Budget 2020: India Inc lays down its wish list for the FM

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Relaxing taxes, addressing GST concerns, boosting infrastructure, reviving consumption and going digital are some of the key expectations from this year's Union Budget

by **exchange4media Staff**

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Expectations are running high for the India growth story that most believe can unravel on the back of some bold measures in the Budget to be presented by Finance Minister Nirmala Sitharaman tomorrow.

Here is a wish list from industry heads across sectors:

M&E

S Sundaram, CFO Republic Network: The Union Finance Minister, in the past 4 to 5 months, made a slew of announcements outlining measures to give a thrust to infrastructure and followed it with a major cut back on Corporate Income Tax rates. Nevertheless, there is an undeniable economic impasse in the air, characterized by a lack of job growth and not much improvement on credit off-take or general investments. Though Indian economy has managed to stay out of the "fragile five" club ever since 2016, the recent trends of surging Price Index, led primarily by food prices and now combined with the nervous global oil situation is creating tough macroeconomic headwinds. Given this context, the expectations out of Union Budget 2020 are a slew of policy initiatives that could create a climate of rapid investments in sectors that will fast track employment creation - transport modernization, pollution control and cold storage facilities for farm produce - and back it up with fiscal measures which will enhance disposable income in the household sector for the consumption story to build. India needs to get back on track to achieve the overall annual economic growth at 8%+ levels, at the earliest. A radical short-term measure would be to cut-back the GST rates, by pegging them one slab lower for SMEs in the manufacturing sector and simultaneously extend them a 60 day credit cycle to match the tax payout to the collection cycle, as a step to instill confidence for enterprises to invest for growth.

Nachiket Pantvaidya, CEO, ALTBalaji and Group COO, Balaji Telefilms: Considering that content has grown immensely over the years, along with increasing internet penetration, many OTT players have started experimenting with diversified genres of content which has led to the vast expansion of web business. India is not only one of the fastest-growing media and entertainment markets globally but is also well poised to keep this momentum ablaze. We expect the upcoming budget to work towards boosting the digital ecosystem where rural India gets placed on the digital map. Also, helping telcos keep costs low so that consumer connectivity and access to the internet continues to grow.

Kunal Lakhara, VP of Finance and Operations, Pocket Aces: In the last budget, the benefit of single-window approvals was a major boost. This year, we hope the government focuses on steps to provide capital to the industry players. This could be in the form of incentivizing banks and other financial institutions to lend money to industry participants, especially start-ups in the sector. Furthermore, the government could do very well by lowering tax rates and removing exemptions, revisit tax regulations especially for start-ups. This will not only provide tax reforms but also enhance the efficiency of tax collections. On the personal front, the government should reduce taxes by enhancing the slab rates. With lower tax incidence, more will be left with the consumers to spend and consume, which in turn will create demand for products and services."

Nikhil Rungta, Country Manager, India, Verizon Media: "Look forward to measures in this budget that can bring many more women into the workforce, making them powerful economic contributors. India currently lags with only 27% of women in the workforce. Bringing this number closer to the global average of 48% in the next 10 years can reportedly add another USD 700 billion to GDP growth (according to Niti Aayog). However, this isn't just an urgent economic priority. Joining the workforce is now an 'aspiration' for women in the country. A recent poll by MAKERS India, our media brand dedicated to accelerating the women's movement, found that education, job-readiness, safety and career development are top priorities for women Internet users in India. Supportive infrastructure with provisions that deepen skills, boost women's employment opportunities and entrepreneurship potential will empower women as they prepare to take their place in the workforce.

BRANDS

Ramesh Kaushik, VP Brand Experience at Blackberrys : 2019 was a mixed year where the retail industry witnessed many ups and downs especially with regards to consumer spends which were weaker in comparison to the previous year. We are sincerely hoping this budget to be a pro-consumption one that will help elevate the purchasing power of customers. We are expecting developments towards stated rebate of state and central taxes and levies scheme. In addition, we are anticipating focused industry-specific initiatives like infrastructure policies that will help the garment industry for deeper penetration. Apart from this Digital Infrastructure also remains a cornerstone of India's growth strategy. Hence, sharpening focus on new-age technologies like 5G will help boost online potential and drive the digital journey of Indian consumers.

T S Kalyanaraman, Chairman & Managing Director, Kalyan Jewellers: The government's Digital India initiative has propelled the shift towards a cashless economy. This clubbed with multiple benefits offered by banks to credit or debit card customers is a boon to the organized jewellery sector and is paving way towards ensuring transparency while boosting the gems and jewellery industry. Adding to this is the landmark announcement about compulsory BIS Hallmarking, which will further ensure responsible business practices while safeguarding consumer rights. In the new budget, if the government were to announce a reduction in import duty of gold (which is currently at 12%) or any reduction in personal income tax leading to more spending power, the growth momentum of the sector will be further accelerated.

