



#GTONBudget

Pre-budget expectation survey

Banking, Financial Services & Insurance sector

Executive summary

Grant Thornton Bharat's pre-budget expectations survey had interesting results. More than 75% of the respondents felt that the Budget 2022 should focus on the following:

- Green energy should be included in the definition of priority sector
- Data Privacy Bill should be pushed for finalisation
- Public Credit Registry initiative should be prioritised
- Increased regulatory focus around cryptocurrency and non-fungible tokens (NFTs)
- Harmonisation of tax and regulatory incentives for alternate investment funds (AIFs) between the Domestic Tariff Area and Gujarat International Finance Tec-City (GIFT City)

Opinion was divided on foreign bank tax reduction, differential bank licences and extension of tax incentives on interest income for foreign portfolio investors (FPIs).

The respondents also voted for fiscal stimulus measures to mitigate damages from the ongoing COVID-19 pandemic, but voted against moratoriums to be provided by the banking system, which reflects an underlying recovery sentiment.

**8 in 10**

respondents think green energy should be priority sector

**79%**

want to regulate cryptocurrencies and NFTs

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 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



78%

want green energy to be included in priority sector definition

77%

want Data Privacy Bill to become law



77%

want Public Credit Registry to be implemented

Expert's take



Vivek Iyer

**Partner – Financial Services
Grant Thornton Bharat**

The market survey clearly demonstrates the expectation for the government to be forward-looking by focusing on initiatives around evolving risks that help strengthen stability and growth of the financial services ecosystem.



01

Do you foresee green energy to be included within the definition of priority sector for channelising credit to a domain that will need high level of investments, which may not necessarily come only from equity?

No, too early from an India standpoint

22%

78%

Yes, definitely

02

Do you have any expectations around initiatives, especially increasing depth of the high yield debt market in the country, especially given the background of creation of bad bank?

58%

Yes, a market for pass through certificates (PTCs) should be incentivised

10%

Can't say

32%

No, as bad assets are still getting sterilised from the banking system

03

What do you think are some of the initiatives that the government may focus on in India, from a decentralised finance standpoint, given that globally decentralised finance is making significant strides?

36%

No initiatives as of now. Market understanding of crypto is limited and we should try to understand the domain

61%

Regulatory sandbox approach should be suggested for innovations around decentralised finance to learn more about decentralised finance in a test environment.

3%

Can't say

04

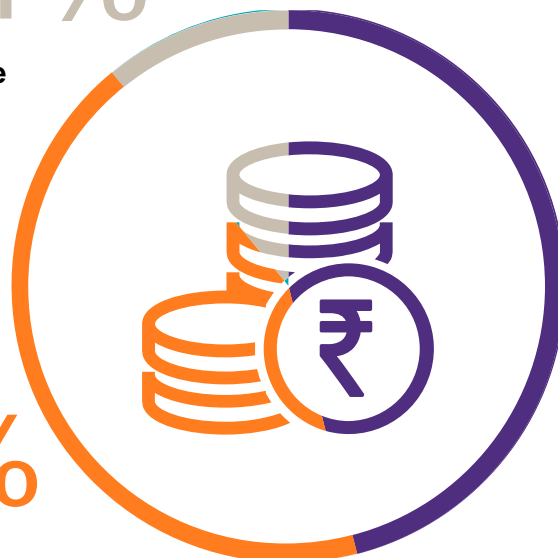
Do you expect the foreign bank tax rates to reduce to create a level-playing field with the Indian banks and promote competition, making India an attractive financial services destination?

