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S.P MANDALI'S weschool Welingkar Education

BUDGET 2018

Featured Article

IMPLICATIONS OF BUDGET FOR DIGITAL INDIA

WeChat

Mr Sachin Naik

Dy General Manager,
Go Airlines India Ltd

ABOUT US

OUR VISION

"To nurture thought leaders and practitioners through inventive education"

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

"*The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.*" - Alvin Toffler

At WeSchool, we are deeply inspired by the words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities require a new approach both in terms of thought as well as action. Cross-disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy the mind's eye needs to be nurtured and differently so.

We school has chosen the 'design thinking' approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

MESSAGE FROM THE DIRECTOR

Dear Readers,

Prof. Dr. UdaySalunkhe
Group Director

It gives me great pride to introduce SAMVAD's edition every month. Our SAMVAD team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone.

As we begin a new journey with 2017, I sincerely hope that SAMVAD will reach new heights with the unmatched enthusiasm and talent of the entire team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

SAMVAD is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. UdaySalunkhe,
Group Director

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the October Issue of SAMVAD for the year 2017!

SAMVAD is a platform for "***Inspiring Futuristic Ideas***" and we constantly strive to provide articles that are thought provoking and that add value to your management education.

With courses pertaining to all spheres of management at WeSchool, we too aspire to represent every industry by bringing you different themes every month. We have an audacious goal of becoming the most coveted business magazine for B-school students across the country. To help this dream become a reality we invite articles from all spheres of management giving a holistic view and bridge the gap between industry veterans and students through our WeChat section.

The response to SAMVAD has been overwhelming and the support and appreciation that we have received has truly encouraged and motivated us to work towards bringing out a better magazine every month. We bring to you the October Issue of SAMVAD which revolves around the theme of "**Budget**".

We hope you read, share and grow with us!

Hope you have a great time reading SAMVAD!

Best Wishes,

Team SAMVAD.

"The difficulty lies not so much in developing new ideas as in escaping old ones."

John Maynard Keynes.

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WECHAT

Mr Sachin Naik

Dy General Manager , Go Airline India Ltd

Team SAMVAD

1. Could you please take us through your journey?

Being an Engineer I was a more logical person & well averse to risk taking; logic was most important for any decision making.

With We School, my focus towards looking at a situation changed. I still remember my first day in We School where Prof. Tendulkar told everybody "You may be a GM, VP or a Manager, outside this college, but after entering this school you are a student & be like a student and only then will you learn."

My focus towards life and career changed thereafter. I was keen on taking calculated risks. Switching careers was no more a challenge. I moved from Business Management to Finance, based on the advice of Prof. GurudeepAnand in the very first year. Running away from risk was hampering my growth.

I was looking after business valued at Rs 10 crores with 70 employees before joining a B-school. Now my responsibility for four departments itself is at Rs 3000 crores. I moved from an organization with 70 employees to 25000 employees.

2. Which, according to you, are the top 3 highlights of the Budget-2018 and why?

- Disinvestment crossed target of Rs 72,500 crores to reach Rs 1,00,000crores.

As far as businesses are concerned, government should not have any role in running these businesses, its role should be promoting business and helping business houses in ease of doing business. GOI has very high exposure in running businesses which must come down drastically.

- Tax on Long Term Capital Gains exceeding Rs 1 lakh @ 10%, without allowing any indexation benefit.

This should have been done long time back & they should not leave any opportunity to tax such HNI & business houses. They don't need any type of subsidy. Any amount of fear generated is uncalled for.

- Proposal to roll out E-assessment across the country to almost eliminate person to person contact.

It will lead to greater efficiency and transparency in direct tax collection, also avoid corruption.

- Allocates Rs 11,000 crores to Mumbai rail network and Rs 17,000 crores to the Bengaluru metro.

