% increase. This is to accelerate the nascent economy's recovery. The central government's total capital expenditure is expected to be ₹10.86 lakh crore in 2022-23.

Digital Assets:

The Reserve Bank of India will launch a central bank digital currency in 2022-23, according to Union Finance Minister Nirmala Sitharaman. This is the first formal declaration from the Union government on the much-anticipated digital currency.

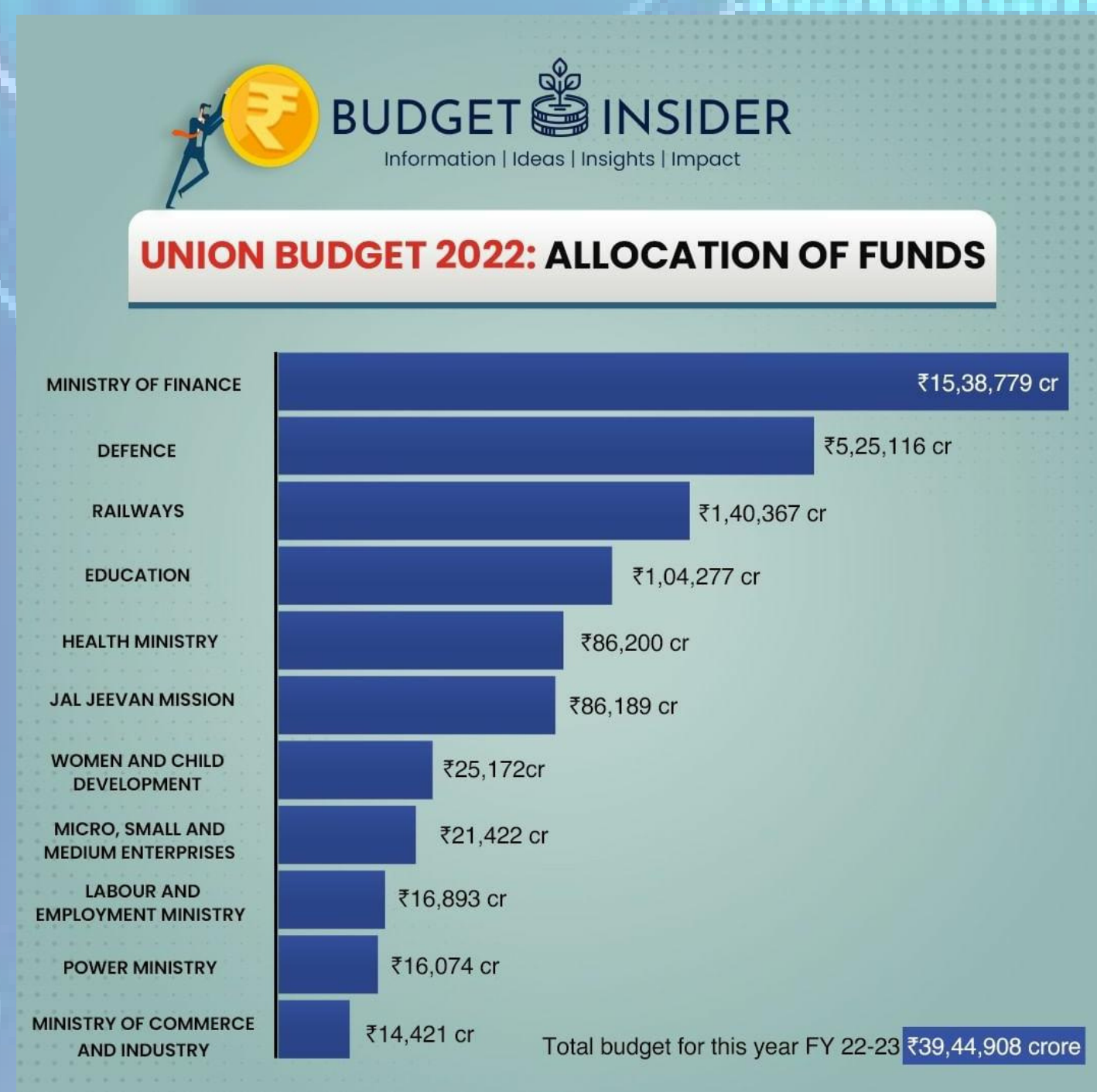
TDS @1% for transactions over and above a certain limit will be charged on crypto assets. Also, gifts in the form of crypto will be taxable in the hands of the recipient. Digital assets like cryptocurrencies will now be charged tax at a flat rate of 30% and no deductions except for the cost of acquisition shall be allowed. Also, there will no set off against any other income in case of losses.

