

Pre-Budget Survey FY'22
Optimistic outlook towards
sustained growth

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 - Self-Reliance/Atmanirbhar Bharat
 - Taxation changes and expectations

Introduction

- Objective of the study
- Respondent profile

Introduction

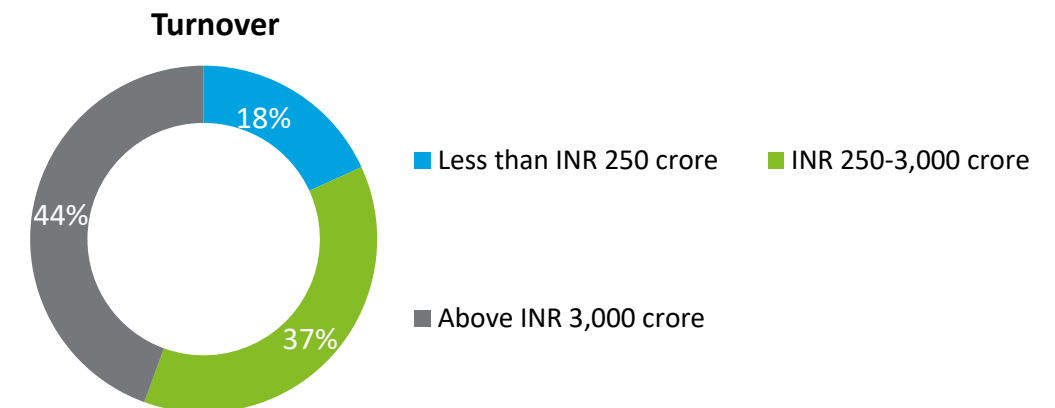
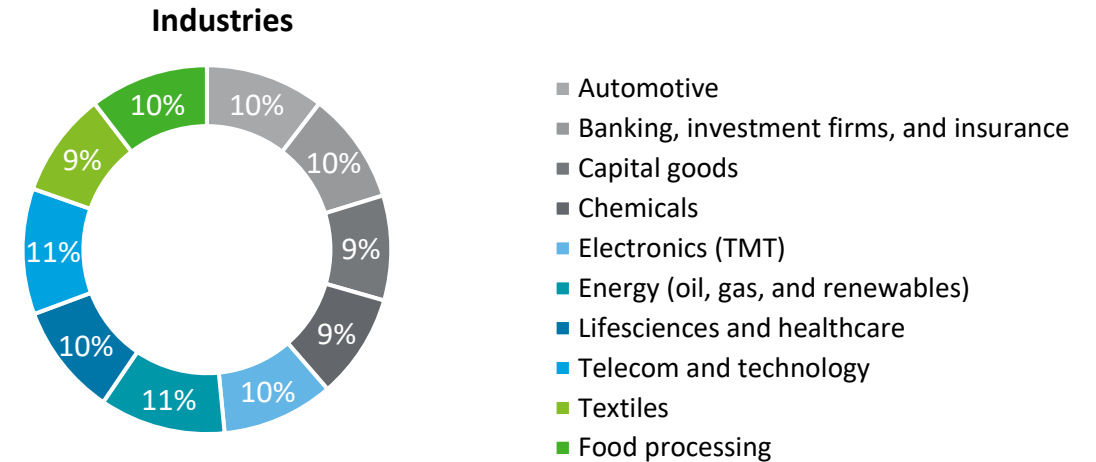
Objective

- Understand the industry's sentiments in terms of economic outlook and growth.
- Assess the types of government stimulus that the industry felt were helpful in boosting demand and reviving supply.
- Understand the industry's viewpoint with respect to healthcare facilities, and technology and digitisation enhancement in the country.
- Analyse the industry's expectations from the upcoming budget, with the standpoint of economic growth, the ease of doing business, and self-reliance.
- Discuss industries' outlook towards tax-related changes and capital injection tools that can lead to the economic revival and growth.

Methodology

- We conducted online surveys with senior professionals across different industries and categories of companies.
- The survey contained 20 questions pertaining to the economic outlook, the ease of doing business, self-reliance, taxation challenges and changes, and effectiveness of various government stimulus introduced during the past year.
- We collated a total of 163 responses from 10 industries.

Respondent profile



Executive summary

Deloitte's expectations from the budget

The economy has witnessed a steady recovery to date, but the downside risks continue. The latest surge in infection cases since the start of the year has brought back uncertainties. We expect the economy to be resilient. However, that will require the government's sustained efforts on reforms and effective implementation of various economic measures. Vaccination and health services delivery will be key in tackling the immediate risk.

Following announcements in Budget FY'22 are expected to further strengthen the pace of growth

Focus on infrastructure and asset monetisation: In FY'22, the government increased capital spending by 26%. We expect the government to increase capital spending by a similar margin this year as well, with frontloading expenditure in the next few quarters. While continuing spending on rail, road, and airports, the government can step up its efforts to develop multimodal transports for better connectivity. The ongoing large projects (more than INR 150 crore) should be swiftly implemented. The government must unlock the commercial and economic values of its assets at the earliest, as well as tap into alternate foreign (such as sovereign and private equity funds) and domestic (such as pension funds) sources for infrastructure funding.

Increase demand and employment by stimulating MSMEs: Micro, Small, and Medium Scale Enterprises (MSMEs) are the biggest job creators. The government should continue its efforts to revive the sector. Providing access to more affordable funding, bringing a larger number of MSMEs under the ambit of the formal credit system, expanding alternate funding channels, and continuing on the relief policies for targeted recipients can be the government's efforts to support the 'Atmanirbhar Bharat' initiative.

Support to the disproportionately affected sectors: The travel and hospitality sector received the blunt edge of the pandemic. It makes significant contributions to GDP and employment. The government must announce short-term and long-term plans, including some tax measures, to make up for the losses incurred by the sector and help it revive and thrive.

Boost to exports: Exports have done well. The government should continue to support the existing Production-Linked Incentive (PLI) scheme and bring other relevant industry segments into the scheme. Several FTAs are queued up in the near term. In line with FTAs, short-term and long-term measures can be brought to boost exports, and encourage FDI in sectors where India has a competitive advantage. This may also involve appropriately negotiating non-tariff measures in FTAs.

Focus on social sectors (education and health): The government increased allocation for health in the last budget. It must continue on the same vein and also emphasise digital delivery of health services. On education, the National Education Policy 2020 envisages an ambitious programme for India. The programme includes preparing the future workforce through training and skill development. Special attention should be on developing skills (through a collaborative approach with the private sector) and building on the existing infrastructure. Efforts should be made to reduce the digital divide for the under-privileged and the disadvantaged children.

Executive summary

Industry insights and expectations

The government had embarked on a series of structural reforms much before the pandemic hit us. These efforts accelerated post the pandemic and are likely to bear fruit in the next few years. Recent data suggest that growth is gaining momentum. The resilience amongst businesses and consumers, and the improving economic fundamentals will help India tide through successive infection waves. That said, a weak labour market and inflation pose downside risks. The pace of vaccination and effective government policies will be critical to a sustainable economic and industrial recovery.

Economic growth outlook

- According to the Budget Expectations Survey 2022, **75% industry leaders are confident about the economy's recovery and expansion.**
- **More than 50% respondents are still optimistic about the budget's ability to revitalise their industry** and the economy.
- The government's stimulus packages and policies, the mass vaccination campaign, India's emergence as a viable alternative to China, and an increase in start-up activity, would offer the needed impetus to growth.
- However, the new variant as well as inflationary pressures were mentioned as obstacles to growth.

Effectiveness of the stimulus during the pandemic

- The government has recently unveiled special economic stimulus packages worth INR 6.28 lakh crore (US\$ 83.73 billion). About 60% respondents feel that these packages will help the economy recover.
- **Industries appreciated the Atmanirbhar Bharat package** as well as monetary policy actions (including offering EMI relief, and reducing repo and reverse repo rates).
- **91% respondents praised Atmanirbhar Bharat**, the government's main initiative aimed at encouraging self-reliance, **as against 58% past year.** The policy measures under the plan were considered most effective by automotive and electronics leaders.
- More than 60% industry leaders feel that the PLI scheme will encourage Indian enterprises to expand their manufacturing bases and increase exports, boosting production in the sector.

Healthcare and role of digitisation

- About 54% respondents think that **healthcare facilities have become more accessible.**
- **More than 50% respondents believe that the recent technology drive has been advantageous for the sector.**

Executive summary

Industry insights and expectations

The industry anticipates that the budget will focus on measures that will boost economic growth. The key highlights of the budget expectations are mentioned below.

Expanding the Atmanirbhar Bharat scope

- Respondents have expressed more industry clusters with shared facilities. Extending R&D incentives, improving export competitiveness, and ensuring competitive import tariffs would further enhance the programme's effectiveness.

Improving efficacy of healthcare and infrastructure spending

- Respondents feel that healthcare infrastructure can be upgraded and affordable healthcare options can be provided.
- More online platforms can aid in reducing efficiencies and assist in boosting digitisation.

Enhancing the ease of doing business

- **To further improve the country's stance, about 59% respondents highlighted the role of technology and digitisation**, including measures such as implementation of an online single-window system for clearances.
- Simpler tax regimes, and improved land and labour laws would be other facilitators to improve the business environment.

Increasing industry demand

- The electronics (69%), BFSI (81%), and food processing industries (71%) have highlighted the need to incentivise infrastructure investments.
- **48% respondents emphasised on boosting demand by creating employment and lowering personal taxes; 71% respondents from the textile industry underscored the same.**
- Increased government spending in R&D is the next big ask, especially from the life sciences and health care, chemicals, and capital goods industries.

Executive summary

Industry insights and expectations

Financing capital investment

- According to 53% respondents, building new and innovative frameworks to attract private finance into the infrastructure sector will enhance project financing.
- Further, 52% respondents believe that the better use of the National Pension System (NPS) and other long-term reserves may be used to pump money into the economy for project financing.

Reforming taxation policies

- Close to 36% respondents expressed the need for ***GST rationalisation, which includes limiting the GST rate and lowering the number of GST slabs*** (to three).
- Changes in ***personal taxation are viewed as helpful by 88% respondents in boosting liquidity, compared with 70% past year.***
- More than half of the respondents felt that ***lowering indirect taxes*** for businesses and speeding up the deduction of expenses will support growth in priority sectors.
- About 55% industry leaders believe that ***providing extra tax incentives to long-term investors for infrastructure investment can help promote growth.***

Group taxation

- Over 80% respondents are in favour of group taxes, with 70% wanting it implemented within a year.

Global In-house Centres (GICs)

- Respondents are equally enthusiastic about both income-linked incentives and income-linked incentives with a sunset period.