This was long pending as our infrastructure is really pathetic compared to global cities. We are thirty years behind compared to big cities across the world. Bangalore seems to be poll promise. Let's see if they follow it up with other cities. We need better infrastructure. It's our right & we must demand it now.

- Fiscal deficit is 3.5% of GDP at Rs 5.95 lakh crores in 2017-18. Projecting fiscal deficit to be 3.3% of GDP in the next fiscal.

This is a good indicator of economy improvement. This improves Public Debt to GDP ratio, we are still far behind, however a target of 0.2% to 0.5 % every year will give us good return in long term.

3. The budget clearly displays that post demonetisation, GST implementation and bank recapitalisation, the economy will witness an 8% growth. How do you support this number?

It's a very aggressive number as there is no growth in economy drivers like infrastructure, services, manufacturing etc. The Government is pushing through infrastructure investment in a big way. Since our economy is bank dominated, they are going for bank recapitalisation; it will then push for sectoral growth. However recent corruption scandals, bank mergers, frauds & NPA's are major hurdles.

4. What, in your opinion, is the roadmap for penetration of Aviation sector in India, especially in tier 2 cities?

Other than creating ministry of aviation, government has not done anything and would like to treat it as a cash cow. To put things in perspective, please refer the following points:

a. Aviation is in India since last 7 to 8 decades. We are more than a billion people in the country and have only 64 to 70 airports.

b. More than half of them are controlled by the defence.

c. Large Airports in India are controlled by private players eg. Mumbai, Delhi, Bangalore, Hyderabad.

d. It is a highly taxed transport mode compared to other mode of transports like bus, train, waterways. In fact other modes are subsidised.

e. We do not manufacture spares, aircraft, engines etc. Everything is imported & creates BOP issues.

f. We do not even maintain these & all these go outside India. We lose a lot in foreign exchange.

g. Connecting tier 2 cities at higher cost will not be economical as we Indians are price conscious. Airline with losses will not continue with such routes.

h. Airport Authority of India (AAI) has 124 airports (mostly inoperative). GOI is proposing to increase the number by at least 5 times, 1 billion trips a year &Rs 60 Cr has been allocated to kick-start this initiative, which is not sufficient for this plan.

i. UDAN Scheme to connect 64 unconnected airports.

For Aviation sector penetration GOI should :

- Reduce tax burden on Aviation & make it economical at par with other countries.
- Force Aircraft manufacturer to build Aircraft in India as we are biggest importer of Aircraft with 1000 Aircraft on order. China has already done it 20 years back.
- Create maintenance facility in India for Aircraft, Engines, components etc.
- Privatize all airports & reduce fuel tax.
- Since competition is huge price benefit will be transferred to customers & we will resolve most infrastructural challenge in Rail & Road, as aviation has better safety standards & capacity

5. In your opinion, how should one invest considering risk and return on investment?

Investment is a very wide term, used mainly for many forms such as Equity, MF, Real Estate, Insurance policies, gold etc.

I don't consider gold, insurance policy or real estate as an investment as returns are not much.

MF is growing in numbers as well as total investment value. It's a good option for investment. Since last 20 years MF are growing at attractive pace.

Equity is risky, however gives maximum return. Based on your risk appetite you can choose various equities, mainly short term or long term investment.

My recommendation is 30% MF and 70% Equity for younger generation. Equity portfolio should be diversified across various sectors with no single equity more than 55 of total investment. Do not average any equity, if it gives negative return till it crosses double digit loss say 10 to 15%.

On average equities are giving 18% to 20% YOY.

6. What advice would you like to give students willing to build a career in Finance?
Finance is a generalised sector; along with finance you need to build subject matter expertise in additional sectors like insurance, banking, aviation, engineering etc. Combination of these will give you more value. Only MBA in finance will not help. Hence, also concentrate on core sector built on that you will grow faster. One needs to be an expert in one field and finance will support that qualification. It could be treasury, international finance, tax etc.

