



Post budget reactions from experts across industries

Let's find out what experts have to say on the Budget announcements,

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Mr. Sanjay Tiwari, Director, Strategy at Exide Life Insurance

“The Union Budget 2021 has indeed proposed some bold steps to transform the country’s economic growth. For the insurance sector in particular, the announcement to amend the Insurance Act and to increase the FDI limit in insurance from 49% to 74% is a welcome move, as insurers will now be able to

bring in more capital to expand business. This will help better the technical know-how, focus on innovation and in turn improve insurance penetration which has been the government’s area of focus as well. The Budget has also proposed to allow tax exemption for maturity proceed of Ulips having annual premium up to Rs 2.5 lakh while the death benefit amount will continue to remain tax exempt.

Further, the increased focus on strengthening healthcare which comes on the backdrop of the global pandemic is a much-needed move. Additionally, the proposed tax reforms for individuals and businesses along with the boost to infrastructure spending will help in the economy’s revival after what has been a truly extraordinary year. Having said this, it appears that the funding for the increased spending would largely come from increased borrowings rather than increasing personal or corporate taxes. Therefore, the projected fiscal deficit for FY21-22 is higher than what it was expected to be, and interest rates on bonds are expected to rise from the pre-Budget levels.”

Mr Harsh Pokharna, Co-founder and CEO of OkCredit

“OkCredit welcomes the budget proposals of 2021-22 which rightly focuses on small and medium businesses (SMBs), health, agriculture, and infrastructure sector to achieve inclusive growth and boost economic activity impacted by Covid-19.

The continued focus on enhancing the ease of doing business for MSMEs with several measures such as extension in tax holiday and exemption on capital gains for startups by a year, separate NCLT framework for faster resolution of bad debts of MSMEs, increase in the maximum threshold of paid-up capital and maximum turnover of small companies, custom duty rate change for creating a level playing field for MSMEs and domestic manufacturers augur well for the economy.

The decision to allocate Rs 1,500 crore for promoting a digital mode of payment and enhancement of tax audit limit for those companies having less than 5% cash transactions to promote digital economy are very logical and will boost the formal economy. The decision to enable non-resident individuals with the entrepreneurial potential to set up One Person Companies (OPC) with no paid-up capital and turnover restrictions are the other salient features of the budget and will help in the creation of startups.”

Ms. Suman Varma, Chief Marketing Officer (Medicine Division)

"We welcome the honorable Finance Minister's focus on the Healthcare sector which is the need of the hour. Considering the unprecedented impact of the COVID pandemic on the economy, it is encouraging to see that the government has given much needed boost to the health sector in its budget. The 35,000 Crore COVID care fund will play a large part in bringing the nation back to its feet, the impact of which will be greatly felt and welcomed across all sectors. It shows great foresight from the honorable Finance minister on her part since it is more than likely that we will have to continue to live with the virus for a while longer. The addition of more health care centers and the overall increase in health was also awaited to improve the healthcare infrastructure capabilities of the nation. It is encouraging for us to see a 137% increase in the overall investment in the health and wellness sector from the government. With this budget, the healthcare sector will get benefited and as a health and wellness brand, our focus will continue to be on reinventing ourselves and relentlessly working to provide better and healthier products to our consumers. We believe this budget is a positive dose for the economy and will certainly build the economic health of the country."

Mohit Dubey, Co-Founder and CEO, Chalo.com

"The latest budget has clearly laid a strong focus on public transportation. It was heartening to see the INR 18,000 crore commitment by the government towards Bus services. While buses are already the largest form of organized commute in India - we still have less than 3 buses per 10,000 people. We need to grow this to at least 10 over the next few years and this is a great start.

Equally important is the announcement to add 20,000 city buses through the PPP model. India had thousands of operators with decades of experience in running buses. And now, we also have promising start-ups who have built technology for making the bus experience reliable and safe through live tracking and digital ticketing. Overall, this is a fantastic start - with this we have taken a crucial step towards easing congestion, reducing pollution and making our cities more liveable."

