

EXPECTATIONS FROM UNION BUDGET 2021 | *SECTORAL EXPECTATIONS*

Amidst the challenging times for the Indian economy, almost every industry has been affected due to lockdown induced by the Novel Corona Virus (COVID-19) led pandemic, despite which every sector has contributed to the society in their own way. All the quarters from industry are looking forward some extra-ordinary measures in the forthcoming Union Budget 2021. Here are the key expectations which different business sectors may have:

Technology: As India is becoming a hub for homegrown start-ups, technology, innovation and automation, Government is expected to take measures to expedite its development to enable start-ups, small businesses as well as enterprises to compete at a global level.

Education: New Education Policy (NEP) 2020 will be vital in achieving the objectives of an effective and inclusive education system. The Union budget 2021 should give guidelines on the 'NEP implementation plan' and further strengthen the skill development process at par with the global education standards.

Research & Development: IGST law may be suitably amended to notify that the place of supply of R&D services provided to foreign service recipients, shall be the place of effective use and enjoyment of service i.e. location of the service recipient, thereby treating the same as export.

MSMEs & Start-ups: Relaxation of onerous compliances burden under various laws for MSMEs and Start-ups for facilitating easy doing business environment and further relaxation of MSME norms to cover the Start-ups in this category.

Healthcare: The health sector is expecting more specific allotments in this year's budget to mitigate COVID and the growth of the telemedicine sector that has great potential to make healthcare more affordable and accessible by using technology to reach out the last mile.

Automobile: Introduction of the incentive based vehicle scrappage policy to scrap over 15-year-old commercial vehicles, local sourcing of automobile parts, income tax holiday for EV unit operations and EV incentives for electric vehicle buyers are some of the triggers for boost in the demand in this sectors.

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Travel & Tourism: This sector was miserably beaten down due to the pandemic outbreak. Now, it needs a revival plan starting with a reduction in GST to 5%, infrastructural developments, creation of tourism sites into world class tourist destinations, along with easing the visa approval process.

Real Estate: Encouraging more NRI investments in the country, reducing long-term capital gains tax and giving more tax benefits to potential homebuyers are some of the measures among other policy initiatives which may help boost retail sale and in turn can offer a huge impetus to trade and economic activities.

Defence: There is a need for higher budget allocation for the defence sector, with focus on indigenous procurement and R&D.

Jobs/Employment: There are expectations that the government will spend more on key project-oriented sectors to generate higher employment and schemes like MNREGA should be further expanded.

Retail & FMCG: Taking measures to improve infrastructure and remove disruptions in the supply chain would help reach out to Tier II, III, and IV cities efficiently and enhancing the disposable income of the consumers will further increase the sales in the retail market. The 2021 budget should provide higher allocation of funds for FMCG units and tax incentives for exports of FMCG items.

Logistics: All export formalities and taxation should be completely digitized, possibly through a single window. The Government should further focus on rationalizing Customs Documentation process which will enable exporter and importer to handle this area with ease and transparency.