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News Release

India Inc counts on the Budget announcements; optimistic about growth in 2021-22: Deloitte survey

- 60% respondents expect infrastructure to get a boost
- 60% give a thumbs up to the government's Atmanirbhar Bharat scheme
- 63% believe simpler tax regimes and compliances could enhance ease of doing business

National, 22 January 2020 – India Inc. is optimistic about the Union Budget FY21-22. According to a recent survey conducted by Deloitte Touche Tohmatsu India LLP (DTTILLP), respondents expect a strong push in the budget for the economy, business, and industry. Of the **180 survey participants, 68% industry leaders** are positive about India's economic revival. Respondents believe that the mass vaccination drive, the government's stimulus packages and other policy changes, focused attention to infrastructure, and continuing efforts on digitisation are some key areas helping India revive and thrive.

About 60% of the survey respondents feel Atmanirbhar Bharat, the government's flagship programme aimed at attaining "self-reliance", is well received. Respondents also expressed that extending R&D incentives, increasing FDI limit in different sectors and further simplifying its processes, along with supply chain reforms, would further enhance the programme's effectiveness. Respondents felt that increasing the credit support to MSMEs would help the industry rebound sooner.

Respondents felt that focusing on the infrastructure sector with timely and adequate financing, as outlined under the National Infrastructure Pipeline (NIP), should be a priority area in this budget. About **60%** survey respondents cited that **incentivising infrastructure investments** will provide the desired impetus to the sector.

Sharing his views on the survey findings, **Sanjay Kumar, Partner and Leader Public Policy, Deloitte India, said**, "The Financial year 2020-21 saw unprecedented disruptions to lives and livelihood all across the world. Recent data and business signals suggest that the economic recovery may be on the way. Schemes such as Aatmanirbhar Bharat and PLI have done especially well in supporting self-reliance and stabilising the country's economic growth. While these schemes have helped the manufacturing, life sciences, and consumer products sectors the most, the rest of the industry is also positive about stimulating their respective businesses through injection of R&D spend and income-linked incentives. For the economy at large, most industry leaders believe that boosting infrastructure spending would lend their sectors the needed impetus."

Additional trends from the report

Expectations by industry

- The life sciences, automobile, infrastructure and power, and telecommunication industries have highlighted the need to increase R&D spend.
- Over 50% industrial products and manufacturing industry leaders feel that credit support to MSMEs would help their industries to rebound sooner.

Effectiveness of stimulus packages during the pandemic

- The government has announced total special economic stimulus packages worth INR 29.87 lakh crore (US\$404 billion), 15% of GDP (including RBI measures). About 60% respondents believe that these packages will be effective in reviving the economy.
- About 63% of the industrial products and manufacturing industries highlighted PLI as the most impactful initiative.
- The schemes announced under Atmanirbhar Bharat proved most helpful for the life sciences (73%) and CPG (63%) industries.

Enhancing ease of doing business

- India provides a conducive environment to set up and run a business, as evident from the improvement in the ease of doing business in the past six years.
- The budget should focus on a simpler tax regime and regulations to improve compliance.
- About 49% respondents also highlighted the role of technology and digitisation in this aspect, in addition to implementing an online single-window system.
- Improving land and labour laws, and easier compliance for cross-border trade would be other enablers.

Capital investment

- Close to 65% respondents cited that innovative ways to boost project financing and bring in private capital could help the infrastructure sector.
- About 45% respondents believe that creating a new fund to finance projects and attracting sovereign funds through various incentives are effective means to inject capital in the infrastructure sector to ultimately boost the economy.
- Industry experts and survey respondents also suggested that privatising public-sector banks and granting licences to financial institutions could help infuse capital and increase competition.

Global In-house Centres (GICs)

- Nearly 50% respondents suggested that income-linked incentives for GICs are crucial for their growth.

About Budget 2021 expectations survey

The study aims to analyse the challenges that various industries faced during the lockdown and, with the situation normalising, their expectations from the standpoint of economic revival, ease of doing business, and self-reliance. Online surveys with senior professionals across different industries and categories of companies were conducted. A total of 180 responses were collated from the survey conducted across 9 industries. The survey had a set of key 10-12 questions pertaining to economic revival, ease of doing business, and self-reliance.

Notes to the editor for reference purposes only:

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