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OPERATIONS

ROLE OF BUDGET IN IMPROVING OPERATIONS SECTOR

Sanjivani Naik, PGDM Health Care Management (2017-190, Prin. L. N. Welingkar Institute of Management and Research, Mumbai

Budget 2018 was delivered by Finance Minister on 1st February 2018 - Modi government's fifth and the last budget of this term. The budget was a crucial one, as the general elections next year put a tough demand on it. Modi government is seen to be taking bold steps in the form of GST and demonetisation for the welfare of the populous class. A big thrust was given in various sectors of MSMEs (Medium, Small and Micro Enterprises) to help increase economic growth. The budget was said to be a populistic budget favoring the common man.

The operations in the agriculture sector was affected by the budget, where operation green was announced. Operation Green is an initiative started by the government on the lines of operation flood to maximize and better the production of crops like tomato, onion and potatoes. A sum of Rs. 500 crores have been allocated for this new initiative. It was announced that for the coming kharif season, the Minimum support price (MSP) for crops will be 1.5 times the cost incurred by farmers. This is a rather unusual linkage as the cost of cultivation varies throughout the country. The budget of credit given to the farmers was also increased from 10 lakh crores to 11 lakh crores to help them increase their yield.

Custom Duty play an important role in the operations sector. Changes were made in custom duty to favor "Make in India", to spur local manufacturing. Basic Custom duty was raised on Mobile Phones, furniture and automobile parts and opened a lot of measures to make it easier to do local business in the nation. Social Welfare Surcharge of 10% will be levied on the imported goods, instead of earlier Cesses.

Custom Duty was increased on luxury items such as watches, footwear, LED/LCD panels. "There is a clear policy shift in increasing customs duty to incentivise domestic manufacturing on many items including cell phones, smart watches, perfumes, juices and so on," said Pratik Jain, the indirect taxes leader at PricewaterhouseCoopers. The companies will have to manufacture parts domestically to fulfil their needs of imported parts.

Digital Economy, the driving force of today's economy is also a major sector of operation. Finance Minister has equally allocated in his budget with the help of NITI Aayog. The Budget doubled the allocation on Digital Platform to Rs. 3073 crores. Mission on Cyber Physical Systems will be launched to support research in internet of things, quantum communication, digital manufacturing, big data, etc.

Finance Minister allocated 1200 crore towards the flagship programme of National Health Policy 2017. It helps in converting 150,000 sub-centres into active centres for delivery of primary health services. The allocation is the easiest part, the challenges will be in deploying the centres, which requires number of high skilled health personnel in these centres. The non-availability of front-line workers, mid-level care provider and allied health professional will be a problem for renewing the health services. C

The flagship protection scheme will cover approximately 50 crore beneficiaries. Per Family up to 5 lakhs is allocated for secondary and tertiary care hospitalisation. It will be the world's largest government funded healthcare programme.

Smart City mission with 99 cities selected for the project is allocated of Rs. 2.04 lakh crore, Jaitley informed the Parliament. It is an ambitious project of NarendraModi led government that thinks of developing 100 cities across India. Railway budget increased from Rs.1.31 lakh to Rs. 1.48 lakh. Stations with footfall greater than 25,000 will have escalators. In Aviation, UDAN scheme proposes to connect 64 unconnected airports in the country.

And last of all the taxation, it was changed to favour the common man and farmers. Finance Minister proposes 100 percent deduction to companies led by farmer-producer having a turnover of Rs.100 crores. Corporate tax will be reduced from companies having turnover of Rs. 25 Crores by 25 percent. The market income of more than Rs. 1 Lakh will be charged by 10 percent long term capital gains tax.

So, some profit from the budget and some do not. The government maintained its promises towards the farmers and common man in sectors like health and agriculture.