Anuj Kacker, Co-Founder MoneyTap and Executive Committee member Digital Lenders Association of India

"Finance Minister has taken a dual approach to reform the economy. The extensive investment in infrastructure will support employment at the grass root level, easing off the economic pressure created by the loss of jobs due to pandemic. The improved infrastructure as well as reforms to support sectors such as automobile will encourage trade and income generating activities. The budget is also supportive of the digital first and digital India approach. For instance, the very first digital census is a revolutionary step towards creating demographic profiles of the large Indian population."

Yogi Sadana, CEO, CASHe and Founding Member of Fintech Association for Consumer Empowerment

The 2021 Budget has some great positives for the Banking, Digital Lending and Fintech sector that will further strengthen the economy. The measures to clean up the NPAs in the banking sector by creation of an Asset Reconstruction Company and Asset Management Company that will take over the stressed assets and sell to Alternate Investment Funds is a welcome move and will help improve the health of the banking sector. It will also bring in a lot more transparency in the way the sector is run and how they report. Privatization, disinvestment and monetization of assets are absolutely necessary and will bring in much needed liquidity, if implemented correctly. Government's commitment to facilitate a world-class fintech hub at Gift city and Development Finance Institution capitalized with Rs 20,000 crore can open routes for a wide range of fintech offerings. Reduced margin money for start-ups, proposal to double MSME allocation and Rs. 1,500 crores financial incentive scheme to promote digital modes of payment will further encourage digital transactions in the country thus aiding financial inclusion.

Mr. Joby. C. O., CEO, Dvara KGFS

"The Union Budget 2021 has acknowledged the NBFC and cooperatives that are operating in the agricultural credit space. The government's initiative to bring in mechanisms to monitor the health of financial institutions, to set up Asset Reconstruction Company Limited and Asset Management Company and to safeguard the interest of depositors are welcome steps towards a robust banking mechanism. In addition to this, the increase in agriculture credit target, increased allocation towards MSME sector & increased focus on Migrant Workers & Labourers in the Budget is expected to be highly beneficial for NBFCs and MFIs. Better capital access, improved governance and enhanced lending mechanisms are some of the key focus areas in the budget and this will enable financial institutions to bring in transparency and accountability in the sector. Banking reforms will go a long way in addressing bad loans, capital infusion, development of FinTechs and support for NBFCs. Promotion of digital transactions & continued focus on financial inclusion are two key pillars in the Budget that will outline the financial landscape for the underserved sections in the society."

Vivekdeep Gupta, Country Head, India at R3

"Overall, the budget is forward looking, transformative, and provides the booster shot required by the economy to emerge out of the Covid slump.

The continued focus on digital payments is encouraging and I believe that clearly shows how the government, regulators and the industry in India are working in sync. With the new NUE licenses being issued this year, we expect the government's support to drive further adoption of payment systems in the country. The announcement of setting up a fintech hub in GIFT city can have significant multiplier effects for the economy. The special status accorded to the GIFT city, coupled with its innovative regulatory framework under IFSA has the potential to create a new financial hub akin to Hong Kong or Singapore, with growth being driven by new tech enabled innovations and asset classes like digital assets.

Being a part of the blockchain industry, I am looking forward to the introduction of 'The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021' in the upcoming parliamentary session. I strongly believe that this will drive growth and adoption of blockchain across enterprises in the regulated economy while providing a framework for the introduction of an official Central Bank Digital Currency."

Mr. Akshay Hegde, Co-founder & MD, ShakeDeal

"This year's budget is pragmatic, positive and business friendly, which is encouraging for young and fast growing India. The announcements made during the budget include a tax exemption holiday till March 2022 for start-ups, which is a welcome step. The govt. has also proposed to extend the capital gains exemption for investment in startups by one more year to March 2022. Allowing single person companies will also provide an impetus to entrepreneurship in the country.

We welcome this budget as a progressive step in the right direction with an intention to promote ease of doing business in India and further stimulate the economy while creating jobs."

Mr. Nitin Gupta, Sr. Vice President, Sales, Marketing and CRM, Mantra Properties

"The 2021-22 Union Budget is indeed good news. This budget is for growth for long term, inclusive growth for the economy as a whole. I am glad that the government sees affordable housing as a priority and is acting accordingly. By extending the 80Ib tax benefit for developers by another year the government has brought some cheer to home buyers, and I am sure they [home buyers] will definitely make the most of it. This would certainly boost the real estate sector as well. Exciting times ahead!"