11%

Maybe

43%

No

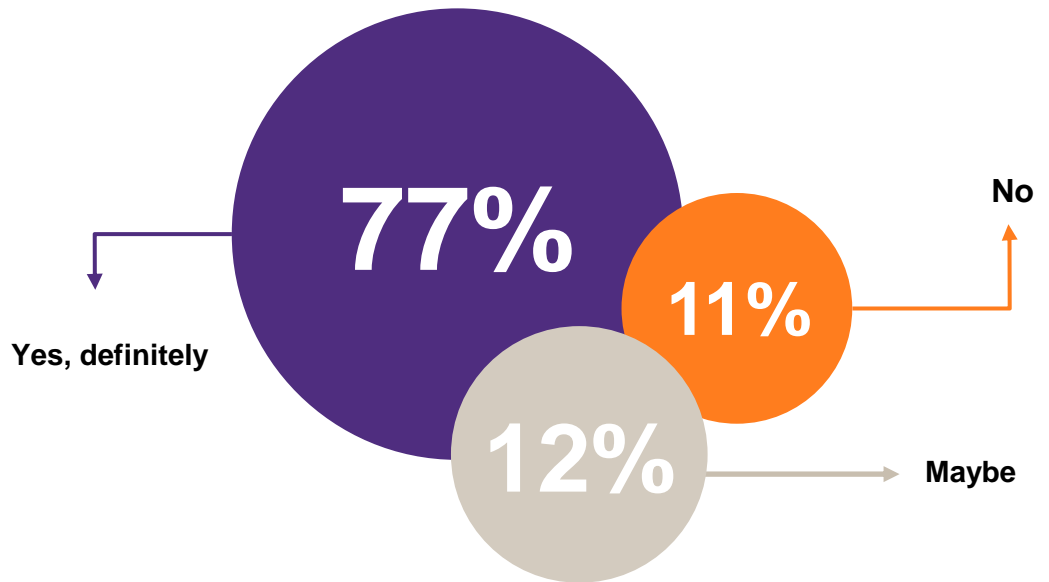


46%

Yes, definitely

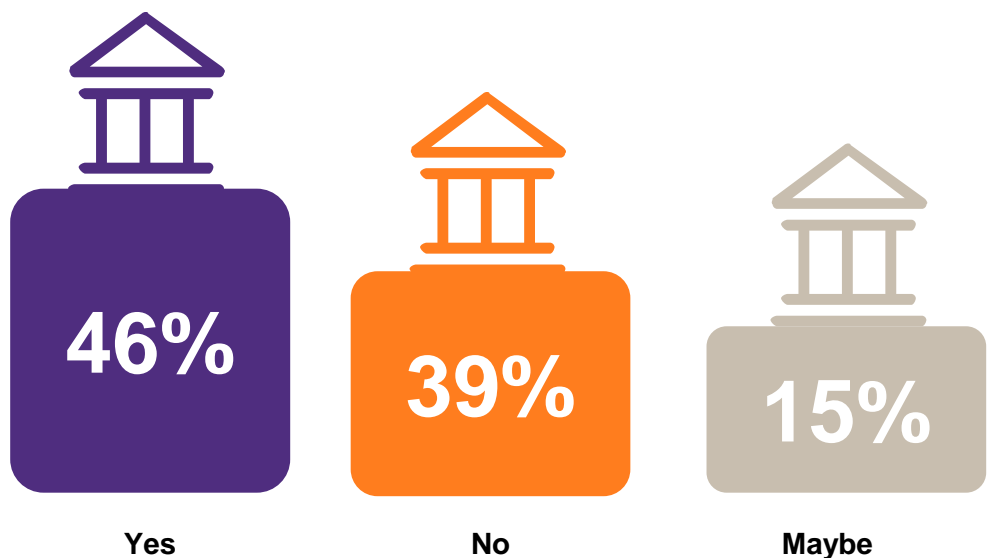
05

Given the whole focus on financial inclusion and neo-banking, do you expect the budget to prioritise the Data Privacy Bill to be passed?



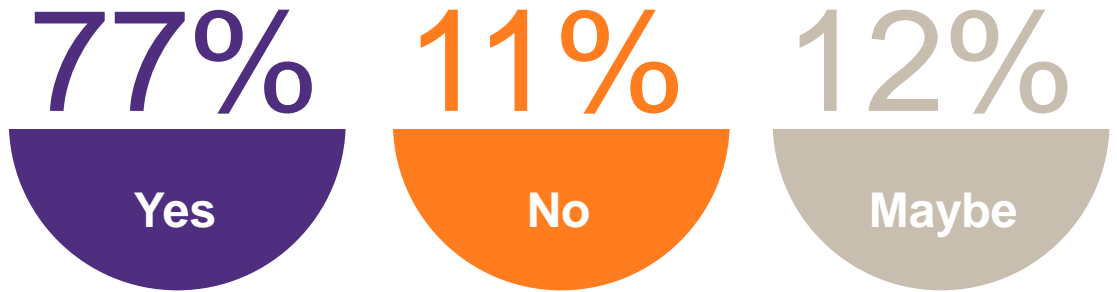
06

Do we expect differentiated bank licences in India, apart from the existing differentiation for small finance banks and payment banks? Globally, specialisation has resulted in increased market development, do we expect the government to take a similar journey?



