



#GTONBudget

Pre-budget expectation survey

Automotive sector

Executive summary

With the Union Budget 2022-23 just around the corner, the automobile industry is expecting certain provisions from the Indian government, aimed at incentivising stakeholders for future investments in the expansion of domestic manufacturing, new-age technologies and research and development facilities. Since the automotive sector contributes significantly to the Indian economy, the industry also seeks an improvement in the ease of doing business. To gauge industry expectations, we conducted a survey which allowed us to identify aspects that are likely to be taken into consideration in the upcoming budget, such as acceleration of skill development, import-substitution, incentivisation to foster electric vehicle (EV) sales, diversifying sources of finance and building supply-chain resilience.

**84%**

expect direct exemptions and incentives for EVs

**74%**

seek fiscal support for start-ups

**75%**

want improved automotive research/development base

About the **SUR** **EY**

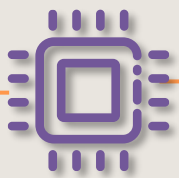
What does the upcoming budget mean for India Inc? What kind of expectations do individuals/corporate taxpayers have from the finance minister?

To gauge the market sentiments and better understand the expectations from the Union Budget 2022, Grant Thornton Bharat conducted a series of surveys across sectors. More than 1,000 respondents participated in these surveys across digital platforms.

Key highlights

62%

seek incentives towards building new-age skills



52%

expect help in domestic chip-building capabilities

32%

are looking for import substitution



32%

expect incentives for production capabilities

Expert's take



Saket Mehra

**Partner & Auto Sector Leader
Grant Thornton Bharat**

To make India a preferred manufacturing hub, some immediate measures and a long-term strategy are required. For a sector that contributes almost half of the industrial gross domestic product (GDP) and is experiencing disruptions due to the pandemic, as well as the advent of new technologies around electric mobility and regulatory changes, government support via Budget 2022 is required.

Survey findings



Respondents are inclined towards measures that will provide respite to the industry.

01

What, according to you, is the biggest concern for the automobile industry in Budget 2022?

25%



Lack of liquidity

11%



Ease of interest rates

32%



Incentives for production capabilities

32%



Import substitution

02

Which sub-sector of the automotive industry, do you think, will receive the greatest thrust in the upcoming budget?

33%

Passenger safety systems

8%

Telematics

44%

Electronics

15%

Advanced chemistry cells

03

For building supply chain resiliency, what measures can be expected from the government to help resolve the semi-conductor shortage?



52%

Help build domestic chip-building capabilities



9%

Help in global demand recovery



18%

Help in decreasing input costs

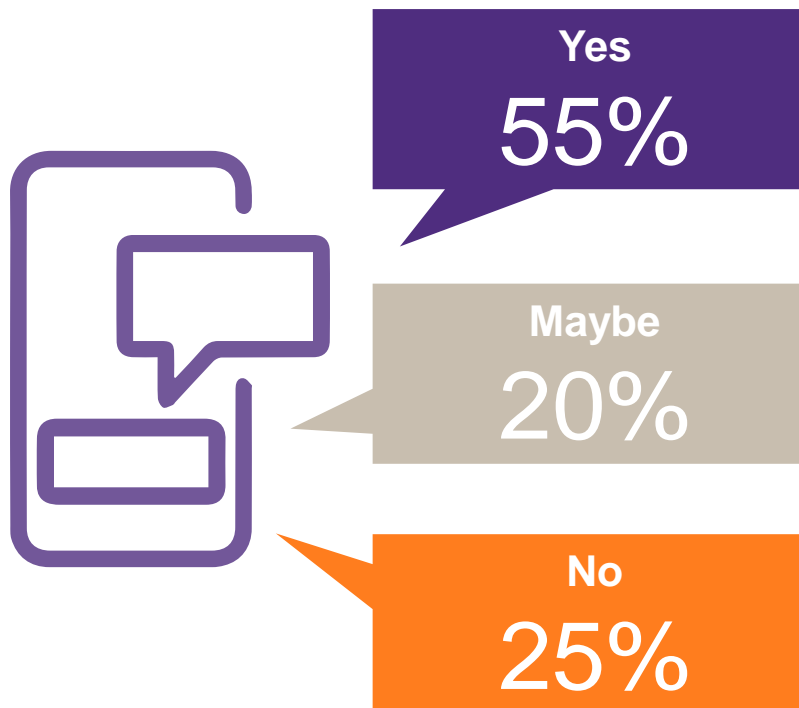


21%

Help in investment in advanced semiconductor research and development (R&D)