In order to encourage investments in capital assets it has been decided that the surcharge on LTCG (Long Term Capital Gain) will be limited to 15%. Experts had conflicting feelings about this budget. There were high compliments for "Gati Shakti" and other capital expenditures, but there was a disconnect between middle-class expectations and budget estimations

The administration has focused more on the economic growth storey, and now that the economy has recovered, a bold budget with capital expenditure has become more of a need, which has been largely met.

Agriculture:

Kisan Drones for crop assessment, land records and spraying of insecticides would be promoted. Direct payments for minimum support price (MSP) to wheat and paddy farmers totalling ₹2.37 lakh crore. ₹44,000 crore to be spent on project connecting the Ken-Betwa rivers.



DIGITAL CURRENCY AND IT'S AFFECT



Student Speak: Ms. Khalida Aziz

It is stating the obvious that our economy is in the middle of a technological revolution. A new combination of new digital technologies and greater online activity allows huge volume of data to be collected, managed and telecommunicated. This has dramatically lowered the cost of many tasks. It resulted in powerful, hyper scalable applications that have disrupted the entire industries everything from taxis to print media.

The COVID-19 pandemic may have further accelerated the pace of digital change. The technological revolution has also reached the financial system and even the design of money itself. The first point of entry into finance is the market for money services which are foundational to every economic activity. Perhaps it is no surprise that we have seen a burst of digital innovation in payments including new digital payments offering by fintech startup, big techs and incumbents. Now digital currencies exhibits properties similar to other currencies but they do not have a physical form unlike currencies with printed bank notes and minted coins. The lack of physical form allows nearly instantaneous transactions over the Internet and removes the cost associated with that. You can receive, transfer or exchange digital currency with another currency. It is acquainted for and transferred using electronic codes in computer.

These are the cheapest methods to trade currency, like any other standard currency, digital currency are used to purchase goods and as well as pay for services. Digital currencies, and especially those which have an embedded decentralised payment mechanism based on the use of a distributed ledger, are an innovation that could have a range of impacts on various aspects of financial markets and the wider economy. These impacts could include potential disruption to business models and systems, as well as facilitating new economic interactions and linkages. In particular, the potential implications of digital currencies and distributed ledgers on retail payment services seem to be especially important, as these schemes have the potential to facilitate certain retail payment transactions (eg for e-commerce, cross-border transactions and person-to-person payments), and possibly make them faster and less expensive for end users such as consumers and merchants.

However, the implications for payment system efficiency are still to be determined, and potential risks may arise from the operation of these schemes. In addition, they may also raise a number of policy issues for central banks and other authorities. In the near term, the policy issues for central banks are likely to centre on the payment system implications.

However, should digital currencies and distributed ledgers become widely used (potentially also for large-value transactions or for other asset types beyond funds transfers), their impact on other areas of responsibility for central banks, such as payment system oversight and regulation, financial stability and monetary policy, might become more prominent.

Currently, digital currency schemes are not widely used or accepted, and they face a series of challenges that could limit their future growth. As a result, their influence on financial services and the wider economy is negligible today, and it is possible that in the long term they may remain a product for a limited user base on the fringes of mainstream financial services. However, the operation of some digital currency schemes in recent years indicates the feasibility of using distributed ledgers for peer-to-peer value transfers in the absence of a trusted third party. Hundreds of digital currency schemes based on distributed ledgers currently exist, are in development or have been introduced and have subsequently disappeared. These schemes share several key features, which distinguish them from traditional e-money schemes.

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The Financial Minister Nirmala Sitharaman while presenting the Union Budget for 2022-23 announced “I propose to provide that any income from transfer of any virtual digital asset shall be taxed at the rate of 30 percent”. As WazirX CEO Nischal Shetty said in his post-budget reaction: "It is interesting to note how our government is beginning to recognise crypto as an emerging asset class given how our FM was referring to it as virtual digital asset. The biggest development today, however, was a clarity on crypto taxation. This will add the much needed recognition to the crypto ecosystem of India. We also hope to this development removes any ambiguity for banks, and they can provide financial services to the crypto industry

Different national banks like Sweden's National Bank are working to get hold in the field of digital currency. The commercial bank of Sweden will play a very important role in Sweden's project to create a central bank digital currency. Handelsbanken, Sweden's largest bank by assets, has become the first commercial lender to join a project by the Swedish central bank, or Riksbank, to test a so-called "e-krona" a digital version of cash.

Interest in CDBC has grown response to change in payments, finance and technology, as well as the disruption caused by COVID-19.