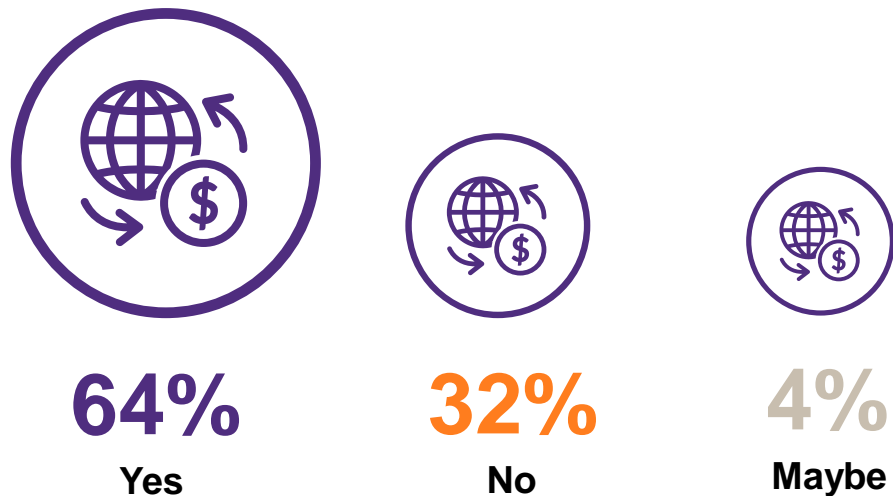
07

Do you think market infrastructure investments, such as development of a comprehensive credit stack, should be considered in this budget?



08

Do you expect further relaxations around capital account and current account transactions, given the current comfortable foreign exchange reserve position?



09

Do you expect a large fiscal stimulus to continue in this budget, given the evolutionary nature of Omicron, the new COVID-19 variant?

57%



32%



11%



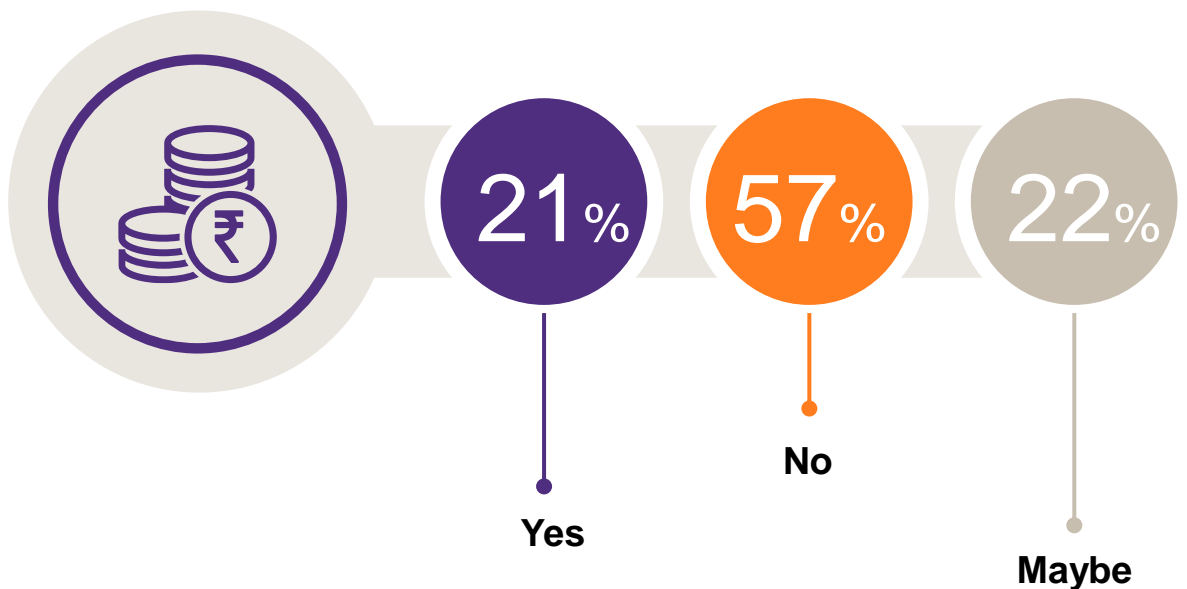
Yes

No

Maybe

10

Do you expect loan moratoriums for the quarter of January-March 2022, given the worsening COVID-19 situation?



