

# Union Budget 2022 – 2023:

Key Implications on the

Energy & Infrastructure Sector



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## Introduction

On February 01, 2022, The Finance Minister, Nirmala Sitharaman, presented the Union Budget in the Parliament for the year 2022-2023. A summary of the key points having an implication on the infrastructure and energy sectors is being provided below:

## INFRASTRUCTURE

- The PM Gati Shakti initiative was announced which is a transformative approach for economic growth and sustainable development. It is driven by 7 (Seven) engines: (i) Roads; (ii) Railways; (iii) Airports; (iv) Ports; (v) Mass Transport; (vi) Waterways; and (vii) Logistics Infrastructure. PM Gati Shakti is expected to pull forward the economy and result in more jobs and entrepreneurial opportunities.
- The PM Gati Shakti Master Plan will include the above-mentioned 7 (Seven) engines for economic transformation, seamless multimodal connectivity and logistics efficiency.

## Airways

- The strategic transfer of ownership of Air India is now complete.

## Roads

- The national highways network will be expanded by 25,000 (Twenty Five Thousand) km in 2022-23 and the master plan for expressway will be formulated in FY 2022-23.

## Logistics

- A new ‘Unified Logistics Interface Platform’ will be introduced to facilitate exchange of data among all mode operators across different modes of transport.
- The plan intends to implementing a “just-in-time” approach for inventory management and to provide access to real-time information to all stakeholders.
- Open-source mobility stack for enabling seamless travel of passengers will be facilitated.
- 4 (Four) multimodal logistics park contracts will be awarded in 2022-23 (through public-private partnership mode).

## Railways

- Railways and postal networks will be integrated to provide and facilitate movement of parcel.
- One station one product will be popularised.
- 2000 (Two Thousand) km of network will be brought under 'Kavach' by 2022-23 for safety and capacity augmentation.
- 400 (Four Hundred) energy efficient Vande Bharat trains will be manufactured over the next 3 (Three) years.
- 100 (One Hundred) cargo terminals will be set up in 3 (Three) years.

## Mass Transport

- Multimodal connectivity between mass urban transport and railway stations.
- National Ropeways Development Programme (Parvatmala) to be undertaken (through public-private partnership mode) as a sustainable alternative to conventional roads in hilly areas.

## **ENERGY**

- An additional amount of Rs. 19,500 crores will be allocated for Production Linked Incentive Scheme for manufacture of high efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar photo voltaic modules.
- Data centres and energy storage systems (including dense charging infrastructure and grid-scale battery systems) will be recognised and given the status of infrastructure, allowing easy financing and credit availability for digital infrastructure and clean energy storage.

## ENERGY

- Implementation of Ken-Betwa Link Project, at a cost Rs. 44,605 crores, with the aim of providing irrigation benefits to farm lands, drinking water supply, 103 MW of hydro and 27 MW of solar power.
- Sovereign green bonds will be issued by the Government for mobilizing resources for green infrastructure for public sector projects, aiming to reduce carbon emissions and encouraging the use of energy storage, grid storage and battery storage systems.

## **ELECTRIC VEHICLES**

- In view of the space crunch, a battery swapping policy will be framed and interoperability standards will also be formulated.
- Private sector will be encouraged to come up with sustainable and innovative business models for battery and/or energy as a service, with the ultimate aim of increasing efficiency and boosting the EV ecosystem.

*All changes would be effective from a future date as may be notified, unless specifically mentioned*

## **UNMET EXPECTATIONS**

- No relief in the GST and Customs rates on cells and modules has been provided.
- Lack of major tax incentives or financial assistance schemes for clean energy projects such as green hydrogen.
- No plan has been introduced for closure of uneconomic fossil fuel plants.
- The goal of reducing air pollution under the National Clean Air Programme also did not receive any mention in the budget.

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