India's recovery fastest, economy managed well, says Nirmala Sitharaman

- The finance ministry has demanded that oil companies should maintain or increase the dividend. Finance minister Nirmala Sitharaman said on Thursday that India is the fastest growing economy despite the pandemic and asserted that the government managed the economy well.
- "Our recovery has been fastest and sustained among all economies...", she said, adding that the recovery momentum will continue in the coming year. She said the government had focussed on capital expenditure because of its multiplier effect on the economy and to restore growth. "The Indian economy is projected to grow at 9% in the next financial year; the US is expected to grow at 4%," she said, replying to the debate on the budget in the Lok Sabha.
- On divergence in growth estimates in the Economic Survey and the budget, she said the survey had used advanced estimates of the Central Statistics Office that had not taken into account the impact of the third wave of the pandemic. Sitharaman said the government thought it better to spend taxpayer money on capital expenditure, citing a Reserve Bank of India study that said every rupee so spent brought a return of ₹2.45 in the first year and ₹3.14 in the second.



Editor's Choice: Mr. Somesh Jadia & Ms. Tanya Gola

Low interest rates, enormous liquidity in the system is a concern: Subbarao

- Former Reserve Bank of India Governor D Subbarao on Thursday said the concern today was that the low interest rates and the enormous liquidity available in the system could potentially disrupt financial stability.
- The challenge for central banks and for the Reserve Bank of India was to juggle between maintain price stability, supporting growth and employment, preserving financial stability and all this in a globalised world, Subbarao said at a conference here.
- He made those comments at the 12th annual Union Bank Finance Conference organised by Great Lakes Institute of Management here.
- "Today, the Reserve Bank of India maintained extraordinary policy for the last two years since Covid-19 affected the country and that has been very necessary and RBI has been taking right stance and it has been instrumental in keeping the economy go ahead," he said.

A sneak peek into business and finance world headlines

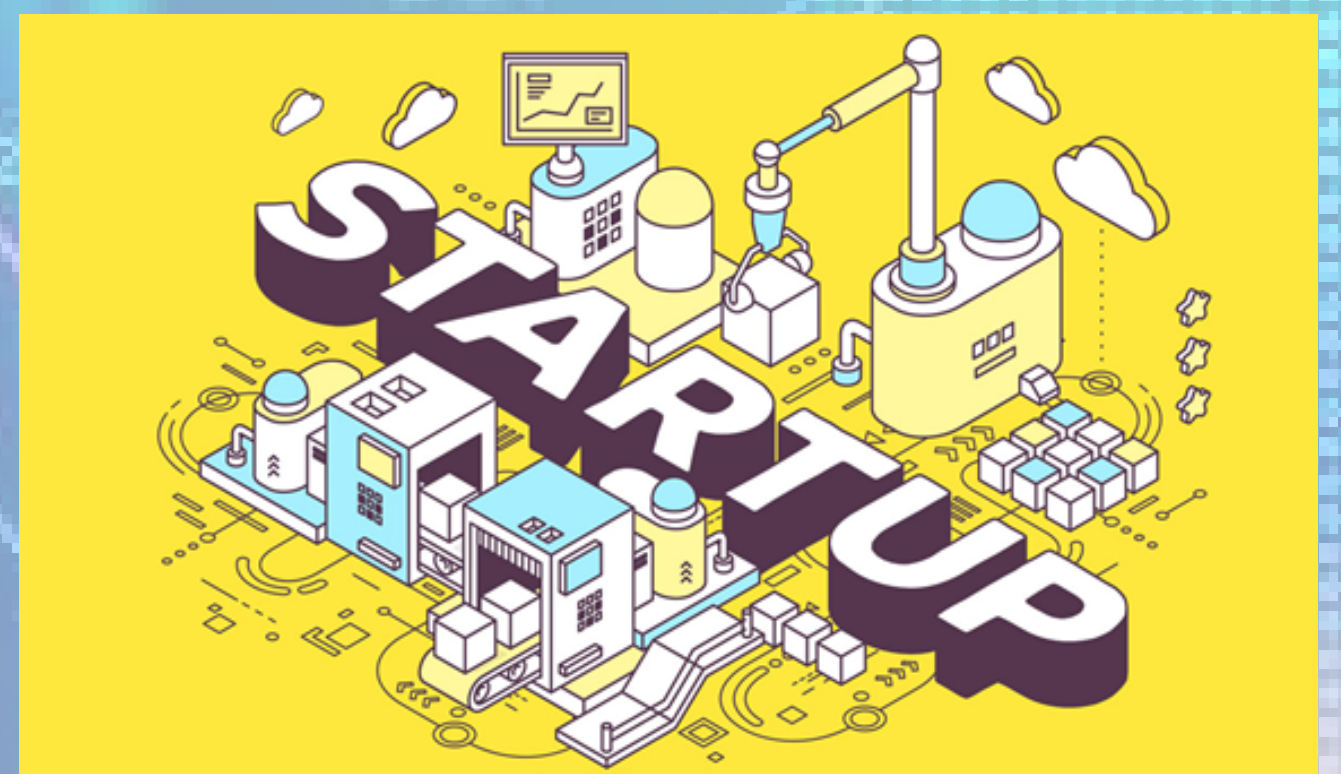
Cash-strapped Pakistan looks to secure \$3 bn loan from China

