



EMERGING TECH TO HELP DRIVE INNOVATION, INCLUSION AND TRANSPARENCY: BUDGET 2020

- *ESOPs changes and DDT removal positive*
- *Lacked focus on accelerating services exports and R&D from India*

New Delhi, 01 February 2020: The National Association of Software and Service Companies (NASSCOM) welcomed the technology thrust in the Union Budget 2020 and stated that 'Budget 2020' is well aligned to the Techade theme that NASSCOM has articulated for the country. The Finance Minister's thrust on leveraging emerging technologies for education, healthcare, agriculture, governance will help India address the key challenges of access, affordability and inclusion. Ms. Debjani Ghosh, President, NASSCOM said, "Budget 2020 and the finance minister's speech has well-articulated India's vision on not just being a leading provider of digital solutions, but one where technology is the bedrock of development and growth'.

NASSCOM in its budget submissions and other proposals has constantly emphasized the importance of deep tech and innovation. The announcements on the Quantum Computing Center, Data Center policy, IPR portal, CoE will create the digital infrastructure for industry and government.

One of the key asks from NASSCOM for boosting the start-up ecosystem was the issue of ESOPs and allowing scaled up startups to benefit from the tax incentives. It's heartening that budget 2020 has simplified the ESOP policy and extended the tax incentives for up to 100 crore startups over a 10 year period. Incentives for MSMEs like audit exemptions for upto 5 crore companies will enable ease of business for small companies.

The removal of Dividend Distribution Tax was a long pending request from the industry and will benefit companies that have global operations. However, the budget lacked focus on accelerating service exports from the country. The technology services sector has been a key contributor to India's exports and GDP, NASSCOM had recommended that new investments by services companies in SEZs should also be eligible for the lower rate of 15%. Further, a future ready SEZ policy is needed and there was no indication of that in the Budget. Similarly, the focus on enabling more R&D solutions from India through specific programs was not covered in the budget.

The finance minister has rightly articulated that India will have the largest working age population by 2030 and the importance on skills and education found mention in the budget through internships, apprenticeship and other schemes. Schemes on upskilling / reskilling however did not find any mention in the budget.

NASSCOM will publish a more detailed analysis on the budget and seek specific clarifications on the key issues.