Mr. Deepak Bhawnani, Founder & CEO, Alea Consulting

The predictions of rising NPAs in the first half of 2021 have been validated by the RBI. In Jan 2021, RBI stated that the bad loan ratio of banks in India could rise 600 bps to 13.5% (under the baseline stress scenario), or double to 14.8% by Sep 2021 (under a severe stress scenario) - a 25-year-high. Consistent efforts have been made by the Government to support the Banking industry to recover from the impact of NPAs. The formation of a Bad Bank is a viable augmentation to various Boards and Tribunals in existence. A bad bank's ability to buy stressed assets and other illiquid holdings of banks and financial institutions, will clear their balance sheet. For it to be a success, it will be critical for the Bad Bank to have a dedicated team of experienced professionals to consolidate and review NPAs for the settlement process. The settlement should be supported by independent hidden or undisclosed asset discovery reviews. Moreover, authority to initiate fraud investigations would support the negotiation or settlement implementation processes. Overall, these would work to stabilize the quantum of NPAs, deter collusion and mitigate recapitalization giving India's banking sector a healthier balance sheet.

Ray of greater hope for public sector banks (PSBs) to consolidate their "financial health" and mitigate risks!

Banks need to identify risks early, monitor them closely and manage them effectively. Monitoring Large accounts will allow for effective response to reduce NPA risk, but this should not just be solely dependent on financial reviews. Identifying early warning indicators like regulatory or enforcement actions, abrupt departure of senior management or CFO, litigation and even promoter family disputes, could be seen as indicators. Dependence on financial/MIS disclosures may not suffice.

The risk management function in Banks will continue to evolve and be more in sync with international best practices, as technology becomes all pervasive. Instilling an appropriate risk culture would need to go hand-in-hand with an appropriate compliance culture. The cost of monitoring should be perceived as an investment and the board and senior management will have to drive this with effective accountability. Robust processes will provide sound corporate governance and risk mitigation.

Vikas Garg, Chief Financial Officer at Paytm

Vikas Garg, Chief Financial Officer at Paytm said, "The Finance Minister has presented a balanced budget that is aimed at maximum growth of all sectors in the coming year. The Rs.1500 crore proposed scheme to incentivize digital payments is a welcome move that will accelerate the growth of cashless transactions in our country. During the pandemic, digital payments emerged as one of the key enablers of empowerment at the grassroots and brought millions of people under the fold of Insurance and digital payments will ensure financial inclusion of the masses."

Rahul Raj, Founder & CEO at FloBiz

"I'd like to commend the government on presenting a comprehensive budget that aims to address some of the most important aspects of how we can build a resilient economy, especially in light of the global pandemic. The budget was clearly pro-growth, pro-technology, pro-infrastructure and also had an earmarked place for improving healthcare in our country. The initiatives announced will certainly aid economic recovery, whether that's through capital infusion, change in taxation norms, programs for promoting domestic manufacturing or development of relevant infrastructure - these will create large opportunities for the MSMEs and is a right step in the direction of building an "Aatmanirbhar Bharat".

Nishant Kohli, Founder, Director and Business Head-Wealth, Mudra Portfolio Managers

Fiscal Deficit, Disinvestment, Expenditure & Administrative Reforms were the theme of the budget commentary earlier today, as announced by the Honourable Finance Minister, Ms. Nirmala Sitharaman. The last year has been one of the toughest years, especially after the global health crisis which has slowed down and crippled many economies, therefore a growth budget was crucial to build a post pandemic reformed India.

An enhanced allocation to Healthcare expenditure was the need of the hour and a 34% increase in capital expenditure with a sharp focus on rail and road, which will increase the industrial output bringing in the much-needed revival.

Proposed relief for NRI's: 2021 budget announced earlier today has been one of the most a very promising and long-awaited step announced for the NRI taxpayer. Many times, a mismatch in taxation periods creates innumerable hassles and inconvenience for NRIs towards claiming the credit in foreign jurisdiction for tax paid in India. Additionally, even NRIs who have come back to India for good, confront inconvenience with respect to the accrued foreign income earned specially on the corpus created in their Retirement account.

The Finance Minister has proposed that the rules will be notified to address issues related to taxation of income in foreign retirement benefit account. Her statement also highlighted the issue related to tax credit due to mismatch in taxation periods, which will shortly provide major relief to NRI taxpayers.