- Cash-trapped Pakistan is looking to secure a USD 3-billion (PKR 529 billion) loan from China and investments in half a dozen sectors during Prime Minister Imran Khan's visit to Beijing next week.
- A senior finance ministry official said the government was considering requesting China to approve another loan to the tune of USD 3 billion in China's State Administration of Foreign Exchange, known as SAFE deposits, so as to boost its foreign exchange reserves.
- The Pakistan government aims to secure Chinese investment in six priority sectors by highlighting the competitive advantages that the country - cheap but skilled labour, geographic access to Europe and Asia and tax exemptions.



At least 14,000 new start-ups recognised in India, up 20 times in five years

- India has over 61,400 start-ups recognised by the Department for Promotion of Industry and Internal Trade (DPIIT), with at least 14,000 recognised during fiscal 2022, according to the Economic Survey 2021-22.
- Start-ups in India have grown remarkably over the last six years. The number of new recognised start-ups has increased to over 14,000 in 2021-22 from only 733 in 2016-17," the survey said.
- India has become the third-largest start-up ecosystem in the world after the US and China, it said. A record 44 Indian start-ups achieved unicorn status in 2021, taking the overall tally of start-up unicorns in India to 83, with most in the services sector, the survey showed

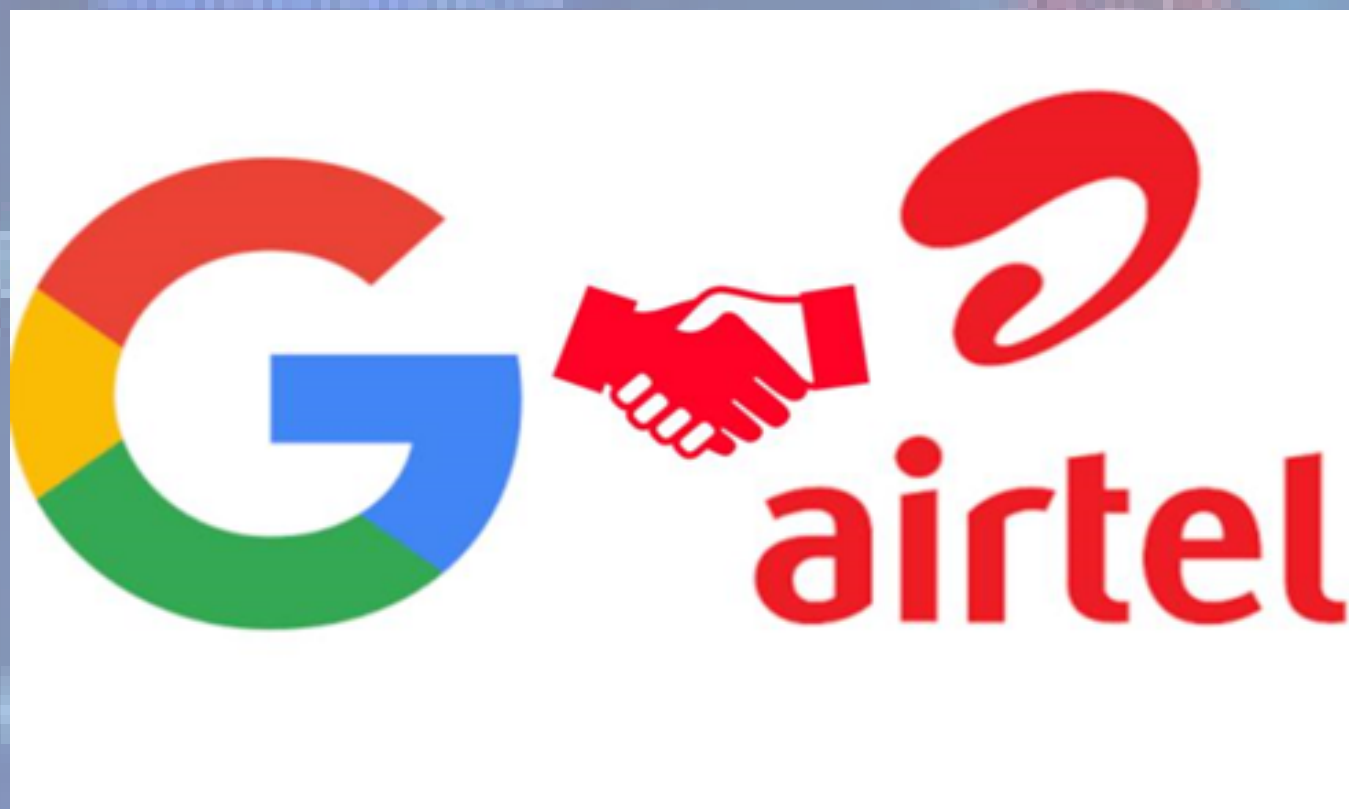


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- "The resulting combination of strong demand as well as logistics and raw material price increases drove semiconductors' average selling price higher (ASP), contributing to overall revenue growth in 2021," Norwood said.

