

BUDGET BREAKS AWAY FROM PAST AIMS AT TRANSFORMING INDIA, CREATING JOBS, ENTREPRENEURSHIP

Shivaji Sarkar

The 2016 Union budget is different in approach and thrust for transforming India. Since liberalization in 1991, nobody has seen a budget that is farm, rural and people centric. It makes a new start with nine pillars and ample measures to boost growth and employment.

The emphasis on the rural economy, education, agriculture, infrastructure and social security among others, if implemented properly, may be the beginning of a happy India.

The budget is oriented to the youth and creation of jobs and entrepreneurship. Whatever is being done for farmers and rural India will benefit the youth. Better farm conditions and earnings would improve rural economy. It may even invite the youth to be a part of the farms, which they are now abandoning. A class of new consumers would be created, which is likely to benefit the industry, manufacturing and overall growth.

The focus back to Gandhian economy and Deen Dayal Upadhyay's 'ekatma manavavad' are definite shift in economic policy. Both stress on self-sufficient rural economy. There is logic too. Still about 54 to 58 percent of the population – almost 80 crore – depend on farm related jobs. They are living in abysmal conditions and abject poverty. The change in outlook should ensure better living conditions for most of them.

It is possibly the beginning of implementation of BJP 2014 election manifesto. The party had said it would accord high priority to job creation and opportunities for entrepreneurship through labour-intensive manufacturing, traditional employment bases

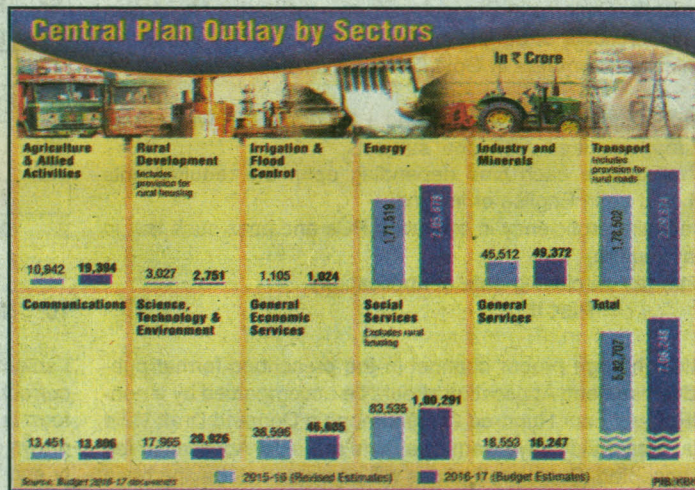
reinforces the government's commitment to the Skill India mission. It has imparted training to 76 lakh youth.

Each panchayat would get Rs 80 lakh and urban local body Rs 21 crore for bettering standard of living, sanitation and connectivity and ultimately better health in the coming years.

The focus on skill training among Indian youth has further been strengthened with the plan to skill one crore youth in the next three years under the PM Kaushal Vikas Yojana. Finance minister Mr. Arun Jaitley says, "We want to bring entrepreneurship to the doorsteps of youth. We shall set up 1500 multi-skill training institutes". These would also teach management and basic account keeping skills. Entrepreneurship

education and training will be provided in 2200 colleges, 300 schools, 500 government institutes and 50 vocational training centres through open online courses

The budget focuses on ensuring digital literacy in rural India through the National Digital Literacy Mission that aims to cover six crore rural households in the next three years.



of agriculture, housing and steps for self-employment opportunities.

The budget opens up FDI for farming and food sector. It has proposed to allow 100 percent FDI in marketing food products. The government says this would create vast employment opportunities.

The budgetary allocation towards development of multi-skill development centres

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There is emphasis also on "good and safe jobs", the Economic Survey states. The budget incentivises creation of new jobs in the formal sector. The central government will pay the employers' contribution of 8.33 percent, Rs 1,000 crore in 2016-17, for all new employees in Employees Provident Fund Organisation (EPFO) for the first three years of their employment. It would ensure continuity of jobs and the needed social security. Indirectly, it should check the tendency of employers not to show new employees in their books, adding to the tension and stress among the young workers.

Besides, employers would be given the income tax benefit under section 80JAA for showing employees on rolls for at least 240 days, reduced from earlier 300 days. They can claim deduction of 30 percent of the emoluments, maximum of Rs 25,000, paid to such employees for three years. This would again ensure better book keeping and protect workers' rights.

National career service was launched in 2015 for helping aspirants get jobs. Already 35 million job seekers are registered. This year, it is being widened with 100 model career centres. These would gradually be linked to state employment exchanges.

The government expects additional jobs creation in the retail sector. Shops are being allowed to open all the seven days, on the pattern of large malls provided workers' weekly offs, holidays and other benefits are protected. This, however, requires stringent monitoring and there may be fears of return of the inspector raj. The motto is fine but many questions remain about its possibility of job creation and prevention of exploitation.