2022 vs. 2021

Outlook	2022	2021	Change
	Positive	Positive	
Economic growth outlook	78%	68%	↑
Effectiveness of stimulus during the pandemic	92%	62%	↑
Atmanirbhar Bharat	91%	58%	↑
Group taxation	81%	37%	↑

Topmost expectations from the budget	2022	2021
Enhancing the ease of doing business	Enhanced digitisation efforts	Simpler tax regimes
Capital investment	Innovative structures to get private capital	Innovative structures to get private capital
Taxation	Tax incentives for enterprises in priority sectors, such as food processing, MSMEs, and infrastructure	Corporate tax rationalisation
Global In-house Centres (GICs)	Income-related incentives and income-linked incentive with a sunset period	Income-linked incentive

Total responses 2022 : 163

Total responses 2021 : 180

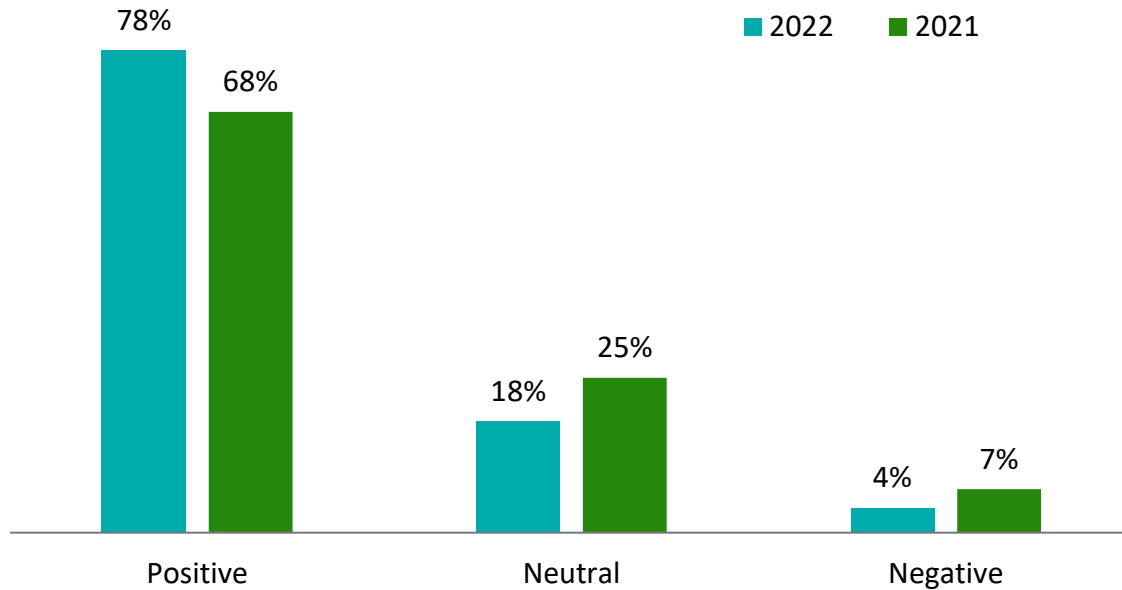
Survey findings

- **Economic growth outlook and industry sentiments**
- Effectiveness of the stimulus and other government initiatives during the pandemic
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What is your outlook for India's growth in FY'22?

A high majority of the industry leaders are positive about India's growth in FY'22, with the BFSI and chemicals industries being the most optimistic.

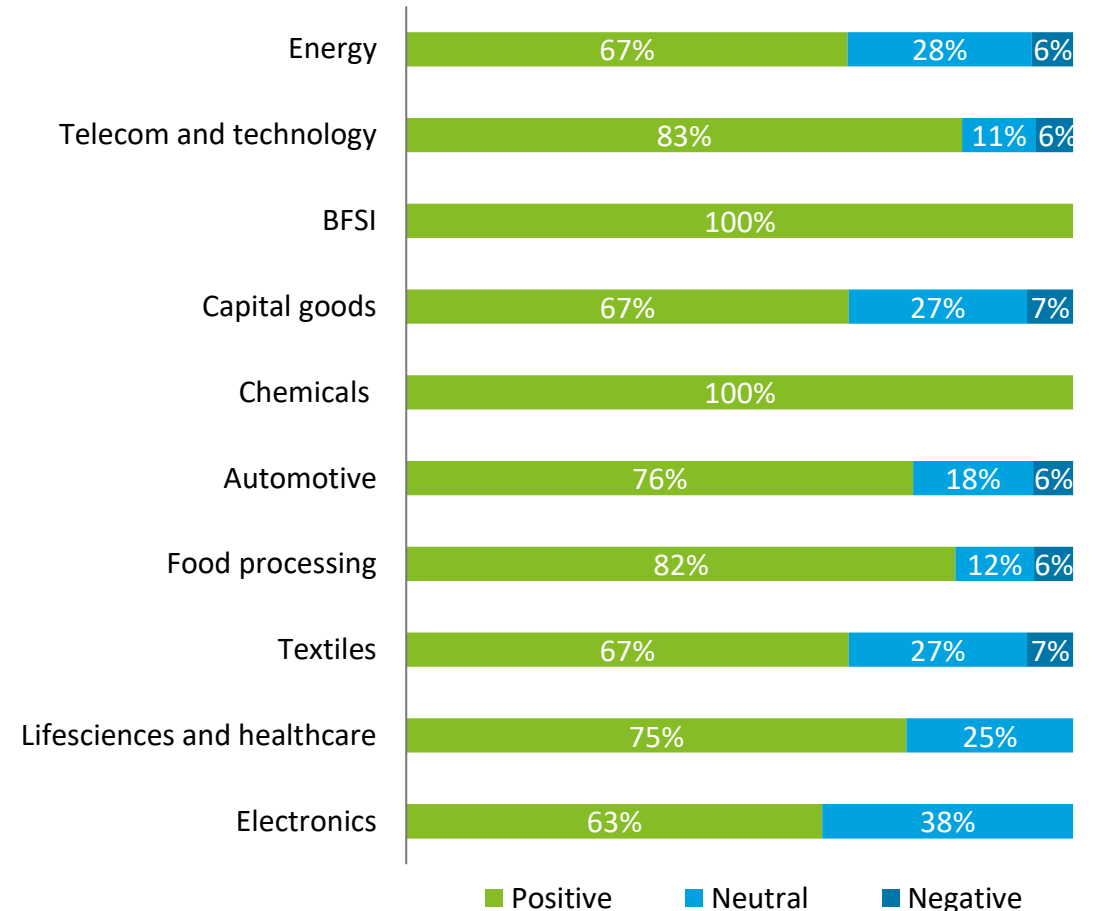
Overall growth outlook



More than 75% industry leaders are optimistic about the economy's growth compared with 68% past year.

- Leaders from the BFSI, chemicals, telecom and technology, and food processing industries were extremely confident about the outlook for India's growth in FY'22.
- About 18% leaders have a neutral outlook.

Outlook by industry



What is your outlook on India's growth in FY'22?

The economic outlook is positive mainly because of government initiatives during the pandemic.

Positive

- Government initiatives such as PLI increased spending on infrastructure and Make in India proved helpful. Further, rigorous efforts by the government will support the economy's ongoing pace of growth – **24%**
- Economic revival after COVID-19, along with a higher vaccine coverage, will bring stability – **23%**
- As the pandemic situation gradually normalises, individual consumption levels are pushing demand– **17%**
- India is slowly becoming a global alternative to China, resulting in an increase in global investments and FDI – **12%**
- Other important factors include the following:
 - Growth in agriculture and healthcare
 - Increase in start-ups and IT jobs
 - Businesses adopting more predictive technologies to ensure sustainability

127 responses

Neutral

- The state of the pandemic has an impact on economic growth. The new strain of COVID may impede overall economic development– 59%
- Inflationary pressures are posing a threat to the economy's growth– 14%
- The government will face difficulty in overcoming the recession to maintain economic growth – 11%
- Other factors include the following:
 - Economic revival to be absorbed by sectors such as telecommunication
 - Shutting down of several MSMEs
 - Shutting down of certain sectors, such as hospitality, to contain the spread of the virus

30 responses

Negative

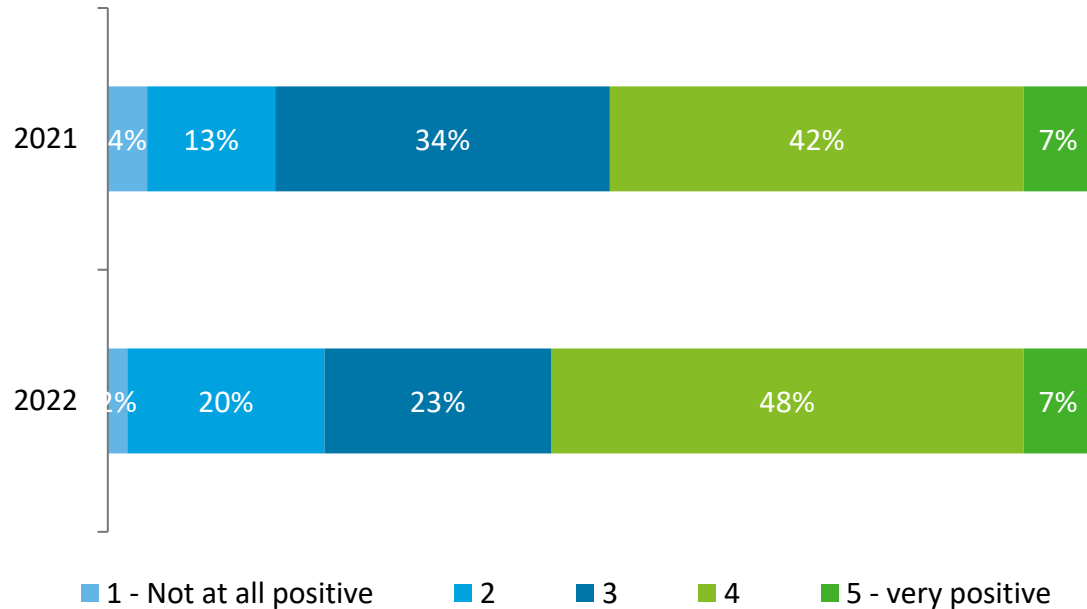
- The pandemic may have a detrimental impact on the economy – **67%**
 - Global economic slowdown
 - Lowered industrial output because of the lockdown
 - High cash outflows, low spending, and unfavourable customer-centric policies
- Increased emphasis on agriculture will stifle industrial growth – **17%**
- The rupee's value will fall as crude oil prices rise again, potentially pushing the economy into a downward spiral – **17%**

6 responses

How positive are you about the upcoming budget supporting the growth of your industry?

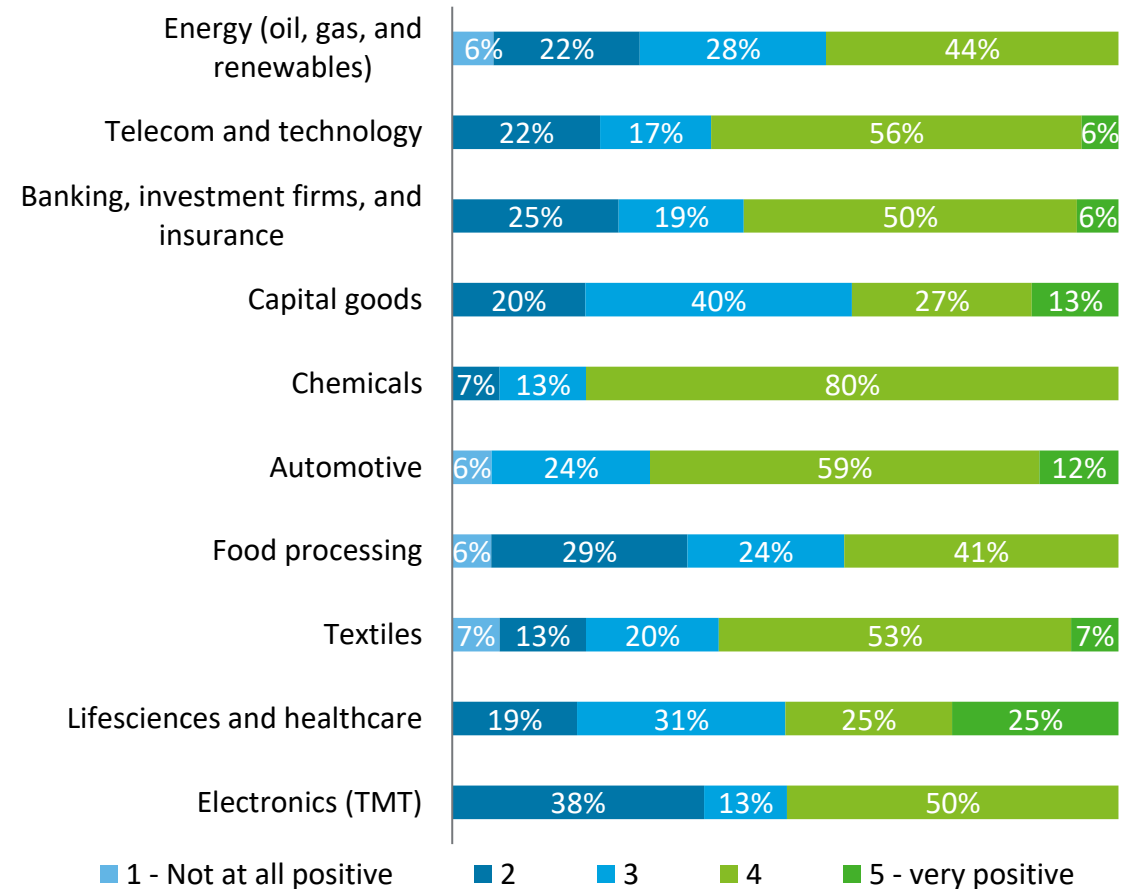
A strong majority (~53%) of the industry leaders are anticipating positive outcomes from the Union Budget FY'22.