Google to invest up to \$1 billion in airtel; to co-create India-specific 5G use cases

- Google will invest up to \$1 billion in Bharti Airtel as the two companies explore ways to get more Indians online and look to cooperate on 5G use cases specific to the South Asian nation besides delivering enterprise services
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- COS to focus on, Bringing down costs of smartphones for 350m featurephone users, Jointly developing India -specific network domain uses cases for 5g, growing cloud ecosystem in India to accelerate digital adoption of enterprises



Rs 10,000-crore scheme to develop 700 districts as export hubs on cards

- States' contribution could be Rs 5,000-6,000 crore, according to people aware of the matter.

- The commerce and industry ministry has proposed a Rs 10,000-crore scheme to develop 700-odd districts of the country as export hubs which will be part of the upcoming foreign trade policy. An announcement to this effect is likely in Budget 2022-23.
- The Aim is to boost manufacturing, promote goods and services exports, support MSMEs and local artisans, widen e-commerce coverage, create jobs, key to promote GI products, improve logistics and farm sectors.



India needs to invest \$1.4 trillion by 2024-25 on infrastructure to achieve \$5 trillion GDP

- The challenge is to step up infrastructure investment substantially. Keeping this objective in view, National Infrastructure Pipeline (NIP) was launched with projected infrastructure investment of around Rs 111 lakh crore (US\$ 1.5 trillions) during FY 2020-2025 to provide world-class infrastructure across the country, and improve the quality of life for all citizens.

- India needs to invest around \$1.4 trillion by 2024-25 in order to achieve a gross domestic product (GDP) of \$5 trillion by 2024-25, even as scaling up investment in the sector remains a challenge.
- NIP was launched with 6,835 projects, which has expanded to over 9,000 projects covering 34 infrastructure sub-sectors. Between financial years 2020 to 2025, sectors such as energy (24 percent), roads (19 percent), urban (16 percent), and railways (13 percent) amount to around 70 percent of the projected capital expenditure in infrastructure in India.
- The Economic Survey stated that in the nine-month period ended December in 2021-22, the capital expenditure has grown by 13.5 percent year-on-year with focus in infrastructure-intensive sectors like roads and highways, railways, and housing and urban affairs.



Abatement of Covid to kick in virtuous investment cycle, generate jobs

- Pinning hopes on rapid vaccination drive, newly appointed Chief Economic Advisor (CEA) V Anantha Nageswaran said that abatement of the COVID-19 pandemic would kick in virtuous cycle investment leading to job creation.

- The government has taken various steps to support lower-income categories, it will take time to regain confidence because the slowdown in consumer spending is not only a function of the lack of income growth but also because of the uncertainty caused by the pandemic and health impact, etc.
- "So once the pandemic cloud itself is lifted, and many of the contact services come back into their pre-pandemic level...we hope that along with the various measures that the government has taken and private sector capex also kicking in, we will go into a virtuous circle of income generation and employment generation. The construction sector is beginning to revive and that's one of the highest employers in the country", he said.



RBI wants digital currency included under definition of 'bank note'

- Central Bank Digital Currency (CBDC) is introduced by a Central Bank. Government has received a proposal from Reserve Bank of India (RBI) in October, 2021 for amendment to the Reserve Bank of India Act, 1934 to enhance the scope of the definition of 'bank note' to include currency in digital.

- Central Bank Digital Currency (CBDC) is introduced by a Central Bank. Government has received a proposal from Reserve Bank of India (RBI) in October, 2021 for amendment to the Reserve Bank of India Act, 1934 to enhance the scope of the definition of 'bank note' to include currency in digital.
- Introduction of CBDC has the potential to provide significant benefits, such as reduced dependency on cash, higher seigniorage due to lower transaction costs, reduced settlement risk. Introduction of CBDC would also possibly lead to a more robust, efficient, trusted, regulated and legal tender-based payments option. There are also associated risks which need to be carefully evaluated against the potential benefits.