The allocation of Rs 35,984 crore for farmers' welfare would optimize farm production. Another Rs 47,912 crore for water utilization, creation of new infrastructure for irrigation of additional area and conserve soil fertility. Various facilities to be created for irrigation, soil health, unified national digital e-market, e-pashudhan (cattle) haat and online Food Corporation procurement would come up as employment opportunities provided the schemes

do not get into a quagmire of bureaucratic procedures. The schemes would also require massive participation by state governments, many under different political dispensation. The full crop insurance, Pradhan Mantri Fasal Bima, is likely to ensure that farmers do not incur loss and becomes productive participants to the growth process.

The increased outlay of Rs 38,000 crore would also change the MNREGA focus from just giving doles to asset creation. It would now create 5 lakh farm ponds, dug wells and 10 lakh compost pits for organic manure. If it augurs well, it would boost production and create new marketing openings employing the local youth.

A major change is to allocate Rs 500 crore for increasing production of pulses in 622 districts under national food security mission. This is likely to enhance earnings of cultivators and stabilize prices. It is to be seen how young farmers, largely considered innovative, take its benefit. If honey production can rise to 86,500 metric tons, 90 percent of which is exported, it is expected the new initiatives would also provide better conditions to farm families.

Increase in 0.5 percent additional service tax for kisan welfare would net additional revenue. But it would go to government's consolidated fund and the method for giving to farmers has yet to be worked out.

Higher education, that has created a strong community of Non-Resident Indians, gets priority for having employable youth and world class higher educational institutions, initially ten each in public and private sectors, to help these emerge as teaching and research organisations. An allocation of Rs 1000 crore has been made for higher education financing. There have been complaints about the competence level of graduates and postgraduates. The NASSCOM and Merit Track, India's largest private testing and assessment company, have surveyed the employability of fresh BE/ B Techs and MBAs and found that less than one-fourth of them are employable by the industry.

The step is in tune with the Approach Paper for 12th plan (2012-17). It says, "During the 12th Plan period, an additional enrollment of 10 million could be targeted

in higher education equivalent to 3 million additional seats for each age cohorts entering the higher education system. This would significantly increase gross enrolment (GER) bringing it broadly in line with the global average."

To increase productive days of the youth, a new health scheme with cover up to Rs 1 lakh per family is being launched. As kidney failures have affected at least 10 percent of the youth and dialysis is expensive, the government initiated a National Dialysis Programme to be set up at all district hospitals. The programme would also create awareness about the ills of unhealthy diet, smoking, drinking and unnecessary popping pills.

Apart from make in India and start up, the government has decided to encourage the downtrodden SC-ST and women to become job providers rather than job seekers under the Stand Up India. At least two such projects would be created per bank branch. It seeks to create 2.5 lakh entrepreneurs all over the country. A hub is to be constituted in MSME ministry to provide professional support to SC-ST for adopting global best practices.

The finance minister's another support pillar is infrastructure. He proposes Rs 2.21 lakh crore capital expenditure for roads, railways, national waterway and greenfield ports. He claimed road and rail expenses would generate massive employment all over.

Road sector is slated for major reforms and job creation. For ensuring that roads become path to entrepreneurship and self-employment, the government has proposed to remove monopolies of state governments in passenger transport. Amendment of Motor Vehicles Act would be made so that entrepreneurs can operate buses without restrictions. This can benefit the poor and middle class, encourage new investment, promote start up entrepreneurs and create new jobs.

Similarly, 'unserved' and 'under-served' airstrips would be revived by Airports Authority. Many of these are in remote areas. The airstrips are expected to create many kinds of supporting facilities and jobs.

The languishing housing sector also has been tried to be given an official support. New small houses have been exempted

from service tax and first time home buyers would get Rs 50,000 additional interest deduction. During the last few years, housing sector has been gasping. If these measures help many working as labourers to skilled managerial and engineering techies would be major beneficiaries. The sector if tended properly can create massive direct and indirect job opportunities.

The problems of private partners in PPP are also being addressed so that disputes are resolved fast.

The road map and intention of the government is firm and clear. But there are impediments. The Economic Survey says even one percent fall in global growth can hit India by 0.4 percent. The government has also to pay about additional Rs 2 lakh crore to its employees because of Seventh Pay Commission recommendations and to defence employees due to one-rank-one pension proposal. It has also to fund Rs. 30,000 crore for recapitalising banks and almost a similar sum for Air India.

The initiatives taken would be more fruitful, if government in the final run up to passing the finance bill gives some direct tax benefits and frees bank deposits from TDS. It is hitting even the farmers, though they are not supposed to pay income tax. While the government initiative is to ease the business process, archaic approach by taxmen may create rural distress. The jobs the government wants to create may come out as cropper, if these problems are not addressed.

But the roadmap to development and job creation in small towns and villages can go a long way. It can finally come out as precursor to vibrant India and who knows in the days to come, if it goes well, there would be fewer takers for MNREGA doles and add to the pride of the rural sector. The schemes should also be twined with Khadi programmes to ensure additional income to farming families. Overall, it is path breaking but small bumps have to be removed to create the fastest growing economy.

(The author is an economic expert and media academician. Views expressed are personal. e-mail shivajisarkar@yahoo.com)