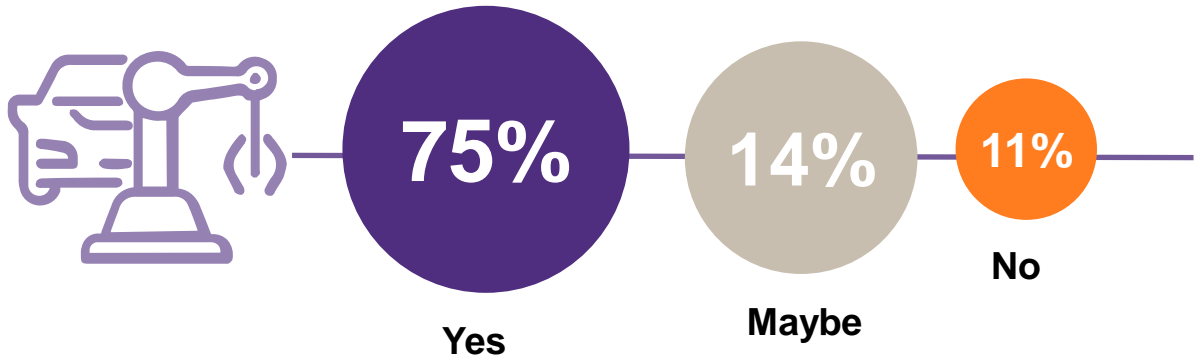
04

Will vehicle prices increase in the upcoming Union Budget?



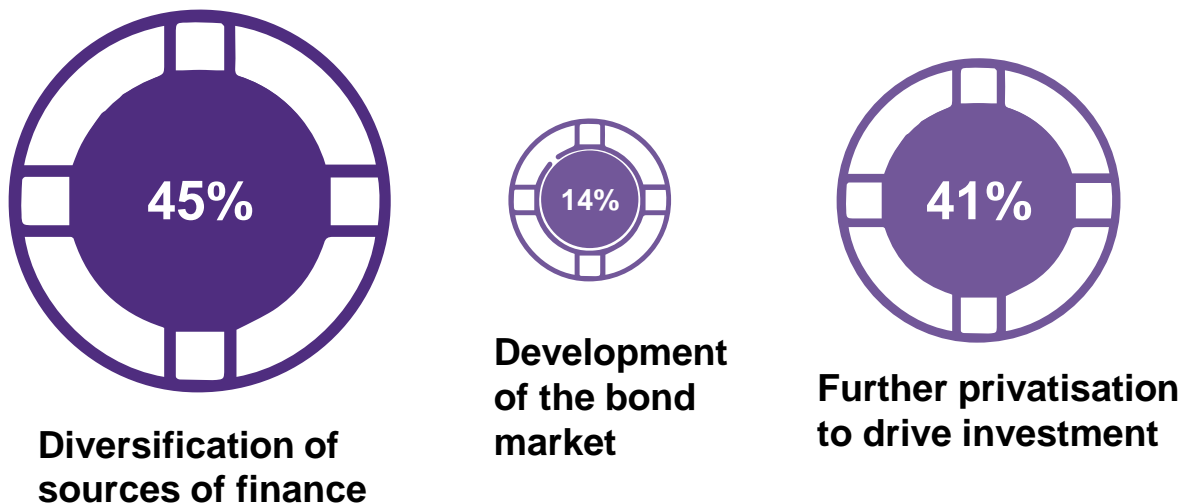
05

Are you expecting the Union Budget to focus on improving the automotive R&D development base in India?



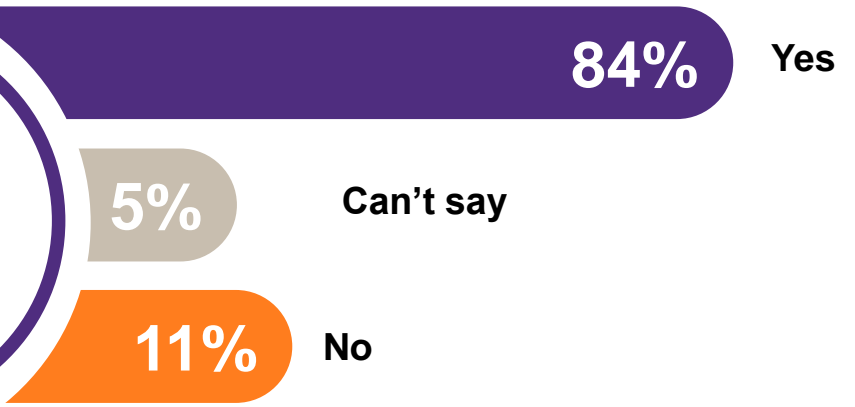
06

In your view, how can the government effectively plan to monetise steps towards better infrastructure during FY 2022-23?