India's high foreign exchange reserves not enough to shield rupee

- With crude oil touching \$90 a barrel in international markets, India's record foreign exchange (forex) reserves of \$634 billion may not be enough to shield the rupee from the adverse effects of a spike in oil prices. There has been a sharp rise in India's overall import bill in the first nine months of FY22, leading to a decline in import cover despite record forex reserves

- A sharp rise in oil import bill has led to a big decline in forex reserves to imports in FY21



Income tax on cryptocurrency introduced: Investors may see a sell off

- The government introduced income tax on digital assets, that would include cryptocurrencies and Non-Fungible Tokens (NFTs), this is set to spark a sell off from Indian investors.
- The finance minister on Tuesday introduced a 30% income tax on returns from digital currencies. This would mean that investors will have to cough up 30% tax on the returns they make from trading or investing in cryptocurrencies. This is only going to increase the tax burden for cryptocurrency investors, who will have to shell out a third of their returns towards taxes.
- The government has also plugged loopholes, saying that there will also be income tax if crypto assets are "gifted" by anyone. The recipient of such a gift will have to pay 30% tax.

BUDGET 2022 HIGHLIGHTS.

- A new provision is introduced to allow taxpayers to update the past return and include omitted income by additional tax payment. The updated return can be filed within two years from the end of the relevant assessment year.
 - The tax incentive period is extended by one year for startups. Eligible startups incorporated under Section 80-IAC will now get tax benefits until March 31, 2023.
 - Corporate surcharge to be reduced from 12% to 7%.
 - Alternate Minimum Tax (AMT) to be reduced to 15% for co-operative societies.
 - Income from transfer of digital assets such as crypto to be taxed at 30%. No deductions will be allowed except the cost of acquisition of digital assets. Loss on sale of digital assets cannot be set off against any other income. TDS at 1% will be levied above the threshold. Gifting of digital assets will also be taxable in the hands of the receiver.
 - To bring parity between Central and state government employees, the Finance Ministry proposed to increase the threshold of employers' contribution to the National Pension Scheme (NPS) Tier-I account from 10% to 14%.
 - Any surcharge and cess levied on income are not allowed as business expenditure.
 - The parent/guardian of the differently abled can get a tax deduction on payment of the annuity or lump sum during the lifetime of parent or guardian, once the parent or guardian has attained 60 years.
 - An important amendment to the Central Goods and Services Tax Act is in Section 16, 34, 37, 39 and 52. The last date to make amendments, corrections, upload missed sales invoices or notes or to claim any missed Input Tax Credit or ITC of one financial year is no longer due date to file September return of the following year, but it is 30th November of the following year.
 - Section 29 of the CGST Act is amended for Cancellation of GSTIN by officer. If a composition taxable person fails to file an annual return for three months beyond the due date of 30th April of the following year, his registration can get cancelled. Likewise, for any other taxpayer, the six months consecutive default in return filing is replaced with consecutive tax period default as may be prescribed.
 - Section 38, earlier called furnishing of inward supplies, is amended completely to remove reference of earlier GSTR-2 and replace it with GSTR-2A and GSTR-2B with new heading as 'Communication of details of inward supplies and input tax credit'.
 - Sections 42, 43, and 43A pertaining to matching, reversal of tax credits have been removed.
 - The record collection of Rs.1,40,986 crore gross GST revenues in January 2022 was the highest since GST inception.
 - Concessional customs duty on import of capital goods to be phased out, the initial rate of 7.5% to be imposed.
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- Customs duty on imitation jewellery was raised to discourage their imports.
- Duty on specified leather, packaging boxes reduced to incentivise exports.
- Customs duty on cut and polished diamonds, gems to be reduced to 5%.
- Customs duty exemption on steel scrap is being extended by a year to help MSMEs.
- Customs duty on methanol to be reduced.
- Levying additional excise duty at Rs.2 per litre on unblended fuel to encourage fuel blending.
- New rail products in the form of 'One Station – One Product', 400 next-gen Vande Bharat trains, and 100 PM Gati Shakti cargo terminals over the next three years provides integration of NIP with Gati Shakti and is likely to prove crucial in employment generation as the transport network is rich in terms of backward and forward linkages with the rest of the economy.
- 400 Vande Bharat trains with higher efficiency for passengers will be developed in the next three years.
- The Budget focuses on public investment to modernise infrastructure over the medium term, leveraging the tech platform of Gati Shakti via a multi-modal approach.
- Four multi-modal national parks contracts will be awarded in FY23.
- PM Gatishakti master plan for expressways will be formulated in the next financial year.
- A 6.4% fiscal deficit has been projected for India in FY23.
- Revised fiscal deficit estimated at 6.9% of GDP.