Sentiment regarding budget on the industry revival



- More than 50% industry leaders show positive affirmations for the upcoming budget, expecting a boost in the economy's growth.
- Industry leaders from the chemical and automotive sectors have high expectations to see favourable policies for their sectors from the budget.

Sentiment by industry



Survey findings

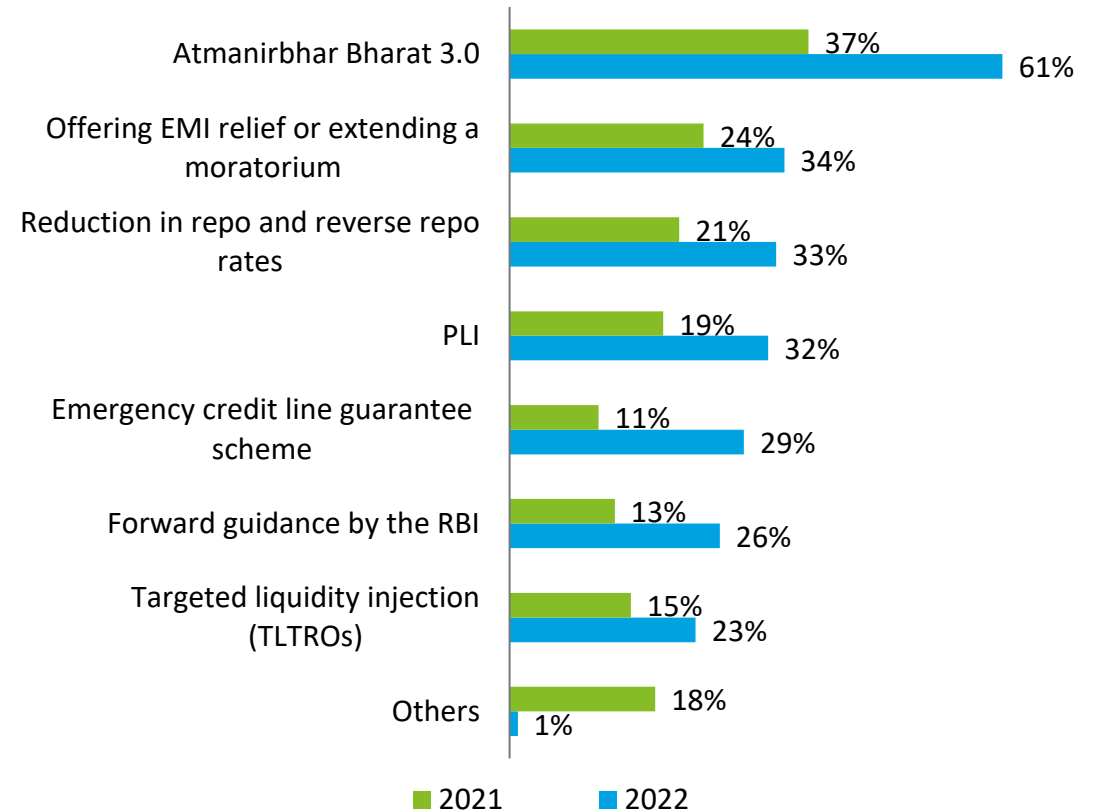
- Economic growth outlook and industry sentiments
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Do you think the government's interventions/stimulus packages were helpful for your industry?

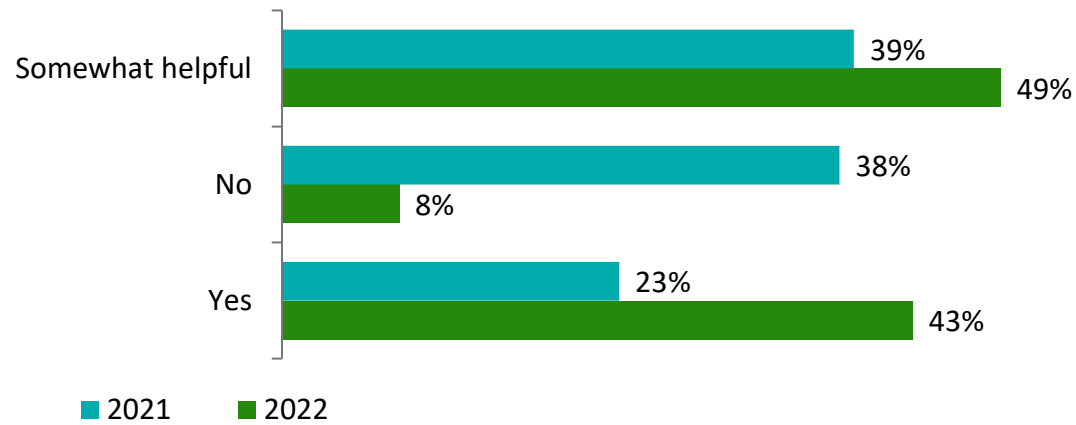
More than 90% respondents regarded these interventions effective for their respective industries' revival.

- About 61% (99) of the 163 respondents regarded Atmanirbhar Bharat as the most helpful stimulus. About 89% respondents from the telecommunication and technology industry and nearly 81% from the electronics and life sciences and healthcare industries agreed with it.
- About 34% (55) respondents considered offering EMI relief or extending a moratorium impactful.
- PLI was the most impactful for the telecommunication and technology industry (56% respondents).

Impactful initiatives



Were the government interventions/stimulus packages helpful?



This question was asked only to those respondents (150) who felt that government interventions were helpful (responded "Yes" and "Somewhat helpful" for this question).

Do you think the government's interventions/stimulus packages were helpful for your industry?

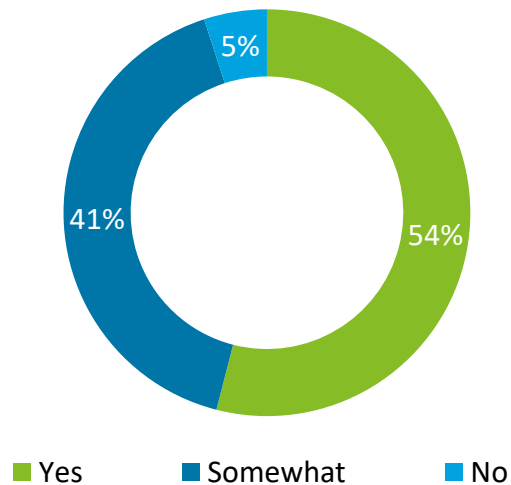
Measures	Electronics (TMT)	Lifesciences & healthcare	Textiles	Food processing	Automotive	Chemicals	Capital goods	BFSI	Telecom & technology	Energy
Yes %	19%	56%	47%	24%	65%	20%	33%	44%	61%	56%
PLI	25%	38%	40%	35%	24%	27%	27%	13%	56%	33%
Atmanirbhar Bharat 3.0	81%	81%	47%	41%	71%	27%	60%	50%	89%	56%
TLTROs	25%	19%	7%	24%	24%	7%	13%	38%	22%	50%
Reduction in repo and reverse repo rates	44%	25%	27%	29%	47%	20%	33%	38%	33%	28%
Offering EMI relief or extending a moratorium	25%	19%	53%	41%	41%	7%	40%	63%	17%	33%
Forward guidance by the RBI	31%	25%	27%	29%	35%	27%	27%	25%	28%	11%
Emergency credit line guarantee scheme	38%	31%	20%	53%	29%	20%	27%	44%	17%	17%
Others	0%	0%	0%	0%	0%	7%	0%	0%	0%	0%

Do you think healthcare facilities have become more accessible?

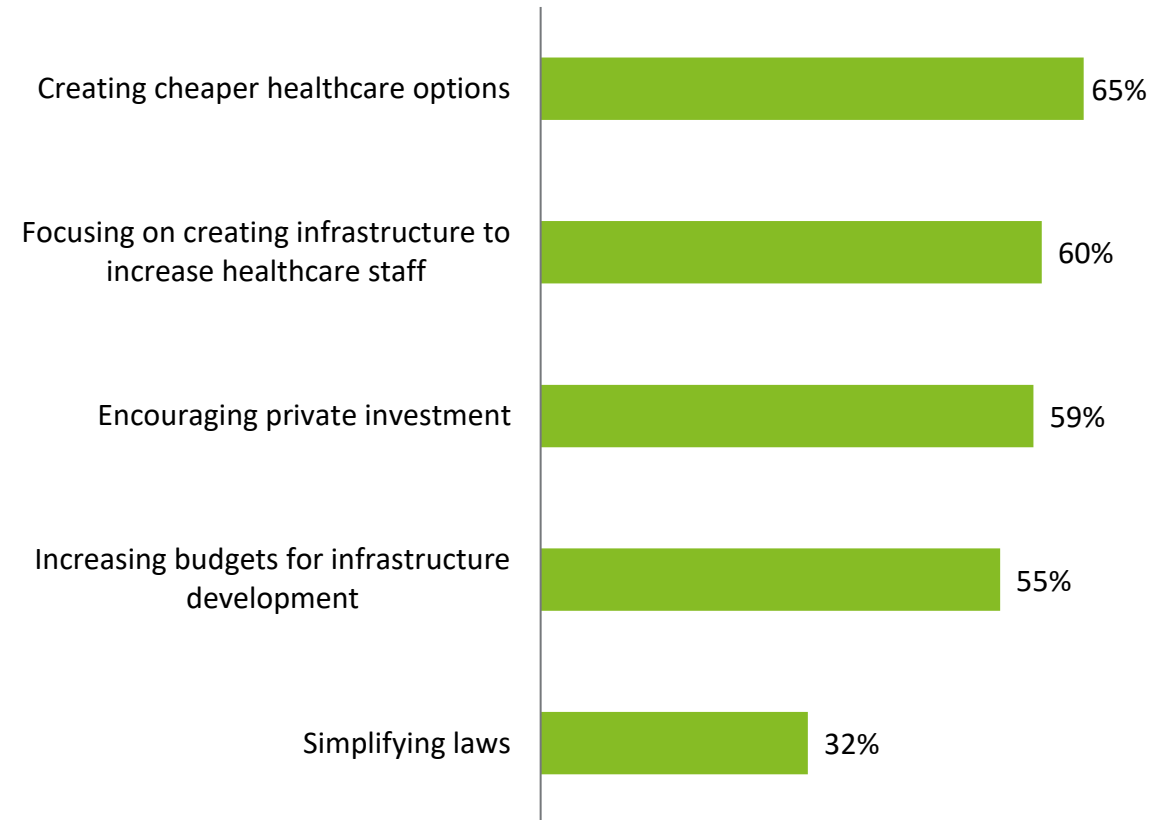
About 54% respondents agree that healthcare facilities have become more accessible, although infrastructure and cheaper healthcare options can be further improved.