07

Do you expect to have further direct exemptions and incentives to foster sales of EVs?



08

With over 250 start-ups working on EVs, should the government provide suitable measures for fiscal support to start-up enterprises?



74%

Yes, it should



12%

Can't say



14%

No, not yet

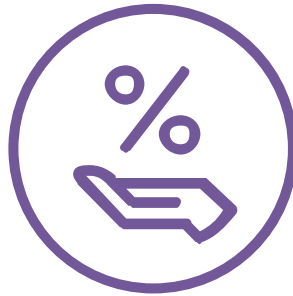
09

State policies have outlined a good mix of demand incentives for promoting EV adoption in their regions. On which aspect should the central government focus to provide EV purchase incentives?



16%

Purchase subsidy



46%

Tax exemptions



11%

Access to financing



27%

Scrapping and retrofit incentives

10

Which promising strategies are required to accelerate skill development in the automotive sector?



27%

Underlining of knowledge-intensive programmes

11%

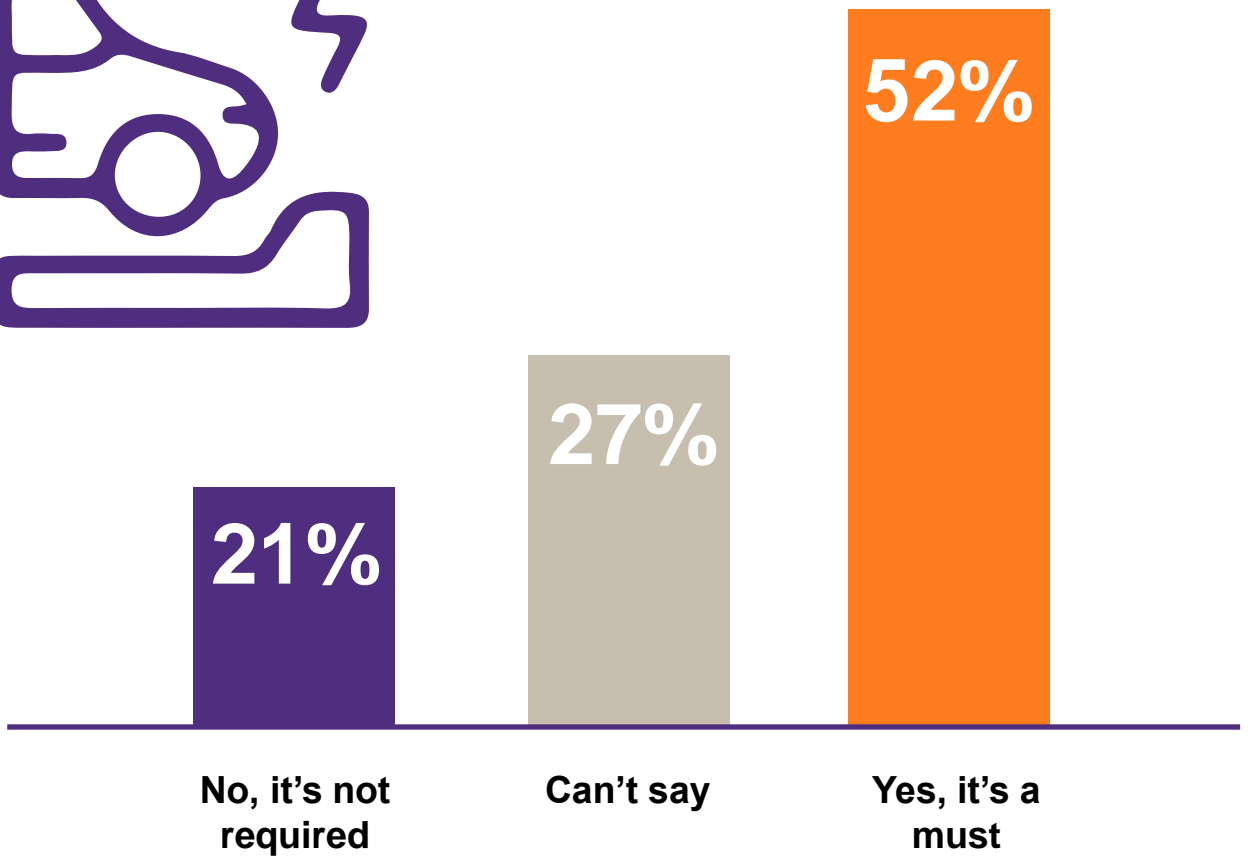
Aggressive policy push

62%

Incentives towards building new-age skills

11

Should the government consider the introduction of an automobile dealers' protection act?



About Grant Thornton Bharat

Grant Thornton Bharat is a member of Grant Thornton International Ltd. The firm is at the forefront of helping reshape the values in our profession.