- States to get Rs 1 lakh crore as 50-year interest-free loans to help fund PM Gati Shakti-related investments.
- The government's effective capital expenditure is estimated at Rs 10.68 lakh crore in 2022-23, about 4.1% of GDP.
- The outlay for capital expenditure to be stepped up sharply by 35.4% from Rs 4.54 lakh crore to Rs 7.50 lakh crore in 2022-23.
- 2 lakh Anganwadis to be upgraded for improving child health.
- Two years of education regression for school going children means we need to double-up efforts and spending to bridge education gaps. NEP had advocated a 6% of GDP to be directed towards education. While we remain far short, the announcement of tech-based platforms 'One class, one TV channel' program of PM eVIDYA for school children and the establishment of a digital university were the need of the hour.
- Digital university to set up for online education focusing on ICT using a hub and spoke model.
- Select ITIs in all states that will offer skilling courses.
- One class, one TV channel' programme of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1 to 12.



FINANCIAL GLOSSARY

A

- **Annual report** :A yearly report or record of the financial position and operations of an investment or company.
 - **Annuity** :An insurance contract issued by a life insurance company. The contract provides income at regular intervals for a defined period of time, such as a specific number of years or for life.
 - **Appreciation** :An increase in the value of an investment.
-

B

- **Balanced fund** :A fund with an investment objective of both long-term growth and income, through investment in both stocks and bonds.
 - **Benchmark** :An unmanaged group of securities whose performance is used as a standard to measure investment performance.
 - **Beneficiary** :An individual, institution, trustee or estate that will receive (or may become eligible to receive) money and/or other benefits upon the death of a certain person.
-

C

- **Capitalization (Cap)** :The total market value of a company's outstanding equity.
 - **Cash alternative / cash equivalent** :An investment that is short term, highly liquid, and has high credit quality.
 - **Compounding** :The cumulative effect that reinvesting an investment's earnings can have by generating additional earnings of their own.
 - **Current yield** :The current rate of return of an investment. This is calculated by dividing the investment's expected income payments by its current market price.
-

- **Custodian** :A person or entity, such as a bank or trust company, responsible for holding financial assets.
-

D

- **Deflation** :The opposite of inflation, deflation is a decline in the prices of goods and services.
 - **Depreciation** :A decrease in the value of an investment.
 - **Diversification** :The practice of investing in multiple asset classes and securities with different risk characteristics.
 - **Dividend** :Money an investment fund or company pays to its stockholders, typically from profits. The amount is usually expressed on a per-share basis.
-

E

- **Earnings** :Money gained on the principal in your financial accounts, such as an IRA.
 - **Emerging market** :Generally, economies that are in the process of growth and industrialization. Developing markets, such as Africa, Asia, Eastern Europe, the Far East, Latin America and the Middle East may hold significant growth potential in the future. Investing in emerging markets may provide significant rewards, as well as significant risks.
 - **Equity** :A security or investment representing ownership in a corporation. Equity is often used interchangeably with stock. Compare to a bond, which represents a loan to a borrower
-

F

- **Fiduciary** :Any person or party who exercises any discretionary authority or control over the management of a plan, or the disposition of its assets. For a fee, a fiduciary gives investment advice, or has the authority to do so. A fiduciary also has discretionary responsibility in the administration of that plan.
- **Financial statement** :The written record of the financial status of a fund or company. Financial statements are usually published in a company's annual report. They generally include a balance sheet, an income statement, and other financial statements and disclosures.
- **Fixed return investment** :An investment that provides a specific rate of return to the investor.

G

- **Government securities** :Any debt obligations issued by a government or its agencies, such as U.S. Treasury bills.
- **Growth fund** :A fund that invests primarily in the stocks of companies with above-average risk in return for potentially above-average gains. These companies often pay little or no dividends, and their stock prices tend to have the most ups and downs from day to day.

H

- **Hedging** :The action of combining two or more transactions so as to achieve a risk-reducing position. The objective, generally, is to protect a profit or minimize a loss that may result on a transaction.
- **Hire-Purchase Arrangement** A transaction by which an ASSET is acquired on payment of regular installments comprising the PRINCIPAL and interest spread over a specified period.

I

- **Index** :A benchmark used to evaluate a fund's performance. The most common indexes for stock funds are the Dow Jones Industrial Average and the Standard & Poor's 500 Index.
- **Interest / Interest rate** :The fee charged by a lender to a borrower, usually expressed as an annual percentage of the principal. For example, someone investing in bonds will receive interest payments from the bond's issuer.
- **Investment adviser** :A person or organization hired by an investment fund or an individual to give professional advice on investments and asset management practices

J

- **joint account** :A joint account is any type of bank account held by two or more persons.
- **Journal** :In the finance world, journal is short for journal entry. It is also short for The Wall Street Journal.

K

- **Knowledge Process Outsourcing (KPO)** :Knowledge process outsourcing (KPO) is the outsourcing of core, information-related business activities. KPO involves contracting out work to individuals that typically have advanced degrees and expertise in a specialized area.
- **Key Performance Indicators (KPIs)** :Key performance indicators (KPIs) refer to a set of quantifiable measurements used to gauge a company's overall long-term performance

L

- **Large-cap fund** :A fund that invests primarily in large-cap stocks.
- **Life annuity** :An annuity that makes periodic payments only for the life of one individual. Also known as a single life annuity.