- Healthcare is one of the most important pillars for nation building. About 41% (67) respondents feel that healthcare facilities are somewhat accessible in the country.
- The government should focus on creating cheaper healthcare options by building the right infrastructure, as suggested by 65% (100) of 155 respondents who believe that healthcare facilities have become more accessible.
- Increase in private investments is an important measure to improve the healthcare industry, as suggested by 59% industry leaders.
- Simplified laws are also expected to give the sector a push for better development.

Have healthcare facilities become more accessible?



Steps to further improve the healthcare industry



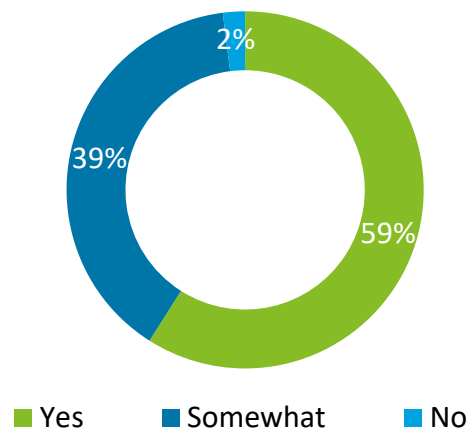
This question was asked only to those respondents (155) who felt that healthcare facilities have become more accessible (responded "Yes" and "Somewhat" for this question).

Do you think that the government's recent technology and digitisation drive has been helpful?

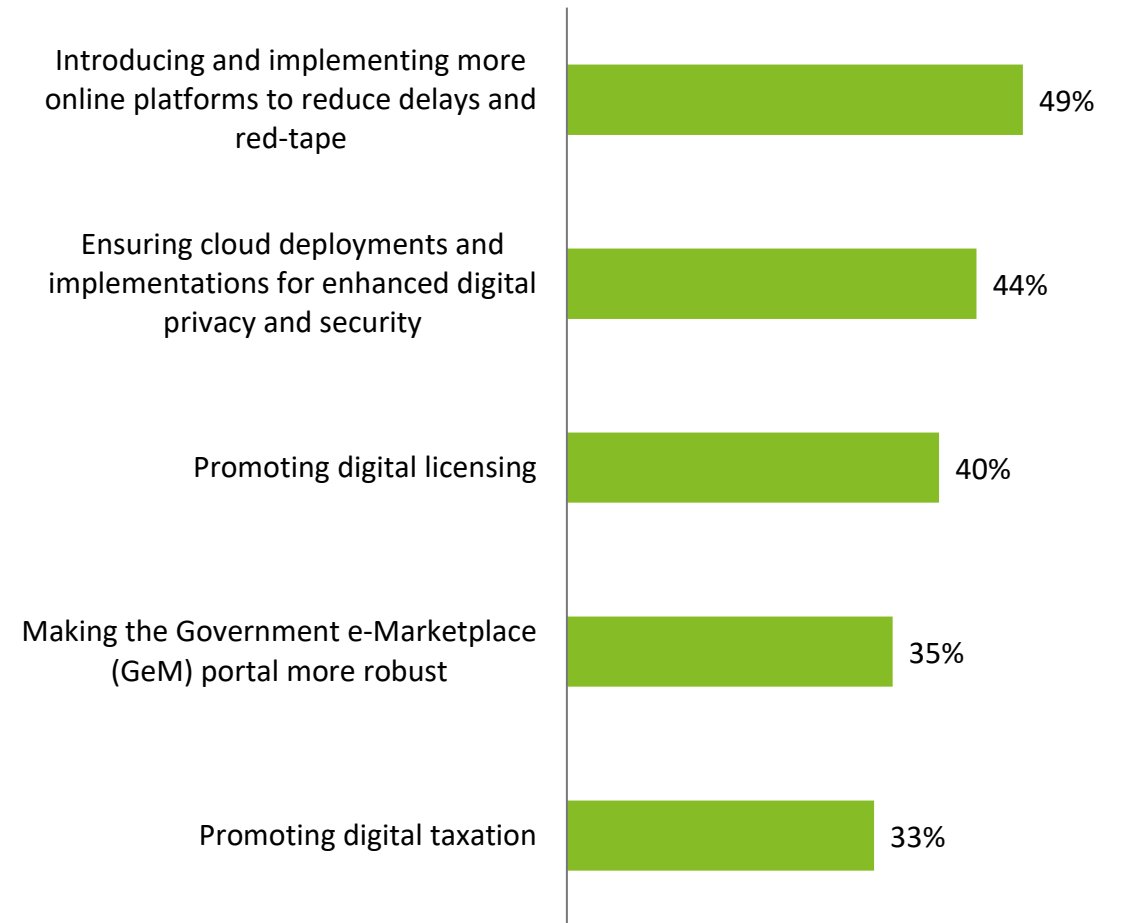
More than half of the respondents agree that the recent technological push has been beneficial; it may be enhanced with additional online platforms.

- The global pandemic has accelerated development of many large-scale digital innovations at an unprecedented speed. The government is striving to improve internet connectivity and strengthen online infrastructure to make India digitally empowered in the realm of technology.
- More than half of the respondents identified the recent technology and digitalisation push as beneficial.
- According to nearly half of the respondents, more online platforms can assist in boosting digitisation.
- Industry leaders from the telecommunication (61%) and food processing(59%) sectors highlighted cloud deployment for enhanced security as suggestive measures.

Has the government's recent technology and digitisation drive been helpful?



Steps to improve on technology and digitisation



How, according to you, can the government further improve on technology and digitisation?

Measures	Electronics (TMT)	Lifesciences & healthcare	Textiles	Food processing	Automotive	Chemicals	Capital goods	BFSI	Telecom & technology	Energy
People who agree that the government's recent technology and digitisation efforts were helpful	31%	75%	53%	53%	65%	60%	53%	38%	83%	72%
Ensuring cloud deployments and implementations for enhanced digital privacy and security	31%	44%	40%	59%	47%	20%	33%	50%	61%	44%
Promoting digital licensing	44%	38%	53%	47%	35%	27%	33%	44%	44%	33%
Promoting digital taxation	38%	31%	27%	18%	35%	33%	40%	25%	61%	22%
Making the GeM portal more robust	44%	25%	33%	47%	53%	47%	27%	44%	11%	22%
Introducing and implementing more online platforms to reduce delays and red-tape	44%	63%	40%	29%	47%	60%	53%	44%	39%	72%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

How do you perceive the renewed emphasis on trade treaties?

A majority of the respondents are wary of the government's increased emphasis on trade agreements.

Perception about trade treaties



- India is accelerating Free-Trade Agreement (FTA) negotiations with several nations and groups, including Australia, the United Kingdom, and the European Union, to meet its ambitious objective of US\$2 trillion in exports by 2030; the number consists of US\$1 trillion in product exports and US\$1 trillion in services.⁽¹⁾
- The government has begun focusing more on trade treaties to achieve this goal. A considerable number of respondents wanted trade treaties to focus on creating a wide market for Indian products.
- A sizeable number of respondents wanted the Indian economy to be ready for trade agreements.

(1) Source: [The Print](#)

Survey findings

- Economic growth outlook and industry sentiments
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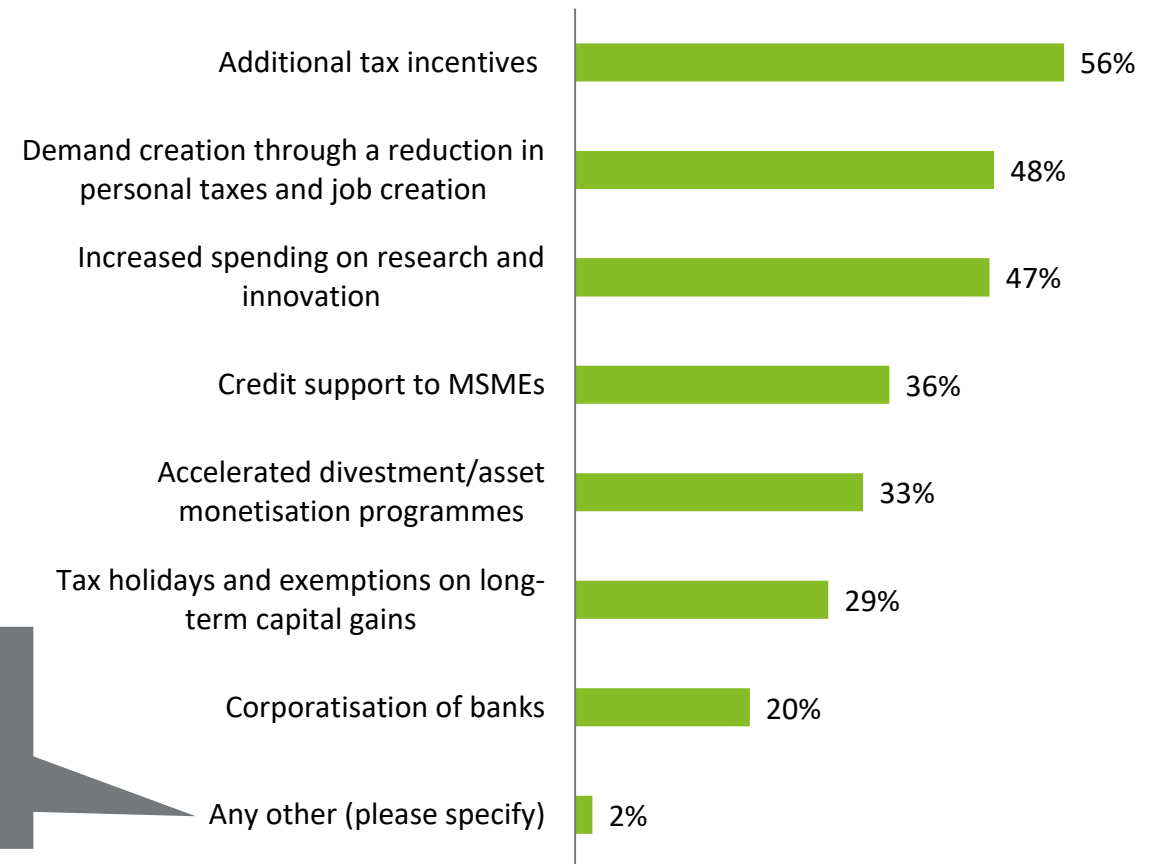
What budgetary steps, according to you, can act as an impetus for your sector's growth?

Tax incentives for infrastructure investment and demand creation have been cited as the priority steps for the industry and economic revival.

- About 55% industry leaders agree that **additional tax incentives** can act as a growth driver for long-term investors for infrastructure investment.
 - Infrastructure investments in areas such as power, roads, railways, ports, airports, healthcare, power, electrification, and education can be given tax incentives.
- Over 45% respondents believe that **increased R&D spending** would be beneficial for sectors such as life sciences, automobile, capital goods, technology and telecommunication.
- Nearly 35% industry leaders suggested a higher **credit support for MSMEs and an accelerated divestment/asset monetisation programme** for an enhanced growth of the sector.
- About 48% respondents expressed that reviving demand by creating **jobs and reducing personal taxes** could boost the growth of their sectors.