We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape a more Vibrant Bharat.



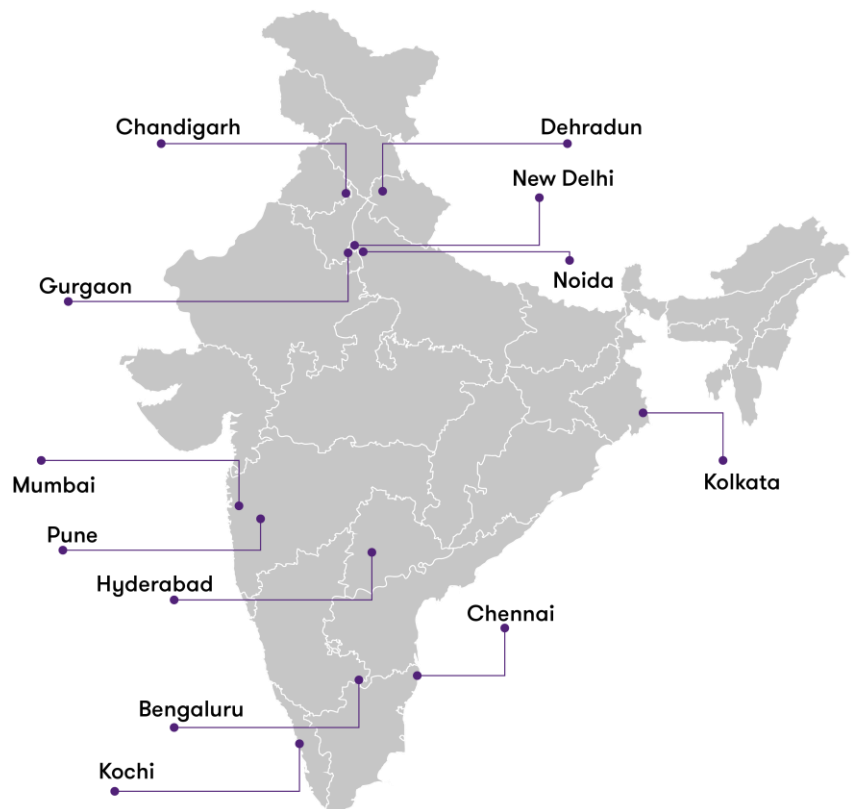
5,600+
people



14 offices in
12 locations



One of the largest fully
integrated Assurance,
Tax, Risk, Transactions,
Technology and
Consulting firms in India



What does Budget 2022 mean for business?

Get deeper insights and industry perspectives with Grant Thornton Bharat on www.grantthornton.in

Register [here](#) for the live Budget 2022 seminar



For more budget related insights and updates, follow [#GTonBudget](#) on social media handles.

[Home](#) | [Services](#) | [Grant Thornton Insights](#) | [Press](#) | [Contact us](#)



About Grant Thornton Bharat

"Grant Thornton Bharat" means Grant Thornton Advisory Private Limited, the sole member firm of Grant Thornton International Limited (UK) in India, and those legal entities which are its related parties as defined by the Companies Act, 2013, including Grant Thornton Bharat LLP.

Grant Thornton Bharat LLP, formerly Grant Thornton India LLP, is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.

www.grantthornton.in

[Click here to view Grant Thornton's privacy policy](#)

© 2022 Grant Thornton Bharat LLP. All rights reserved.