

India's Union Budget 2023: Focus on ease of doing business, job creation, and increasing Capital Expenditure

Recently, India's Union Budget for 2023-2024 was presented by the Finance Minister, Nirmala Sitharaman. Similar to previous Union Budgets, this fiscal year focuses on Inclusive Development (financial inclusion of small Businesses and support ease of doing business), promoting Public-Private Partnerships, Skilling (teaching-upskill), and setting off medium to long-term national development programs. The key highlights of this year's Union Budget for businesses are:

- In an attempt to increase ease of doing business in India, over 39,000 compliances have been reduced.
- The tax holiday scheme for startups is extended from March 31st 2023 to the same date in 2024.
- Customs duty exemption to capital goods and machinery imports used to manufacture lithium-ion cells for EV batteries.
- Government has increased the capital expenditure allocation for infrastructure by 33% to INR 10 lakh crore, which would be 3.3% of India's GDP.

India aiming to expand into the global market by providing high-value Pharma and Med-Tech products

India's health minister, Mansukh Mandaviya, stated that the Indian Government was committed to promoting Indian life sciences as a globally competitive sector to ensure the availability, accessibility and affordability of drugs and medical devices in domestic and global markets. For this, the government is promoting an enabling ecosystem for innovation in the pharma-medtech sector to become a leader in drug discovery and innovative medical devices.

This includes strengthening the regulatory framework to facilitate innovation and research in product development. Indian regulators are now working towards establishing global harmonisation in this regard.

Moreover, the government is focussing on incentivising investments in innovation through a mix of fiscal and non-fiscal measures, thereby matching risks with remunerative financing options. Another focus area is creating a facilitatory ecosystem to support innovation and cross-sectoral research as a strong institutional mechanism for sustainable growth in the research and development and innovation sector.

Indian Government to launch Digital India Innovation Fund for deep tech startups

India will soon launch a Digital India Innovation Fund in order to support deep tech startups. Deep tech (Deep Technology) or hard tech is a group of technological innovations based on significant scientific or engineering breakthroughs that can fundamentally transform industries and solve complex problems. These innovations require significant resources and specialized knowledge to develop and typically have relatively longer development timelines.

More details on this Fund are awaited.

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