- Incentives and subsidies for recycling companies
- Tax benefits for certain professions to reduce brain drain
- Creating energy and heavy industry demand

Budgetary steps for industry growth



What budgetary steps, according to you, can act as an impetus for your sector's growth?

Measures	Electronics (TMT)	Lifesciences & healthcare	Textiles	Food processing	Automotive	Chemicals	Capital goods	BFSI	Telecom & technology	Energy
Additional tax incentives to long-term investors for infrastructure investments	69%	56%	47%	71%	53%	33%	53%	81%	56%	39%
Demand creation through a reduction in personal taxes and job creation	38%	56%	73%	35%	41%	53%	40%	50%	44%	56%
Increased spending on research and innovation	44%	69%	33%	47%	29%	60%	53%	50%	39%	44%
Budgetary or credit support to MSMEs	31%	19%	53%	29%	65%	53%	20%	25%	33%	33%
Accelerated divestment/asset monetisation programmes	38%	50%	20%	41%	29%	20%	13%	31%	39%	39%
Tax holidays and exemptions on long-term capital gains	50%	25%	13%	29%	24%	20%	40%	44%	28%	17%
Corporatisation of banks	25%	0%	7%	18%	41%	13%	33%	6%	28%	22%
Others	0%	6%	7%	0%	0%	0%	0%	0%	0%	6%

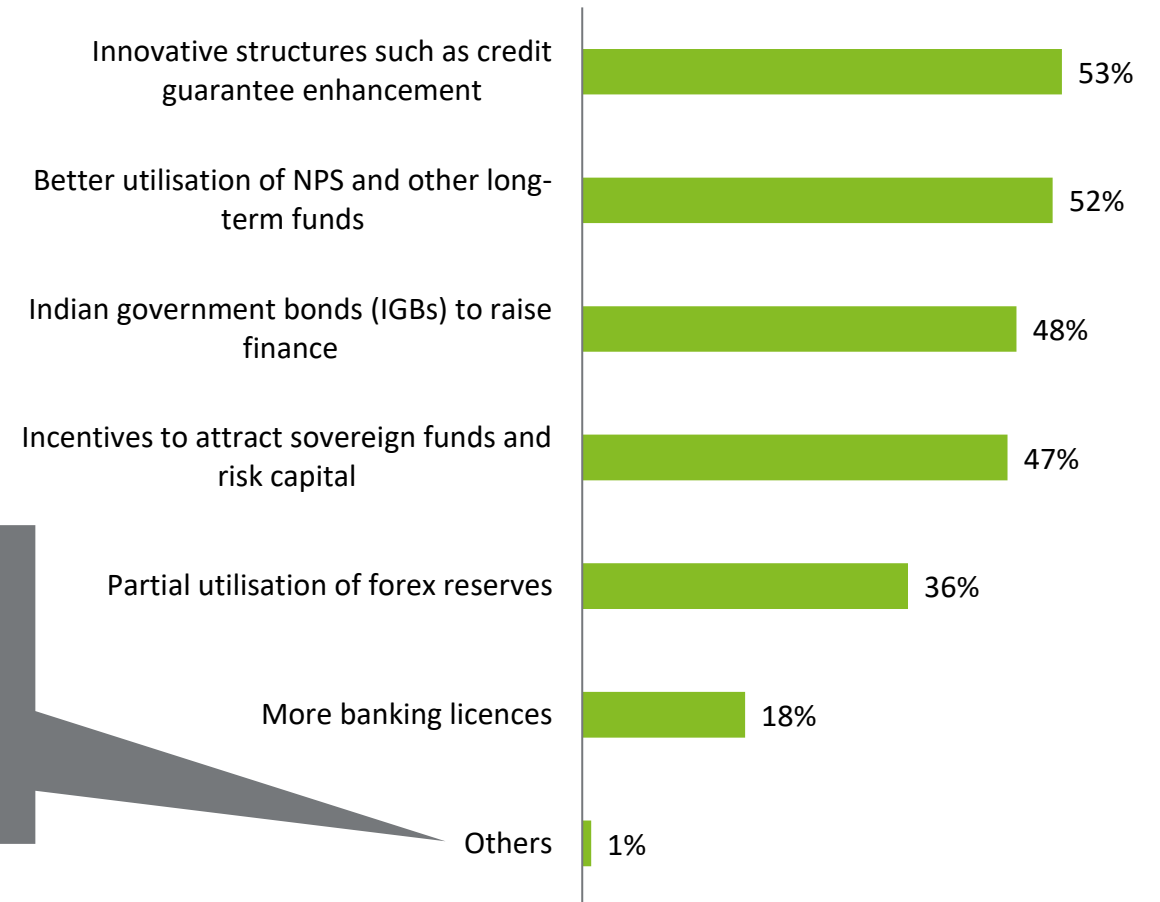
What steps should be taken for injecting capital in the economy for financing various projects?

Innovative structures to bring in private capital is cited as the top-most measure that can aid financing of projects.

- More than 50% respondents stated that building innovative structures to get private capital into the infrastructure sector will boost the project financing. This proportion has decreased by 12% from the previous year.
- About 52% respondents feel that the improved use of the National Pension System (NPS) and other long-term funds can help inject money into the economy for project financing.
- Indian government bonds are the third most preferred device to raise finance.

- Allowing BFSI to inject money in the market
- Introducing banking relaxations and incentives for MSMEs and corporates
- Easing policies to attract foreign investments
- Redefining import policies
- Motivating start-ups and introducing microfinancing schemes
- Initiating divestment in PSUs

Injecting capital in the economy



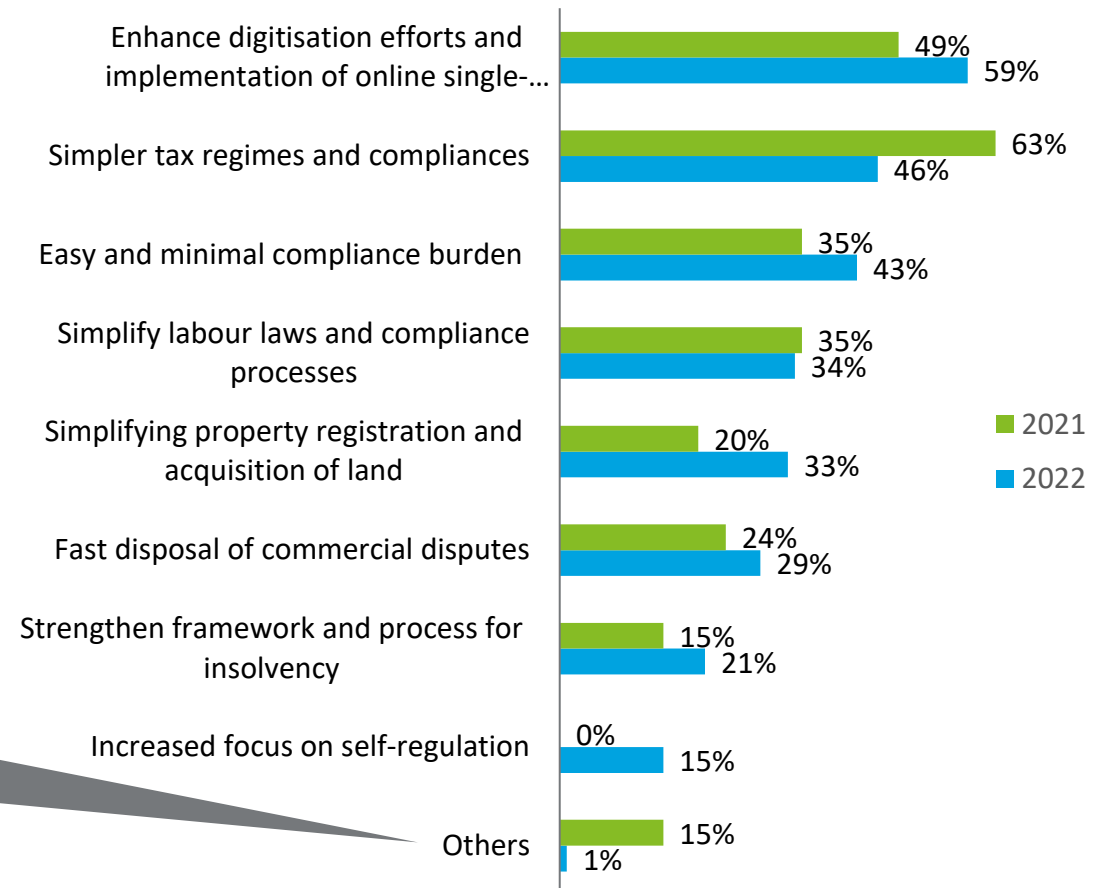
What measures do you think can enhance the ease of doing business in your sector?

The improvement in digitisation efforts and the creation of an online window system are seen as the most important steps to enhance the ease of doing business.

- The ease of doing business in India has been improving. Respondents suggested that increased digitisation, simpler tax regimes, and better compliance of processes will help India grow further in this aspect.⁽¹⁾
- About 59% respondents underlined the rising relevance of technology and digitisation, as well as the construction of an online single-window system. This proportion has increased by 9% over the previous year.
- Nearly 46% respondents believe that simplified tax regimes and compliance processes may be a substantial step towards simplifying business conduct. This proportion has reduced from 65% in the previous year.
- Leaders in the textile (67%), chemicals (60%), energy (50%), and banking (50%) industries have emphasised the need of a simple compliance procedure and the elimination of unnecessary laws.
- About 50% technology leaders and more than 44% healthcare industry leaders believe that improving land and labour laws would be another important step.

- More transparency in business activities - 20%
- Easy regulatory guidelines - 12%

Measures that can enhance the ease of doing business



(1) Source: [Livemint](#)

What measures do you think can enhance the ease of doing business in your sector?

Measures	Electronics (TMT)	Lifesciences & healthcare	Textiles	Food processing	Automotive	Chemicals	Capital goods	BFSI	Telecom & technology	Energy
Simpler tax regimes and compliances	44%	63%	47%	29%	35%	60%	53%	38%	56%	39%
Enhance digitisation efforts	81%	50%	67%	76%	59%	33%	40%	75%	67%	39%
Simplifying property registration and acquisition of land	31%	44%	20%	29%	35%	27%	13%	31%	50%	39%
Easy and minimal compliance	19%	38%	67%	35%	35%	60%	47%	50%	33%	50%
Strengthen the framework and process for insolvency	25%	13%	0%	41%	24%	7%	33%	25%	28%	17%
Fast disposal of commercial disputes	25%	38%	13%	12%	53%	33%	27%	13%	22%	50%
Simplify labour laws and compliance processes	56%	25%	40%	24%	41%	27%	27%	44%	17%	44%
Increased focus on self-regulation	6%	13%	27%	35%	18%	7%	13%	19%	11%	6%
Others	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Survey findings

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Do you feel Atmanirbhar Bharat can help your sector at an operational level?

