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THE TIMES OF INDIA

Reduction in compliance burden to ease doing business, drive consumption: Retail industry

Reuters | Feb 1, 2023, 10:14 PM IST



NEW DELHI: The retail industry has welcomed the Budget, expressing hope that the income tax slab optimisation for the middle class and a slew of initiatives to push agricultural productivity would spur domestic consumption while reduction in compliance burden would enhance the ease of doing business.

The Budget would help put more disposable income in the hands of consumers, and the demand for goods and services is likely to increase, said leading retailers.

"Budget 2023-24 has laid down a broad framework towards ease of doing business, infrastructure, growth, and consumption that is positive for the retail industry," said Retailers Association of India CEO Kumar Rajagopalan.

Various initiatives around urban planning, rural development, infrastructure development and logistics and transportation will ease the movement of people and resources and facilitate faster distribution for retail, he said.

"This will help reduce the overall wastage, especially for perishables, which has always been a big worry in retail," said Rajagopalan.

IKEA India Country CFO Murali Iyer said the budget is growth-oriented, consumer-friendly and investment-focused.

"The 66 per cent increase in outlay to the PM-Awas Yojana will make housing affordable for many people and give a boost to the home furnishing sector. The decision to invest Rs 75,000 crore on critical infrastructure, revival of 50 airports and heliports,

and the promotion of coastal shipping will improve the ease of doing business tremendously. We believe that the changes in income tax slabs will revitalize consumption and encourage retail spending," he said.

METRO Cash & Carry India MD & CEO Arvind Mediratta said it's a "pro-growth" budget with big thrust on capital expenditure that has gone up by 33 per cent.

"The revamped credit guarantee for MSMEs and an additional infusion of Rs 9,000 crore is a great development for MSMEs that are still recovering from the impact of the pandemic. The announcement of decriminalising 3,400 legal provisions may not be quantifiable in terms of numeric but is a huge positive step," he said.

Moreover, the income tax slab change is a huge tax relief for the salaried middle class and will help boost spending and consumption, Mediratta added.

PwC India Partner and Leader Retail & Consumer Ravi Kapoor said: "Income-tax slab optimisation for the middle class, focus on Bharat with slew of initiatives that drive agricultural productivity, growth in non-farm employment, massive infrastructure push, driving domestic consumption through tourism impetus, enabling ease of doing business with optimising legal compliances and lastly motivating the R&C industry to invest in 'green' operating models will set the stage for demand and supply side momentum."

This will translate into personal consumption expenditure growth at accelerated levels, setting the sector growth for many years to come, he said.

Raymond Group CMD Gautam Hari Singhania said Union Budget 2023-24 has a futuristic and digitally-forward approach. The identified seven priorities complement each other.

"This Budget will bring relief to the common man reeling under mounting inflation rates and economic turmoil with revision of personal income tax slabs and promise of more employment and social security schemes. This reflects the government's intent to enhance disposal income, enable discretionary spending and provide impetus to the industry," he said.

Saraf Furniture Founder & CEO Raghunandan Saraf said the budget has increased cash flows in the hands of individuals through relaxed tax provisions and this will undoubtedly have a direct impact on their spending.

"We see this as a window of opportunity that can benefit the retail sector through increased spending. Further reductions in personal tax slabs, rates, and other measures should help increase disposable income for the middle class, with a multiplier effect on the economy and retail and consumer sectors," he said.

Pizza Hut India Subcontinent Managing Director Merrill Pereyra said: "The food services industry relies heavily on discretionary spending and therefore stands to gain from the personal tax relief measures announced in the budget, which will further catalyse consumption."

"The focus on domestic tourism will also cascade positively across our sector, by opening up new markets and allowing for greater expansion, especially in unpenetrated locations," he added.

Over DESH STACK e-portal for skilling, reskilling, and upskilling through online training, RAI CEO Kumar Rajagopalan said it will benefit various industries including retail where there is a need for quick onboarding of skilled and semi-skilled talent as it is a labour-intensive sector with high employee churn rates.