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FINANCE

DREAM PURSUIT BUDGET

Mamta Deepak Mav & Prachi Maliwal, MMS, LalaLajpatrai Institute Of Management Studies

New Challenges & Opportunities in the arenas of Personal Finance

The very 1st thought that comes to mind of almost every finance students and aspirants is to venture into personal finance start up, by looking at the growth and increasing demand of financial services and also the success of start-ups, be it brokerage firms, insurance firms, banks, real estates or firms that provide consultancy services. But to grow and survive in the market every firm needs to face certain challenges and overcome it.

Opportunities and Challenges to Personal Finance:

Opportunity can be created by creating awareness about different options of personal finance. In India, a large number of people are still unaware about different investment options. Creating awareness could be a challenging task.

An additional factor of risk and security comes along with it. Investors tend to move towards a safer side and may prefer FDs over equity or mutual fund investment to avoid such risk factors. But, in contrast, investors who are aware about it have been eagerly searching for the best investment options, which create an opportunity.

There is easy availability of information of different options with its benefits and there is transparency that builds investors' confidence and helps them choose the best option as per his/her requirements.

Everyone is concerned about securing their financial future which is why financial future planning has now become essential, which creates many opportunities for financial firms.

The budget 2018-19 has also impacted almost every sector and created opportunities for businesses to grow.

Who likes to pay their hard earned money as tax?

So every increase in tax rates, people would want to save their money by investing it.

Finance Minister ArunJaitley announced few changes in budget that may have an impact over investment decisions of people.

Highlights:

- As CESS on income tax has hiked from 3% to 4% people now need to pay more as compared to earlier. But to save themselves from paying higher they would start investing their money in different investment options.

- This year's budget increased the take home salary of people by introducing standard deduction of Rs.40000 from salary income to employees. And keeping EPF contribution for new women workers at 8% that result into increasing savings and their investments. Albeit this may affect the retirement savings of women, every decrease in retirement savings will be compensated with monthly savings.

- Finance minister ArunJaitley in his Budget 2018 speech has also proposed to re-introduce long-term capital gains tax (LTCG) on gains arising from the transfer of listed equity shares exceeding Rs 1 Lakh at 10 percent. From this, investors may worry about paying extra tax.

It was proposed that DDT (Dividend Distribution Tax) in case of equity mutual funds won't be altered.

- Proposition of new LTCG in addition to existing DDT may discourage people from investing in mutual funds and equities for a longer period of time. That could be challenging for broking firms and mutual funds firms.

- The PradhanMantriJeevanJyotiBimaYojana (PMJJBY) and PradhanMantriSurakshaBimaYojana (PMSBY) will bring the security of insurance benefits to the marginalised sections, giving basic economic protection in cases of death or injury through accidents of a family member.

- The limit of deduction under section 80 D towards insurance premium paid for senior citizens has been hiked to Rs 50,000 from previously Rs 30,000 which will benefit senior citizens and potentially boost health insurance sector.

Hence we could conclude that there are plenty of opportunities & challenges in the road ahead for the financial firms/organisations to expand their businesses in the personal finance sector. Also, the budget highlights of the year 2018-19 strongly indicate that the government is taking the powerful measures which would help the economy grow financially in the long run.

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MARKETING

IMPLICATIONS OF BUDGET FOR DIGITAL INDIA

Ganesh Prabakar & Anurup Chakraborty, PGDM, K.J. Somaiya Institute of Management Studies and Research

It was the morning of 1stFebruary 2018. The day of Union Budget 2018. How crucial could it be?

Being the first post-GST Budget; the one ahead of 8 state elections and the 2019 General Elections, it could be the budget that decides the fate of the nation in 2019 elections. Sounds crucial, isn't it?

The whole nation waited in anticipation for one man to come with a single suitcase. What is so special about the suitcase

This is also one of those many occasions where we, Indians just use whatever is passed on to us rather than inventing something of our own. We adopted the tradition of carrying a briefcase from the British. It looks like a symbol of secrecy, a case that carries secret financial documents, which are going to decide the country's economy during the next one year. But, it actually came into being because William Ewart Gladstone's speeches were extraordinarily long — as long as five hours — and he needed a briefcase to carry his speech papers.

