

Sharp increase of 35.4% in capital expenditure

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“The outlay for capital expenditure in the Union Budget is being stepped up sharply by 35.4% from 5.54 lakh crore in the current year to 7.50 lakh crore in 2022-23”, said the Union Finance and Corporate Affairs Minister Nirmala Sitharaman during her Budget Speech here in Parliament.

Sharing his thoughts on the Union Budget Subhrakant Panda, Sr VP – FICCI & MD – IMFA, said, “launch of EoDB 2.0 predicated on trust based governance and most importantly, substantial increase in Government capital expenditure to accelerate economic recovery and crowd in private investment is very welcome.”

Presenting the Union Budget 2022-23, she said that the capital expenditure has thus increased to more than 2.2 times the expenditure of 2019-20 and it would be 2.9% of GDP in 2022-23. The virtuous cycle of investment requires public investment to crowd-in private investment. For the private investments to rise to their potential and to the needs of the economy, public investment must continue to take the lead and pump-prime the private investment and demand in 2022-23, said the Minister.

With capital expenditure taken together with the provision made for creation of capital assets through Grants-in-Aid to States, 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, informed the minister.

Commenting on the budget Rajee R, Chief Ratings Officer, Brickwork Ratings, said, “the growth-oriented Union Budget 2022-23 has buoyed overall sentiments and provided an ambitious blueprint for the next 25 years. Emphasis on infrastructure building through the PM Gati Shakti scheme, increase in outlay on capital expenditure by around 36% to 7.50 lakh crore, infra spends in PPP mode, steps for urban capacity building, thrust on the digital ecosystem, support for start-up ecosystem, renewable energy, electric vehicles, chemical-free farming etc. are positive steps in steering the nation to India@100. There is a good balancing act between fiscal consolidation and growth prioritisation.”

Sitharaman announced that sovereign Green Bonds would be issued for mobilizing resources for green infrastructure as a part of the government’s overall market borrowings in 2022-23. The proceeds would be deployed in public sector projects which help in reducing the carbon intensity of the economy.

Manish Chourasia, MD, Tata Cleantech Capital Limited, said, “the announcement of the Finance Minister to issue sovereign green bonds to mobilize resources required for green infrastructure will certainly help boost the financing of clean energy projects, thereby providing an impetus to the Indian energy sector. With Approved Module Manufacturer List becoming applicable from April 2022, the allocation of an additional 19,500 crore under PLI scheme for solar would help create much needed manufacturing ecosystem. The enhanced focus on electric mobility is showcasing the clear desire to mainstream this emerging industry. Overall, the budget is giving clear direction for India to meet its COP26 commitments by 2030.”

Finance Minister highlighted the role of capital investments in ensuring speedy and sustained economic revival and consolidation by creating employment opportunities, inducing enhanced demand for manufactured inputs from large industries and MSMEs, services from professionals, and help farmers through better agri-infrastructure.