21%

Yes

57%

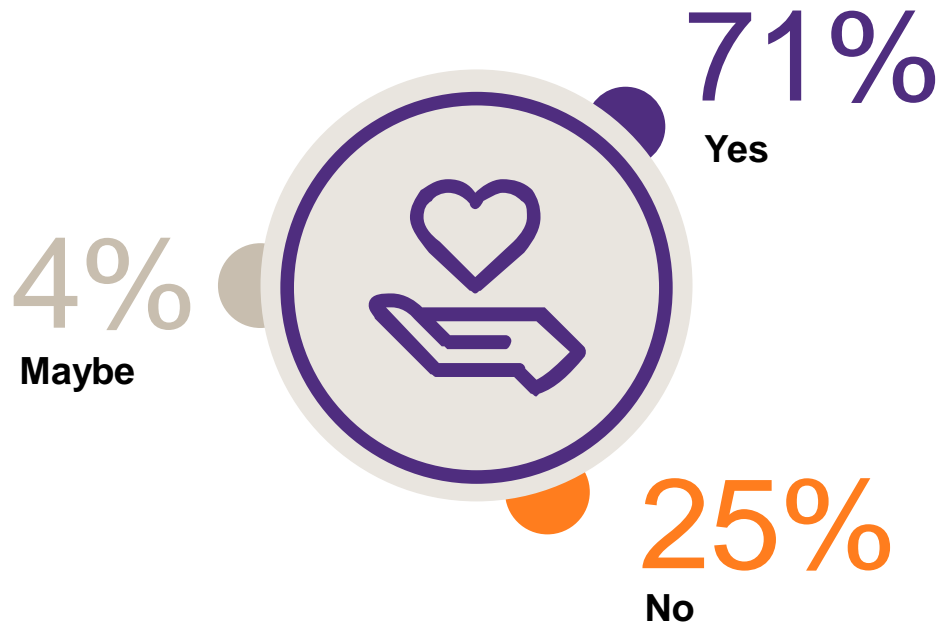
No

22%

Maybe

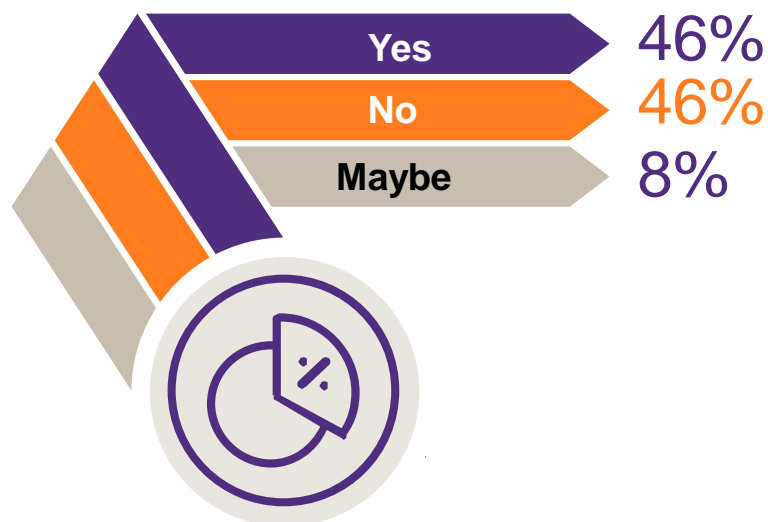
11

Do you expect any further tax for individuals towards taking new life insurance cover, health insurance policy and home loans?



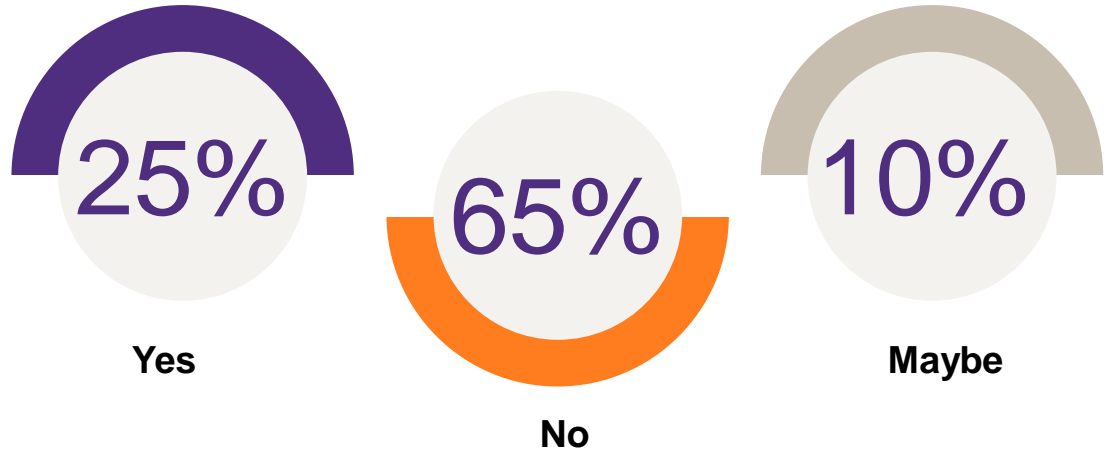
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Do you think that the concessional Income-tax rate of 5% given to Foreign Portfolio Investors on interest income earned by them from Indian debt securities should be extended by another three years post June 2023?