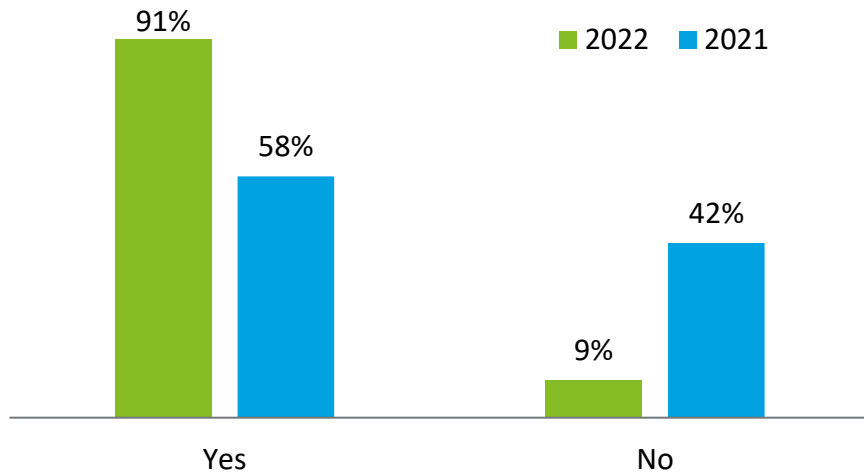
More than 90% respondents (compared with 58% past year) believe that Atmanirbhar Bharat is helpful; 100% electronics and nearly 100% automobile respondents strongly support this initiative.

- Adding new industrial clusters with shared facilities is considered the most lucrative measure for strengthening the Atmanirbhar Bharat programme.
- About 38% respondents consider extending R&D incentives, and raising the limit and clearance to promote FDI as a significant step to further enhance the scheme.
- Enhancing export competitiveness, ensuring competitive import tariffs, and reducing administrative inefficiencies are other important areas that industry leaders would like to see addressed.

Expectations from Atmanirbhar Bharat



Is Atmanirbhar Bharat effective?



- More focus on skill development (20%)
- Improving confidence of investors (10%)

This question was asked only to those respondents (148) who felt that Atmanirbhar Bharat is effective (responded "Yes" for this question).

Do you feel Atmanirbhar Bharat can help your sector at an operational level?

Measures	Electronics (TMT)	Lifesciences & healthcare	Textiles	Food processing	Automotive	Chemicals	Capital goods	BFSI	Telecom & technology	Energy
Respondents who feel that Atmanirbhar Bharat was useful	100%	94%	93%	94%	100%	87%	67%	81%	94%	94%
R&D incentives extension/weighted deduction	44%	31%	33%	47%	29%	60%	13%	50%	44%	28%
More industrial clusters	56%	50%	40%	53%	53%	20%	20%	38%	39%	39%
Competitive import tariffs	19%	25%	33%	24%	35%	20%	13%	19%	33%	17%
Increased limit and easy clearance for promoting FDI inflows	38%	25%	20%	18%	24%	27%	27%	13%	28%	11%
Enhance export competitiveness through lower utility and logistics costs	13%	25%	33%	18%	35%	27%	7%	38%	22%	33%
Supply chain reforms	38%	6%	13%	0%	24%	20%	33%	25%	33%	17%
Backward integration with links to MSMEs	6%	25%	33%	24%	12%	13%	20%	6%	17%	39%
Reduce administrative inefficiencies and compliance burdens	38%	25%	13%	24%	29%	27%	20%	13%	22%	6%
Emphasis on digitisation	19%	31%	7%	18%	29%	0%	13%	19%	17%	38%
Improve land and labour laws	25%	13%	27%	35%	12%	20%	13%	6%	17%	22%
Fast-tracking reforms	6%	19%	7%	6%	18%	13%	20%	6%	11%	28%
Others	0%	0%	7%	0%	0%	0%	0%	0%	0%	0%

How do you think the PLI scheme can benefit the growth of your sector as well as the economy?

The PLI scheme will attract investors, resulting in increased manufacturing and exports; this will boost the economy and growth of different sectors.

- More than 60% of industry leaders feel that the PLI scheme will encourage Indian enterprises to expand their manufacturing bases and increase exports, boosting the production in the sector.
- About 59% respondents believe that incentives are directly proportional to production capacity/incremental turnover. Therefore, investors would be compelled to create large-scale manufacturing facilities.
 - It is also expected to bring improvements in industrial infrastructure, benefitting the overall supply chain ecosystem.
- Large-scale production necessitates a big labour force. The PLI scheme is anticipated to generate employment, allowing for upskilling in industries such as automotive, food processing, textiles, telecom and technology, and life sciences and healthcare.

Benefits of PLI scheme



How do you think the PLI scheme can benefit the growth of your sector as well as the economy?

Measures	Electronics (TMT)	Lifesciences & healthcare	Textiles	Food processing	Automotive	Chemicals	Capital goods	BFSI	Telecom & technology	Energy
Creating economies of scale and making India globally competitive	69%	69%	60%	71%	53%	64%	73%	50%	61%	44%
Encouraging investment from within and outside India by promoting manufacturing at home	56%	69%	47%	41%	76%	57%	53%	75%	56%	50%
Facilitating and increasing production capacity by extending incentive	50%	63%	67%	59%	76%	71%	53%	50%	61%	44%
Generating direct employment	56%	44%	53%	71%	41%	29%	47%	56%	50%	67%
Targeting specific product areas	50%	38%	47%	35%	47%	29%	27%	56%	39%	50%
Others	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

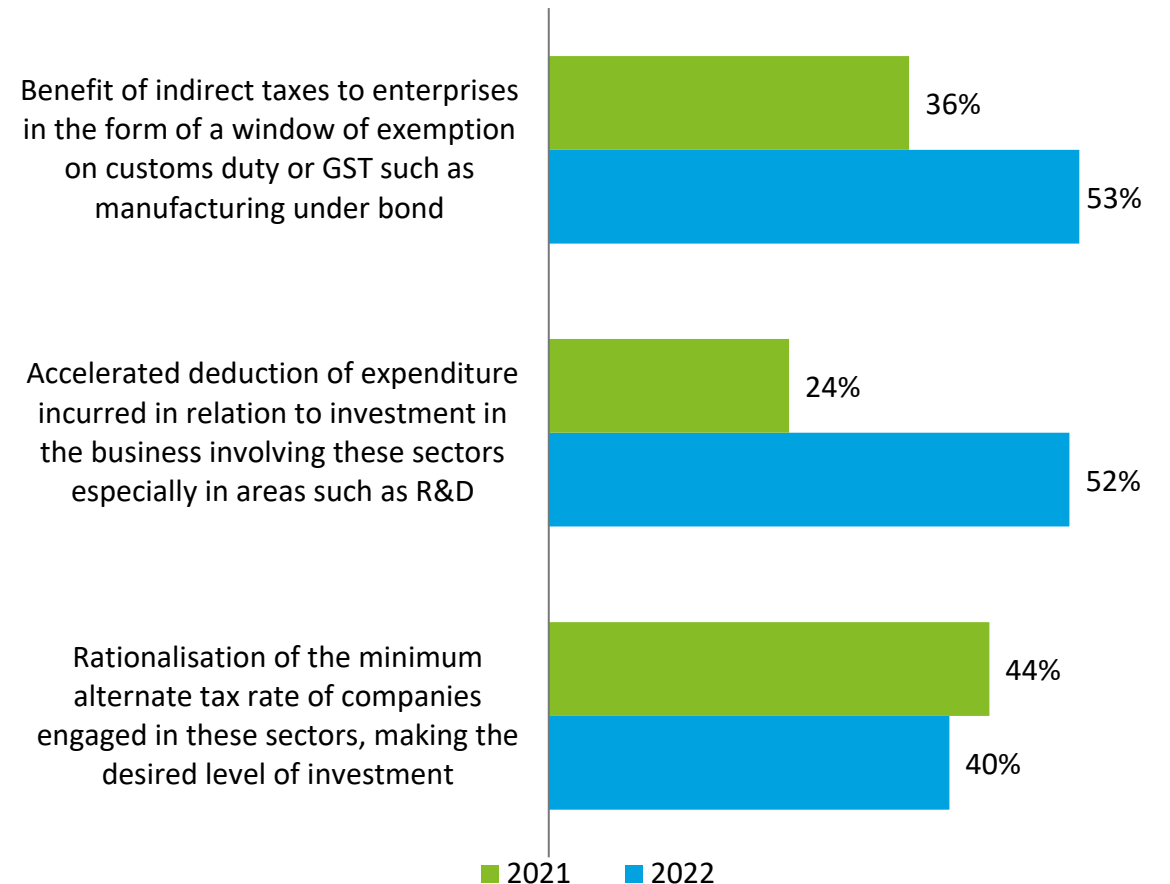
Which tax incentives should be announced for enterprises in priority sectors?

More than 50% respondents believe that giving benefits of indirect taxes to enterprises and accelerating the deduction of expenditures would have a positive impact on priority sectors.

In addition to PLI, tax incentives should be announced for enterprises in priority sectors, such as agriculture, MSMEs, infrastructure, education, and energy as these sectors are considered crucial for the country's growth. These will further push growth in other sectors:

- Benefits of indirect taxes to businesses in the form of customs duty exemptions or GST, such as manufacturing bonds, should be given, according to 53% leaders (up from 36% past year).
- More than 50% respondents supported accelerated deduction of expenditure in relation to investment in business compared with 24% respondents past year.
- Rationalising the minimum alternate tax rate is also an equally important incentive to help companies avail MAT credit.

Anticipated tax incentives for priority sectors



What, according to you, could be the most effective way of improving chip shortage in India?

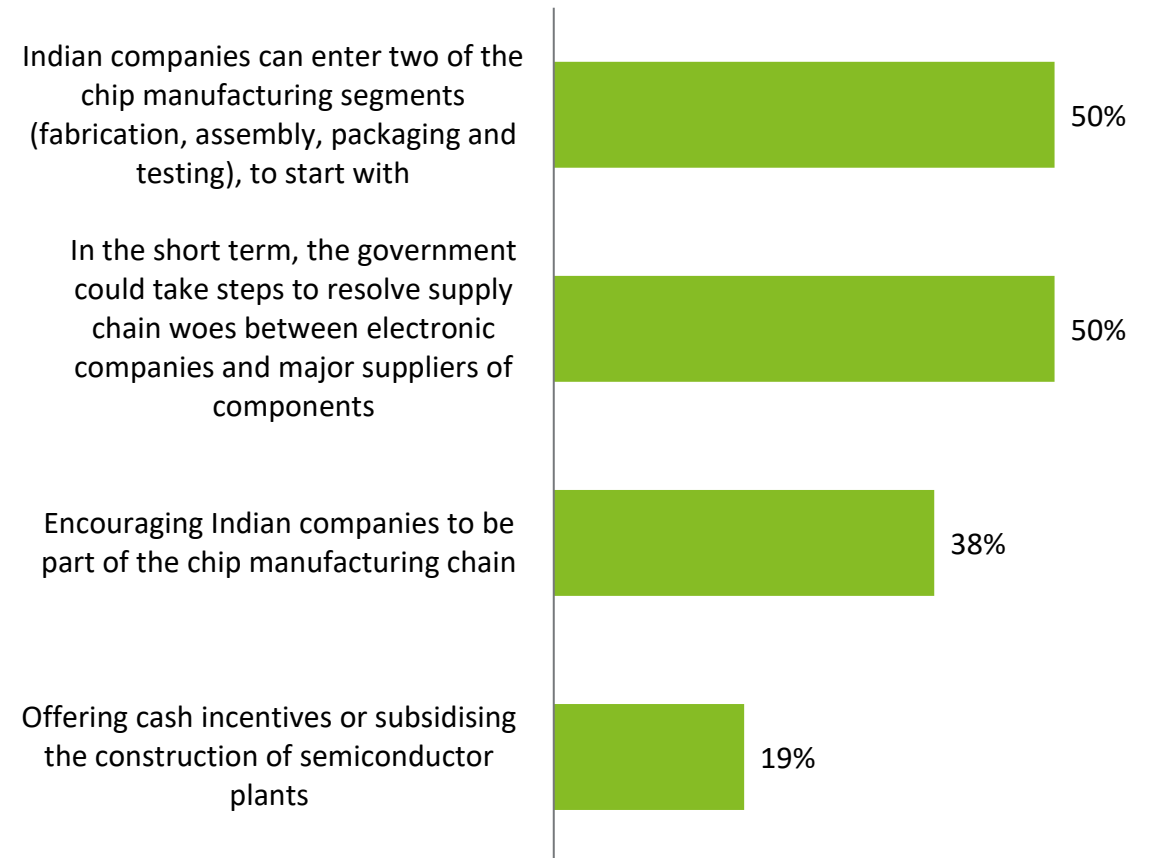
To deal with chip shortages, companies should begin manufacturing chip segments and the supply chain should be fully operational.