Suvodeep Das, Vice President Sales & Marketing, Sodexo Benefits & Rewards: Direct Tax Reforms will be a big focus for this year's budget. Hence, it will be imperative to ensure that consumers i.e. salaried individuals enjoy greater spending power and higher take-home salaries. The best way to get consumers to spend more is to provide them avenues within the compensation structure wherein they get tax-saving benefits towards expenses they would otherwise hesitate to make, either on their professional development or for enhancing their quality of life.

KE Ranganathan, MD, Roca Bathroom Products Private Limited: We are eager to see how our Finance Minister Nirmala Sitharaman provides the much-needed boost and growth impetus to our economy towards the $1 Trillion mark. We are expecting a "growth-oriented and people-friendly" budget to stimulate consumption and demand in the ecosystem. Focus on rural development and sectors that are labour intensive such as construction, infrastructure development and irrigation to improve earnings of consumers should be among the top priorities. Another sector that is critical for the economy and GDP growth is real estate, and support needs to be provided to access low cost capital for faster project completion and interventions to bring in more buyers in the market. We know there is a demand for 40 million houses given the current population of houses vis-a-vis people. The challenge is to get genuine builders and buyers to enter the market and do the transaction. RERA is in the right direction. Talking about our industry - Bathroom Fittings, we would urge the Centre to rationalize Goods and Services Tax (GST) to 5% from the existing 18% to pare down the cost and encourage personal hygiene. As part of the Swachh Bharat Mission, it is important to make hygiene product and other sanitaryware products like faucets and fitting to be available at an affordable rate to people for improved penetration of toilets in India.

Dinesh Chhabra, CEO, Usha International: Budget 2020 is being keenly awaited by all stakeholders fuelled with the expectations of it reviving consumption and spurring growth in the industry. GDP was at the lowest in the last decade and hence the industry has lot of expectations from the Budget. We expect the government to take long-term initiatives in Budget 2020 that will help infuse positivity, fuelling consumer demand and stabilize growth patterns in future. One of the key measures in the sector could be reduction of GST rates on electronic components and rationalization of the slabs for various categories of products. GST rate cuts on components would provide manufacturers with an incentive to expand production. It will also ensure that the cost of consumer durables are reduced, thereby further increasing demand and consumption. This will help reduce import of components into India, and would be beneficial both from the point of view of “Make in India” as well as the Phased Manufacturing Programme (PMP). We also hope that the budget is pro-consumption and has measures so that additional cash is available in the hands of people, which would in turn increase consumption. In addition, policy measure to re-energize the NBFCs, some of which were AAA rated at one time, and restart the lending cycle will also help put more cash in the hands of the consumers, thereby reviving demand. These measures will encourage this segment to grow at a faster pace. We are hopeful that these steps from the government will help spur revival in demand and consumption, bringing cheer to both industry and consumers.

Manish Sharma, President and CEO, Panasonic India and South Asia:
Our expectation from the Union Budget is to see reforms that drive consumption and improve consumer demand. The decision to exempt basic customs duty on open cells from 5% to 0% was a welcome move last year and allowed us to pass on the benefits to the consumers by a reduction in TV prices. Such initiatives with phased manufacturing programmes are helpful. However, the consumer appliances industry witnessed a flat growth over the last two years, and we urge the government to continue in the trajectory of positive policies to lend support and drive growth in the sector. To give you a perspective - product categories like air conditioners, refrigerators, washing machines, television (TV) and audio, have gradually moved from luxury items to necessity in urban India. The overall market size is Rs 76,400 crore and the market is estimated to grow at a CAGR of 11.7% till FY25 on the back of India's consumption

story. In fact refrigerators and TVs are turning into necessity products even in rural India. So reduction in GST for TV and refrigerators will help reduce costs for you and drive further penetration of these products.

Ullas Kamath, Joint Managing Director, Jyothy Labs Limited: The government has been taking multiple steps to address and resolve the tensions pertaining to trade and consumption slump in the country. Last year's budget accentuated upon the need for heavy investment in infrastructure, digital economy and job creation in small and medium firms. We expect that the upcoming budget will provide substantial weightage in the rural spend so as to provide the rural population with an opportunity to increase and improve their spending power. Providing the consumers the ability to spend more will give an impetus for the country's economy. One of the tactics could be by increasing the MSPs and push in the infrastructure budgets for rural India. The FMCG sector is the first to recover and grow in such slowing economies. The government's initiatives towards substantial budget investments will help the growth and development of the Indian economy. We hope to see positive steps towards lowering the tax slabs for individuals as it will further result in boosting consumption of our country. Overall, we expect the upcoming budget to have an overview of the entire Indian economy and heighten consumer confidence.

DIGITAL INC.

Redickaa Subrammanian, Founder and CEO, Resulticks: The government has been pro-Digital since the beginning, on the back of which India has rapidly emerged as high growth digital economy. We expect the upcoming budget to further propel this growth trajectory. As a fast growing AI and ML based technology start-up that helps businesses catalyse growth through real-time customer engagement and acquisition, we hope that the budget will introduce policies that would induce companies to adopt digitisation across all aspects. Administratively, we hope processes to get even smoother for entrepreneurs to do business and investors to invest in India. We are entering a new era of technological disruption and expect the government to leverage this thoroughly through investments in initiatives on Artificial Intelligence, Machine Learning, Blockchain and the internet of things as well as relevant skill development. We would also welcome tax reforms that stimulate consumer demand and spending as well as corporate investments.