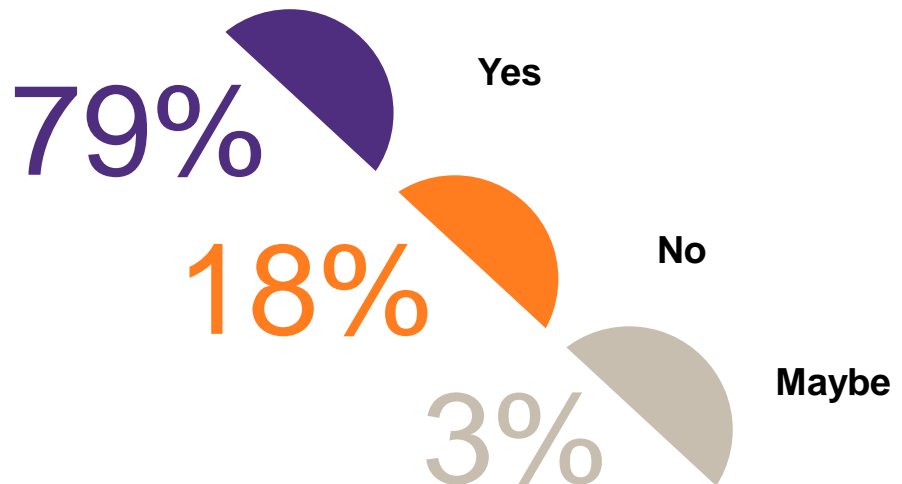
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Do you think that post COVID-19 pandemic, the requirement of people coming and working from office should become mandatory to claim certain tax benefits, especially for special economic zones, including International Financial Services Centres (IFSC) GIFT City?