Several sectors have been affected by the global chip shortage that arose during the pandemic due to lockdowns. The automotive industry is one of the most affected sectors.

However, the technology sector has already started taking important steps to mitigate the chip shortage in India by encouraging manufacturing of required parts and resolving issues in the supply chain caused by the COVID-19 crisis.

- Close to 50% leaders (of 16 from the electronics industry) also agreed that Indian companies should enter the manufacturing segments, such as fabrication, assembly, packaging, and testing.
- About 50% industry leaders (of 16 from the electronics industry) also want the government to intervene and take steps to resolve supply chain issues between electronic companies and suppliers of components.
- The government should offer incentives or subsidies to manufacturing units engaged in constructing semiconductor plants.

Effective ways of improving chip shortage



This question was asked only to respondents in the electronics industry (16).

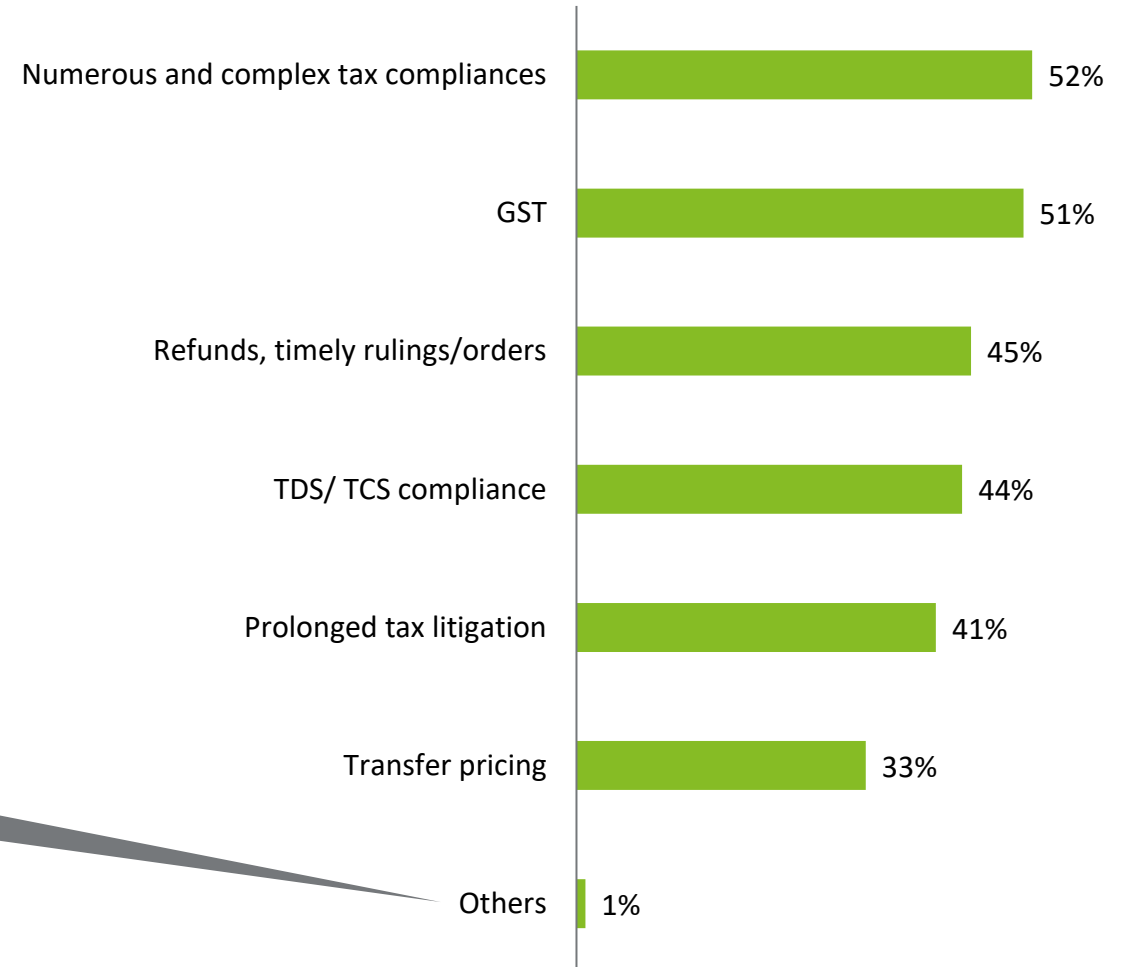
Survey findings

- Economic growth outlook and industry sentiments
- Effectiveness of the stimulus and other government initiatives during the pandemic
- **Industry expectations from Budget FY'22**
 - Economic revival and enhancing the ease of doing business
 - Self-reliance/Atmanirbhar Bharat
 - **Taxation changes and expectations**

What are the top tax-related challenges your company faces?

Complex taxation policies and the GST regime are the biggest tax-related challenges for more than 50% industry leaders.

- GST is a new tax regime and businesses lack understanding of this new system of taxes.
 - About 51% respondents have concerns with the new tax regime but are bound to provide GST-compliant invoices before filing returns.
- More than 40% respondents face challenges with refunds, timely rulings/orders, TDS/TCS compliance, and a prolonged tax litigation.
 - In India, resolution of a tax dispute could take years (if an appeal goes to the supreme court).
- MNCs highlighted facing issues with transfer pricing for allocating earnings amongst their various subsidiaries and affiliate companies.



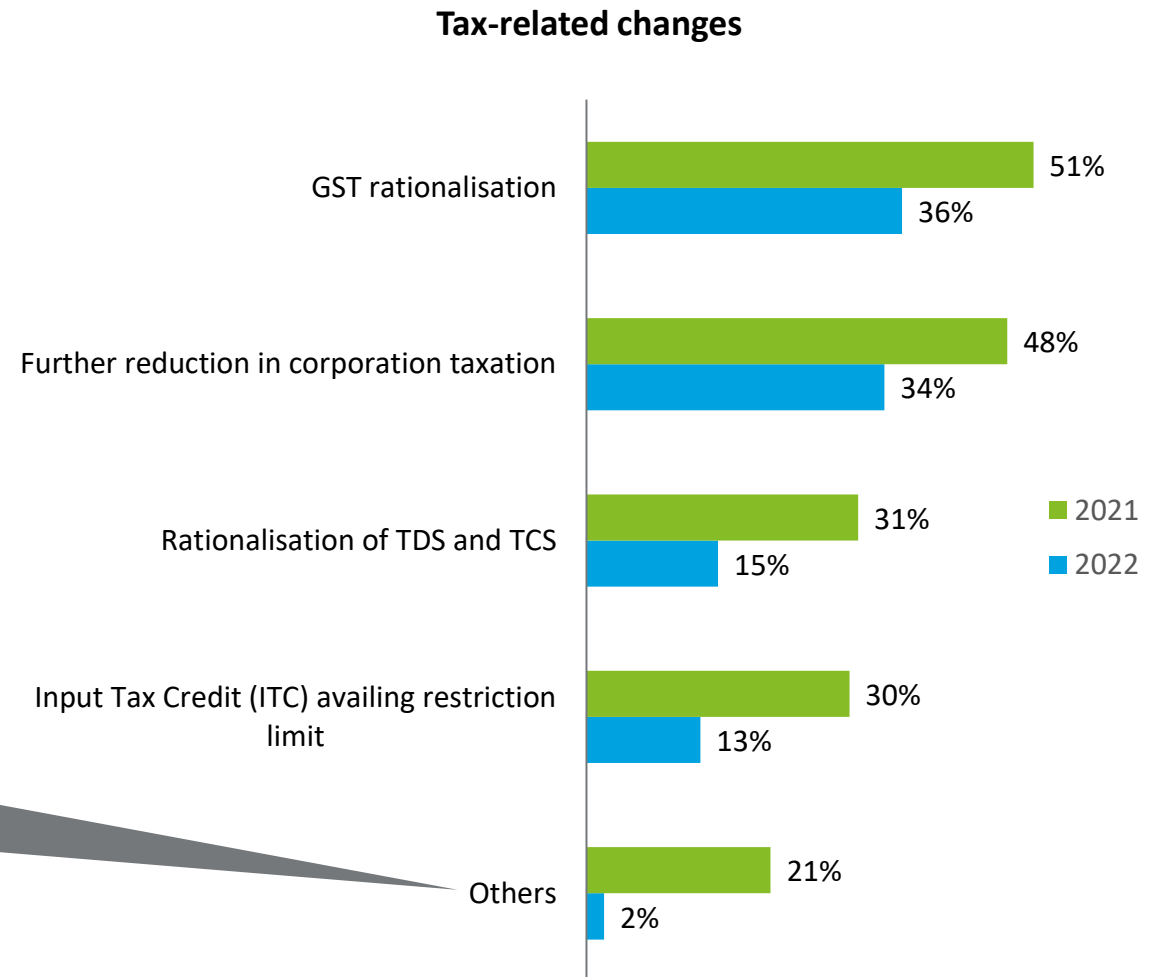
• Subsidy should return on time

What could be the most effective tax-related change for your industry?

Rationalising GST and reducing corporate tax are expected to ease most tax-related challenges/issues.

- Following the economic plunge in 2020, the last quarters of 2021 saw a period of recovery. However, as uncertainty lingers about the impact of new COVID variants, tax benefits from the government are likely to play a vital role.
 - About 36% respondents expect GST rationalisation – capping GST rate and reducing GST slabs (to three) – in Budget FY'22.
- Further, they expect the government to reduce the tax compliance burden for corporates, and make processes simpler and stable.
- Looking at expectations by industry,
 - Leaders from the chemicals industry have additionally cited a further reduction in corporation taxation as one of their prime expectations.
 - Over 50% respondents from the textile and energy industries have sought for GST rationalisation.