Karan Gupta, CEO, Alchemy Group: With Modi government 2.0 we hope to see support for Digital 2.0, after a significant growth in digital penetration and digital literacy in the country, it's now time for the government to focus more on Tier 2/3 and rural sectors. From more internet penetration to better IT Infra and connectivity empowering the new consumer with content and commerce across categories. Working towards a Digital India dream, we hope to see some support for digital-first businesses and the ones that are focused on making the life a consumer more convenient and fulfilled no matter where they are based.

Agam Chaudhary, CMO, Digitalabs: It's a near ritual for every industry to expect measures for monetary relief from the annual budget. However, this year I'd want to make an exception and expect measures that revive the economy as a whole. Our revenues are tied with both demand and supply ends of consumption. If they have a robust growth, so shall we.

E COMMERCE

Snapdeal, spokesperson: ESOPs are meant to reward the team that helps build a successful enterprise. Current laws tax the ESOPs prematurely when options are exercised. ESOPs should be taxed only when an employee has realised a benefit with regard to the same. Taxation should follow actual gains and not notional ones. Moreover, Founders/Promoters should be permitted to receive ESOPs - this is currently not allowed. Also, taxing sales of unlisted equities at the same rates as listed equities can be favourable to Founder/Investors. The long term capital gain rates should be the same for listed and unlisted equities. For start-up founders, employees and domestic investors, currently the tax rate of long term capital gains is 28.5% compared to the same for listed equities at 10%. This creates a significant tax burden on founders and employees of start-ups as well as domestic Angel and Institutional investors, who take the risk to back these companies. This discrimination in tax rates shouldn't exist as it creates a significant economic disincentive for those owning equity in start-ups. In addition to these, I hope the tax limit is reduced on income above Rs 5 lakh. While any taxation changes will not impact CTCs, it will definitely improve purchasing power. More money in the hands of consumers will boost demand for goods and services including those offered by Internet companies which will, in the long run, benefit the economy.

Jasmeet Thind, Co-founder, Coutloot: The expectation from the budget is to help the economy recover in most sectors that have seen a smaller growth over the last few years. Apart from this, we hope India lowers its import tax on commodities so that end consumers can have access to aspirational products for cheap prices, while at the same time drive credit subsidies for small business owners and boost manufacturing, which eventually will strengthen the economy growth.

TRAVEL

Indroneel Dutt, CFO, Cleartrip: We are also hopeful that the government will take cognizance and resolve challenges for the aviation industry which has already seen a tough year in 2019. For one, out of all the stakeholders in the aviation ecosystem, airlines operate with the most paper-thin margins. This, coupled with TCS (Tax Collection at Source), ends up hampering the working capital of airlines, giving rise to numerous operational difficulties. These obstacles are not only affecting the stakeholders and service providers but the consumers as well. We are optimistic that the government will continue to be open-minded and maintain the impetus of its past initiatives while bringing necessary reformations to further enable the travel sector.

Nishant Pitti, Co-founder & CEO, EaseMyTrip: We are hopeful that Budget 2020 will have special focus on the travel sector. India is a culturally rich and diverse country with immense potential for travel & tourism. Ranked 6th globally, I feel E-visa facility should be allowed to more countries to encourage more foreign travelers to visit India. In my opinion, there is a need to bring-in relaxation in taxes for the Indian Airline Industry considering the thin margins they work on. In addition to this, the hospitality and hotel industry can show tremendous growth if the GST on hotels is reduced. In order to promote domestic tourism and inspire people to travel more, there is a need to improve internet connectivity in Tier II and Tier III cities. This will ensure a growth in domestic travel while promoting the Digital India Campaign. Safety is an important factor while considering travelling to a foreign land. Lately in India, safety for foreign nationals has become a big concern. For this, adequate budget should be allotted to state tourism boards to ensure welfare and adequate protection for tourists coming to India.

Manish Rathi, CEO & Co-founder, IntrCity by RailYatri: We would like the budget to continue focusing on infrastructure and transportation sector especially intercity mobility which is key to the growth of economy of small cities. The initiative by the government to recognise private cab aggregators like Ola and Uber was a welcome move for intra-city mobility and will be the game changer for that industry. Similarly, we look forward to intercity bus aggregators considered as a recognized entity in the intercity mobility ecosystem. We would love to see the government introduce provisions to enable private companies towards transportation infrastructure for boarding and dropping within the city limits. Furthermore, the government should also be looking at making it easier for start-ups to operate in the country. While there were policies introduced regarding Angel Tax in the previous budget, the issue continues to remain unresolved. Resolution of this situation will really help in encouraging investors to invest more in Indian start-ups. Keeping in mind the current environmental condition, there is a dire need to invest more towards promoting the manufacturing of electric vehicles with greater than 500km run on single charge, which in turn, will go a long way in reducing carbon footprint. A dedicated fund for EV technology development and research needs to be allocated to promote development of indigenous technology in this area.