

## UNION BUDGET 2024 FOCUSES ON MAKING TECHNOLOGY AS THE FOUNDATIONAL ENABLER FOR GROWTH – PAVING THE ROADMAP FOR VIKSIT BHARAT

- *Technology and digitization backed budget focused on building a sustainable future and an inclusive economy at-scale*
- *Abolition of Angel Tax will boost investor confidence and drive innovation across the board*
  - *Enhances India's competitiveness and skill-based strengths*

The Union Budget 2024 sets the foundation for India's long-term growth fuelled by job creation and skill development. A great opportunity for the industry to partner with the government and driving talent density. For the 7<sup>th</sup> consecutive time, the budget focuses on tech as the foundational enabler for growth. From fostering start-ups and attracting investors to advancing manufacturing, agriculture, solar power, and the space economy, it seeks to leverage both traditional and contemporary avenues for sustainable progress.

The budget's reinforced focus on inclusive development and digitization initiatives through Digital Public Infrastructure (DPI) applications across sectors such as agriculture, e-commerce, education, and healthcare are highly commendable. These applications are pivotal for India's advancement, poised to enhance productivity, generate new business opportunities, and stimulate innovation within the private sector.

Some key aspects that will help India tread the global inclusive growth path are:

- **Transfer Pricing & Safe Harbour Rules (SHR):** The announcement to expand the scope of safe harbour rules and the streamlining of transfer pricing assessment procedures is a welcome step. This is an important announcement in line with nasscom's recommendations. We will now be working with the government on the details so that the budget announcement is translated into actual reforms in the safe harbour and transfer pricing framework. Once done, this would make India's transfer pricing regime more attractive and competitive, boost IT exports and ease business for Global Capability Centres (GCCs) and the IT services industry.
- **Abolition of Angel Tax:** Despite India boasting the world's third-largest start-up ecosystem, the angel tax has been stifling growth by deterring legitimate investments. The government's announcement to completely abolish the Angel Tax is set to transform the start-up ecosystem. This is a significant victory and a long-standing request from industry and nasscom. Such a tax does not exist elsewhere in the world, and its abolition will boost India's global innovation and entrepreneurial competitiveness.
- **Acknowledges MSMEs as the backbone of economic growth:** Regulatory support for MSMEs - introduction of a credit guarantee scheme for machinery purchases, a self-financing guarantee fund of ₹100 crore, a new assessment model for MSME credit based on digital footprints, enhanced credit support during periods of financial stress, and an increase in Mudra loan limits from ₹10 lakhs to ₹20 lakhs.
- **Reduction in TDS from 1% to 0.1%:** For payments made by ecommerce platforms to sellers, this will help in unlocking working capital for the sellers on ecommerce and encourage sellers to participate in ecommerce activity.
- **Abolition of the 2% equalization:** nasscom had advocated the abolition of the 2% equalization levy on e-commerce supply of goods or services. While this was transitory provision, abolishing this will go a long way in boosting the sector.

- **Focus on Space Tech:** Emphasis on space economy, with plans to expand it fivefold. Plans to establish a venture capital fund of ₹1,000 crore will drive innovation and growth in this sector.
- **Emphasis on Skill development:** The budget's commitment to skill development by prioritizing large-scale skilling of youth with courses designed to meet current and emerging needs, alongside a central skilling program is crucial. The proposal to allocate to ₹ 1.48 lakh crore for education, employment and skilling will ensure a future ready workforce for India.
- **Energy Security:** Commitment to energy transition to new and sustainable energy and focus on sustainable energy practices.

By setting a comprehensive framework for future progress, this budget underscores India's ambition to lead on the global stage while driving inclusive and sustainable advancement. While we will continue to work with the stakeholders to ensure faster planning and execution of the reforms, we will also continue to work with the government to prioritize and identify specific interventions points for quicker implementation.

\*\*\*