- GST caps should be lowered - 25%
- Rationalisation of income tax - 9%
- Export/SEZ benefits - 9%
- Post-retirement insurance/tax benefits - 9%



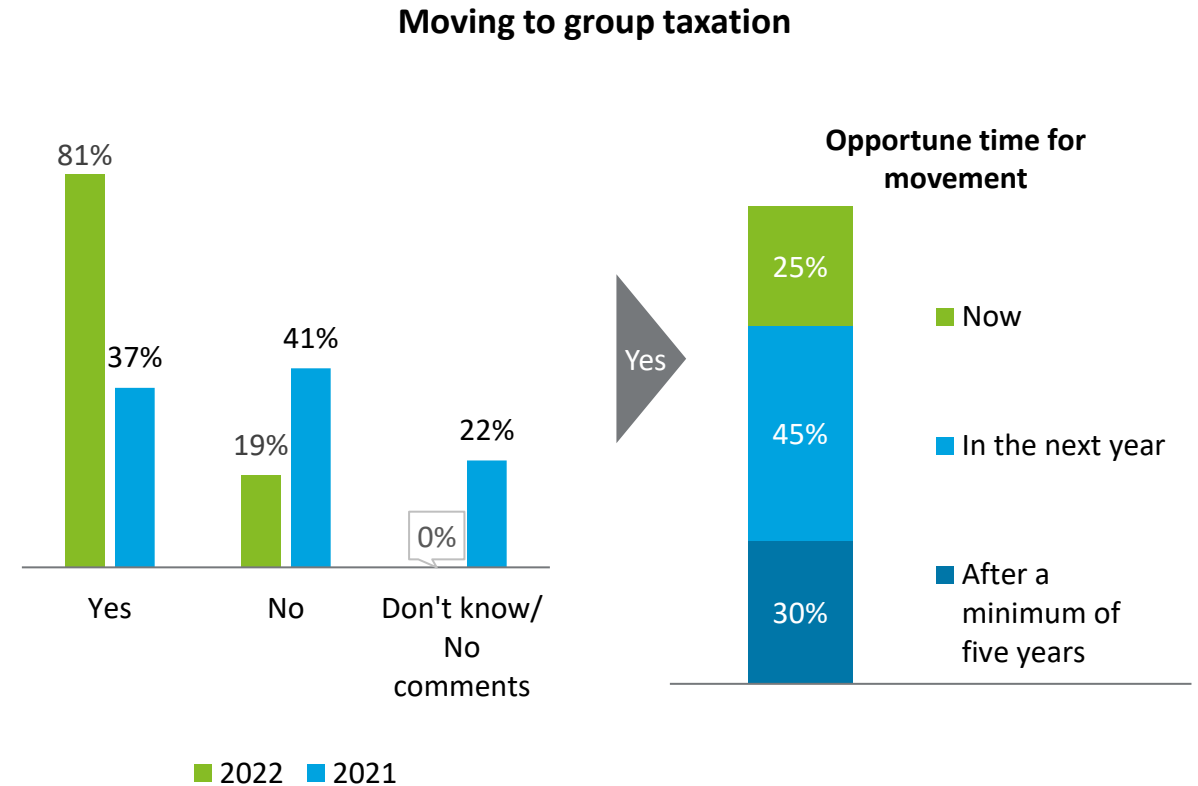
What could be the most effective tax-related change for your industry?

Measures	Electronics (TMT)	Lifesciences & healthcare	Textiles	Food processing	Automotive	Chemicals	Capital goods	BFSI	Telecom & technology	Energy
ITC availing restriction limit	44%	6%	13%	6%	12%	14%	20%	13%	0%	6%
GST rationalisation	38%	38%	53%	29%	29%	7%	33%	38%	44%	50%
Rationalisation of TDS and TCS	6%	13%	20%	29%	18%	13%	7%	13%	22%	11%
Further reduction in corporation taxation	13%	38%	13%	35%	41%	60%	40%	31%	33%	33%
Others	0%	6%	0%	0%	0%	7%	0%	6%	0%	0%

Should India move to the concept of 'group taxation'? If yes, what should be the timeframe?

More than 80% respondents support group taxation, with 70% wanting it to be implemented within a year.

- Contrary to the past year, the industry's perception towards group taxation has changed significantly.
 - About 81% respondents feel that the country should move to group taxation, compared with 37% the previous year.
- Of these 81% respondents, 70% feel the idea should be implemented within one year.
 - The remaining 30% believe that it should be implemented only after a buffer of five years.



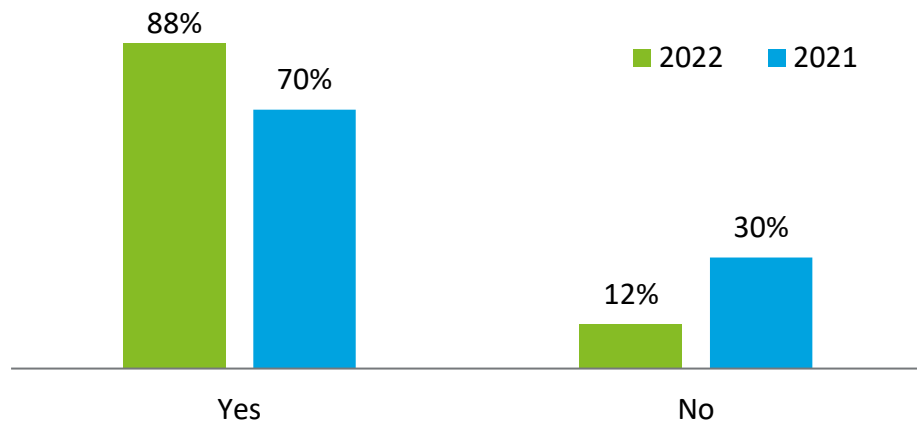
The opportune time for movement was asked only to those respondents (132) who felt that India should move to group taxation (responded "Yes" for this question).

Do you think any change in personal taxation can ease the burden of individuals?

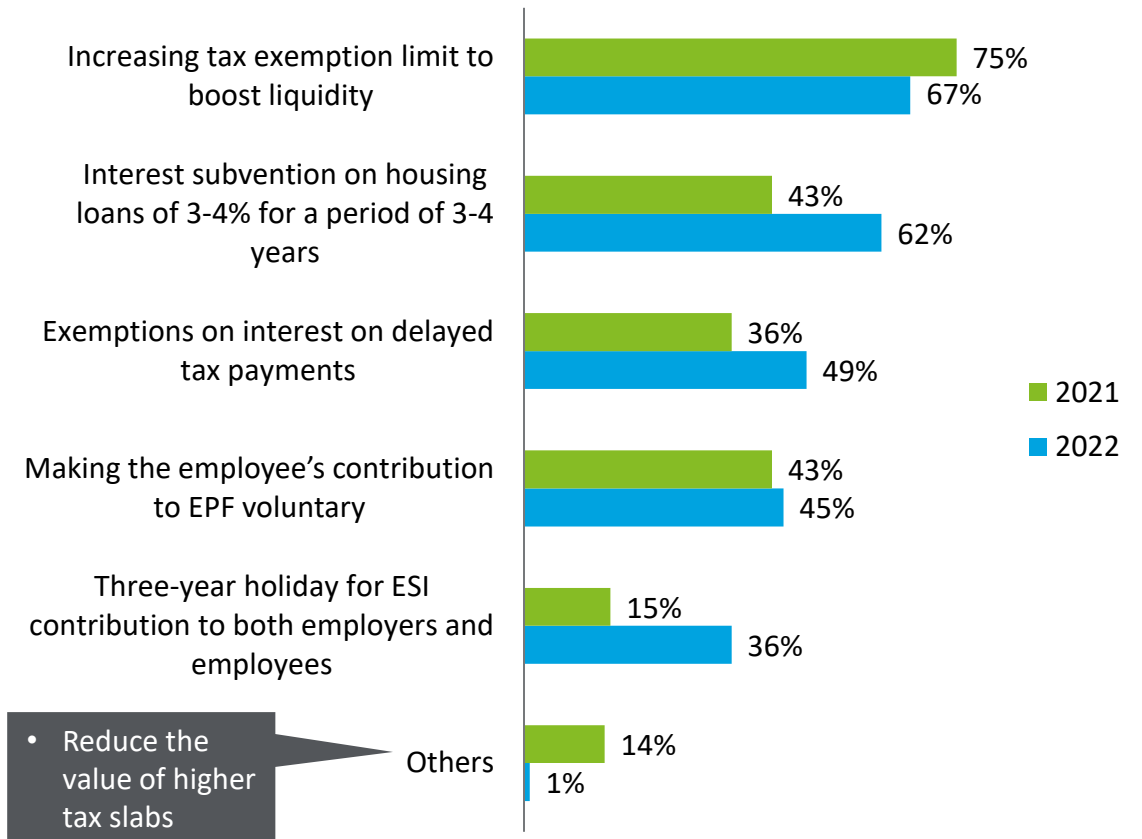
About 88% respondents believe that changes in personal taxation could be beneficial compared with 70% in the past year.

- A strong majority of industry leaders expect a liquidity boost by an increase in tax exemption limit and interest subvention on housing loans.
- About 36% respondents expect a three-year holiday for ESI contribution to employers and employees compared with only 15% respondents in the previous year.
- The views towards making employees' contribution to EPF voluntarily have been consistent from the previous year (~44%).

Are the changes in personal taxation effective?



Expected changes in personal taxation



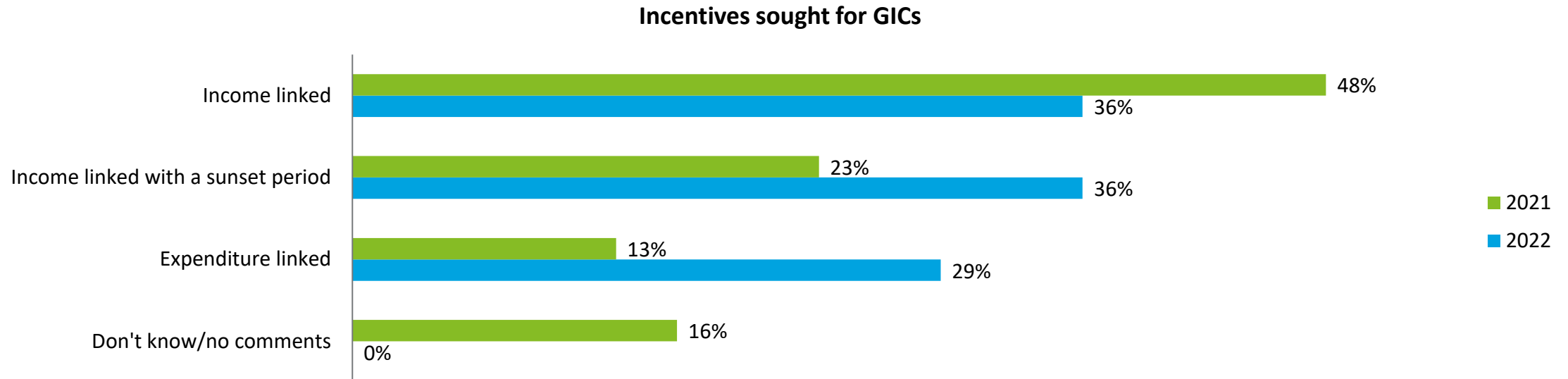
This question was asked only to those respondents (144) who felt that a change in personal taxation can be beneficial (responded "Yes" for this question).

Do you think any change in personal taxation can ease the burden of individuals?

Measures	Electronics (TMT)	Lifesciences & healthcare	Textiles	Food processing	Automotive	Chemicals	Capital goods	BFSI	Telecom & technology	Energy
Making the employee's contribution to EPF voluntary	79%	58%	53%	38%	44%	21%	15%	56%	33%	54%
Three-year holiday for ESI contribution to both employers and employees	43%	33%	27%	62%	31%	7%	31%	50%	44%	31%
Increasing tax exemption limit to boost liquidity	50%	67%	80%	54%	81%	79%	77%	50%	61%	69%
Exemptions on interest on delayed tax payments	50%	50%	33%	54%	38%	36%	62%	63%	67%	38%
Interest subvention on housing loans of 3-4% for a period of three-four years	64%	33%	67%	54%	88%	71%	69%	63%	56%	46%
Others	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%

What are the expected incentives for changes in taxation for GICs?

Income-linked incentives and income-linked incentives with a sunset period are equally popular amongst respondents.



- This year 36% respondents preferred income-related incentives, down from 48% the year before.
- Another 36% said they expect income-linked incentives with a sunset period for tax adjustments this year, compared with 23% in the past year.
- However, the electronics (~38%), oil and gas (~39%), and textiles (~53%) industries are exceptions; these industries would prefer expenditure-linked incentives.

Thank You



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