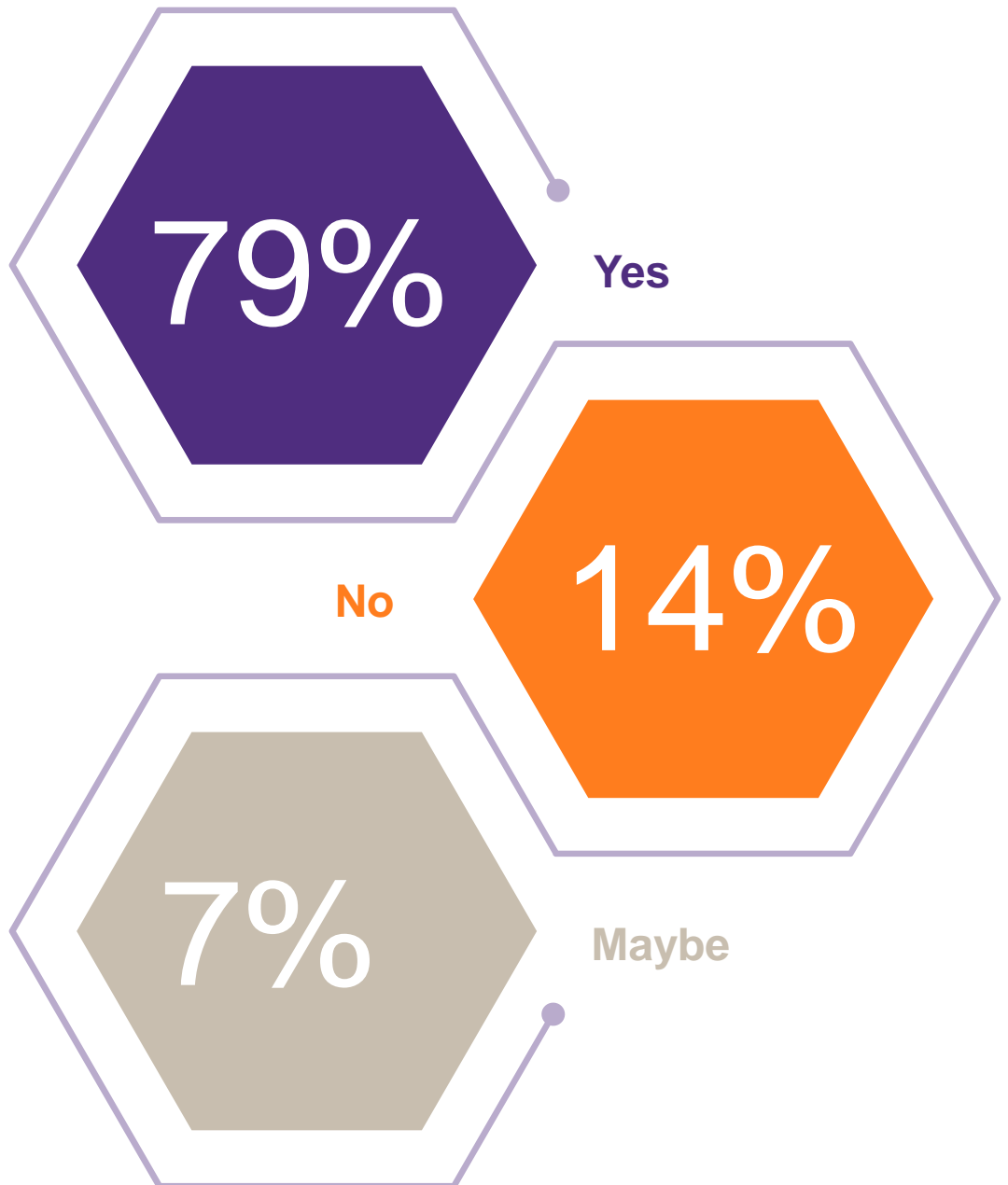
14

Do you think AIFs in India should get similar tax and regulatory incentives/flexibility, as has been given to AIFs in IFSC GIFT City, to make them more attractive for investors and fund managers?



15

Do you think any further announcement should be made in the budget towards regulating cryptocurrencies, NFTs, etc.?



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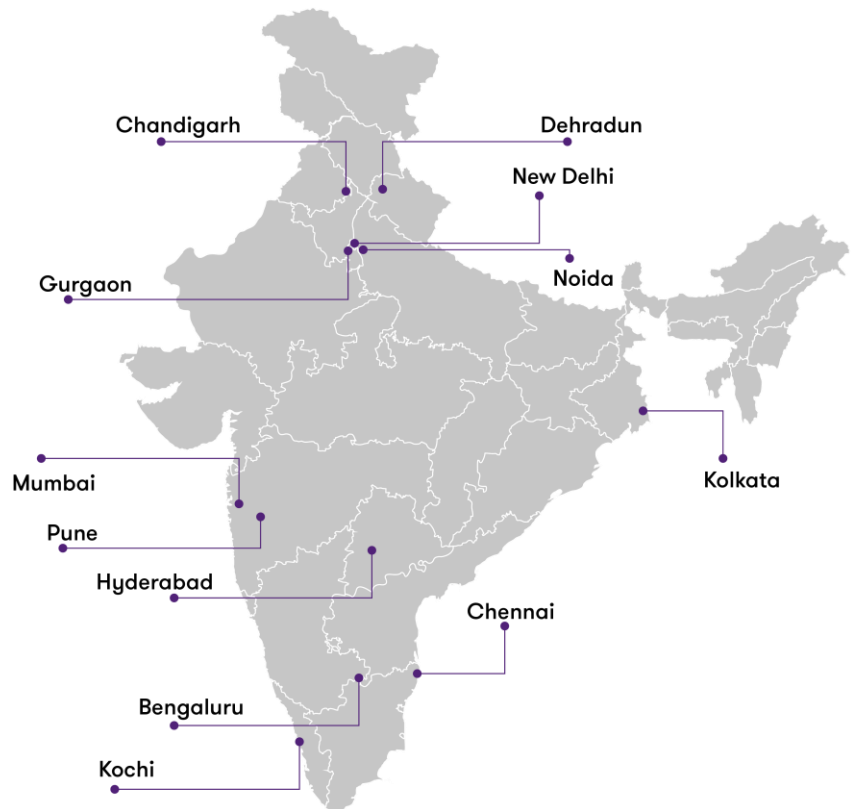
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