-
- **Liquidity** ;The ease that an investment can be converted into cash. If a security is very liquid, it can be bought or sold easily. If a security is not liquid, it may take additional time and/or a lower price to sell it.
 - **Longevity risk** :The risk that you will live longer than expected and run out of retirement money.
-

M

- **Maturity date** :The date when the principal amount of a loan, bond or any other debt becomes due and is to be paid in full.
 - **Mutual fund** :An investment company registered with the SEC that buys a portfolio of securities selected by a professional investment adviser.
-

N

- **NASDAQ-100 Index** :An unmanaged index that includes 100 of the largest domestic and international nonfinancial securities listed on the Nasdaq Stock Market, based on market capitalization.
 - **Net asset value (NAV)** :The net dollar value of a single investment fund share or unit that is calculated by the fund on a daily basis.
 - **New York Stock Exchange (NYSE)** :The oldest and largest stock exchange in the United States. The NYSE was founded in 1792
-

O

- **Operating expenses** :Costs associated with running or operating an investment fund. Operating expenses may include custody fees, management fees and transfer agent fees. Also see expense ratio and total annual operating expenses.
-

P

- **P/E ratio** :The price of a stock divided by trailing 12-month earnings per share.
 - **Passive management** :The process or approach to operating or managing a fund in a passive or non-active manner, typically with the goal of mirroring an index.
 - **Portfolio** :A collection of investments, such as stocks and bonds owned by an individual, organization or investment fund.
-

Q

- **Qualified / Nonqualified** :These terms identify whether contributions are made with pre-tax or post-tax dollars. Qualified contributions come from money that hasn't been taxed yet, such as money withheld from your paycheck for your 401(k). Nonqualified contributions come from money that has already been taxed, such as the check you write for your Roth IRA.
 - **Quarterly Report** :A quarterly report, also referred to as a quarterly earnings report, is a set of financial statements containing information related to its performance. The report is intended for shareholders who own stock in the company
-

R

- **Redemption** :The selling of fund shares back to the fund. This may also refer to the repayment of a bond on or before the agreed upon pay-off date.
 - **Risk** :The potential for you to lose some or all of your investments, or to fail to achieve your investment objectives.
-

S

- **Sales charge** :A charge for buying an investment.
-

-
- **Sales charge** :A charge for buying an investment.
 - **Securities and Exchange Commission (SEC)** :A government agency created by congress in 1934 to regulate the securities industry and to help protect investors. The SEC is responsible for ensuring that the securities markets operate fairly and honestly.
 - **Summary prospectus** :A short-form prospectus that mutual funds may use with investors. A summary prospectus is used if a long-form prospectus and additional information is available online or on paper, upon request.
-

T

Time horizon :The amount of time you expect to hold an investment before taking money out.

Trustee :A person or entity, such as a bank, trust company or other organization, is responsible for the holding and safekeeping of trust assets. The trustee may have other duties, such as investment management. A trustee serving as a “directed trustee” is responsible for the safekeeping of trust assets, but has no discretionary investment management duties or authority over the assets.

U

- **Unit** :A representation of ownership in an investment that doesn’t issue shares. Most collective investment funds are divided into units instead of shares. See share.
 - **Unitholder** :An owner of units in an investment. See shareholder.
-

V

- **Volatility** :The amount and frequency offset fluctuations in the price of a security, commodity or market within a specified time period. Generally, an investment with high volatility is said to have higher risk because there’s an increased chance that the price of the security will have fallen when an investor wants to sell.
-

W

- **Withdrawal** :Also called a distribution, a withdrawal is money you take from your financial account, such as an IRA. For retirement accounts, distributions made prior to age 59½ may be subject to a 10% penalty tax. All taxable distributions at any age are subject to ordinary income tax, and surrender charges may apply. You may incur fees or penalties when you make a
 - **Wrap fee** :A fee or expense that is added to, or “wrapped around,” an investment to pay for one or more product features or services
-

Y

- **Yield** :The value of interest or dividend payments from an investment. The yield is usually stated as a percentage of the investment price.

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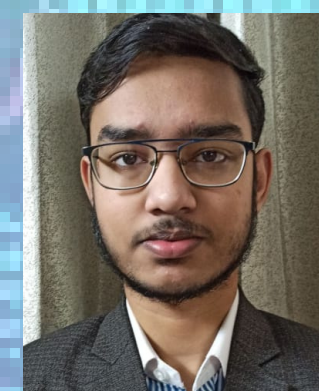
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