Sameep Shastri Vice Chairman BRICS CCI

Budget 2021 has laid out a vision to nurture manufacturing global champions for an AatmaNirbhar Bharat. Steps announced will help domestic companies become an integral part of global supply chains.

It is a budget to keep India healthy, safe and secure. With the measures announced, we expect enhanced manufacturing and infrastructure capabilities along with empowerment and inclusion in the years ahead.

Indranath Bishnu, Partner, Cyril Amarchand Mangaldas

"Ms. Sitharaman's proposal to liberalize foreign direct investment in Indian insurance companies up to 74% from the existing 49% cap is a much awaited and welcome change to the sector. What needs to be seen now, is how soon the government and the Insurance Regulator announce the revised framework in relation to the control and management of insurance companies. We are anticipating restrictions in relation to nationality and residency of directors and certain KMP, related party transactions, and perhaps the repatriation of dividends. When the sector liberalised from 26% to 49% in 2014, it took more than a year for the necessary guidelines to come in place, and once they did, they had their own share of interpretational challenges. The process was relatively faster, and positions clearer, when FDI in insurance intermediaries was liberalised to 100% in 2019. A close watch needs to be kept for the next few weeks and, as usual, the devil will lie in the detail."

Mr. Yogesh Mudras, Managing Director, Informa Markets in India

"FM Nirmala Sitharaman presented the first-ever paperless budget with a special focus to Healthcare and Infrastructure sector. The announcement for Rs 64,180 crore for the overall Healthcare sector in the Union Budget of 2021 was a vital move by the Government to strengthen the Health and Wellness centres across India and contribute to our National Health Mission. The vision for recovery in the state-wise infrastructure activities supported by robust investments will give the economy the much-needed impetus and help us march towards the \$ 5 trillion marks. The collateral-free loans and funds for MSMEs will stimulate growth and render solace to MSMEs hit by the pandemic."

Suresh Ramanathan, Dean, Great Lakes Institute of Management, Chennai

The Honourable Finance Minister, Nirmala Sitharaman has rightly included the education and skills sector as an integral part of the Aspirational India plans. We are thrilled to see the support given by the government to boost the country's education system, recognizing the need for greater inflow of both funds and talented faculty along with the importance of innovation and better lab infrastructure as a means to improve overall standards.

As a leading management institute, Great Lakes is proud to charter a course that heavily emphasizes knowledge creation as a means to deliver highly relevant and contemporary education to its students. We believe that this will eventually and invariably lead aspirational India towards better standards of living and greater employment opportunities. The allocation of Rs. 50,000 crores in the budget towards the National Research Foundation is a step in the right direction. It will put India firmly on the path to attaining global standards in knowledge creation.

Rajeev R Shah Managing Director & CEO at RBSA Advisors

"In a COVID-hit economy, the Budget 2021 attempts to have a forward-looking approach keeping long term agenda (till FY25/26) in perspective. Keeping thrust on Capital-Spending, including a push to Infra, health and education, coupled with an emphatic programme of disinvestment (including the marquee LIC IPO) and borrowings, without any tinkering with income taxes, will help boost consumption while supporting our country roll-back to the pre-COVID growth trajectory. Select new proposal on enhancement of FDI limits in Insurance (49% to 74%), Easening of One-Person Companies, continuation of Affordable Housing & Start-Up related tax benefits and breather to NRIs on double taxation will not only boost businesses/investors confidence, but also save on compliance costs."

Ravi Mehta Managing Director & Head - Transaction Tax from RBSA Advisors

"In a pandemic-plagued year shadowed by unprecedented crisis, the FM, through Budget 2021, has successfully carved a constructive recovery roadmap by laying emphasis on Capital spending. Unlike the traditionally-followed path of tinkering taxes for revenue mobilization, the Budget seeks to pursue a novel path of borrowings, privatization, monetization and disinvestment to shore-up the funding needs for this agenda. Initiatives like faceless dispute resolution, hike in tax audit exemption limit, rationalization of reassessment period and clarifications on dividend-related taxation and TDS aspects of INVIT will support in reducing litigation, promote investment and facilitate the even-green Government agenda of 'ease of doing business'."

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