Now that we have cleared the air on the suitcase, let us see how helpful its contents are. The Union Budget provides the government's allocation of the yearly budget into various portfolios. The budget allocation for the digitization of India has been gaining popularity in the past few years. The government's Digital India programme was the spotlight, as Budget 2018 will decide the track of digitization in the country for the next financial year. The digitized sector of India saw a staggering climb in the cashless payments last year when the government announced several initiatives under this programme. This brought in the trend of

digital and paperless transactions, fintech start-ups, and data analytics companies in India. However, it has simultaneously raised new Internet risks, which are centered on managing data, and its protection from the vulnerabilities that have accumulated over the recent years

Did the budget pave the path for a bright digital space and address the existing concerns?

"A small step for India; but a giant leap for Indians." This rightly explains the widely acclaimed move by the Indian government to double the budget for the Digital India scheme to Rs. 3073 cr. for FY19 from last year's Rs. 1,672.76 crore. The present government's push to go up the ladder of ease of doing business and its vision of having an integrated digitized country laid the foundation for the present budget decisions. Under Digital India, a maximum of ₹ 864.22 cr. will be spent on promotion of electronics manufacturing, followed by Rs. 425 cr. on delivering e-governance services, Rs. 400 cr. on the government's digital literacy programme and Rs. 30 cr. on development on work force.

Bridging the digital gap between rural urban divide, the government proposed to set up 5 lakh Wi-Fi hot spots in rural India. This comes after the successful completion of phase 1 of Bharat Net Program, which connected 1 lakh gram panchayats with high-speed fibre optic cable network. The Finance Minister announced

Rs. 10,000 cr. outlay for the expansion oftelecom infrastructure for the same. This will enable 5 crore citizens to access broadband speed internet in the rural parts of the country. This move will in turn enhance the digital consumption of services like entertainment, e-commerce, banking etc. and help digital penetration and connection of rural India.

The Finance Minister also talked about encouraging technologies like machine learning, artificial intelligence and block chain. The budget advocated the Research and Development investment in these technologies but it also made its stand clear on the use of crypto currency. It does not consider it to be a legal tender and would take concrete steps to eliminate the use of crypto assets as it fears it can be a channel for money laundering and terrorist financing. However, the government will look at the constructive use of the block chain technology.

Did the budget generate the same level of excitement as was expected from it?

Union Budget 2018 has cleared its intent to tax digital businesses by amending Section 9 of the Income Tax Act. Technology companies like Facebook, Google and Netflix that have a huge customer base in India could come under the realm of tax through the concept of "significant economic presence".

The IT Act in 2012 brought Angel tax clause under which the government levies 30% on investors of start-ups. Although the founders of start-ups and VCs were expecting this to be scrapped, that did not happen which left many investors with a frown on their face. However, it definitely tried to bring a little smile on their faces by reducing the income tax to 25% for MSMEs with annual turnover of up to Rs. 250 crore.

This budget has surely hinted at the government's intent to move towards a digitized nation, but a lot more needs to be done to bring changes on ground. The first thing would surely be reducing the gap between intent and implementation that needs stricter monitoring of the funds. The government should come up with incentives for banks, NBFCs, fintech firms to facilitate small-ticket daily loans digitally for small vendors, which would create a quick, transparent and seamless process to provide financial relief and support.

Instead of trying to eliminate the crypto currency fast moving bandwagon, the government can choose to open education initiatives to educate the retail investors more instead of just declaring it an illegal tender. The government can incentivize the reskilling of work force, launch initiatives for digital adoption and financial literacy. This will help in the sustainability of the digital initiative and infuse the country with rigor ad potential to sustain and flourish in the new digitized ecosystem.

Overall, Budget 2018 has definitely tried to elevate India and put it on a pedestal in the realm of digital space. Many positives have come out of it and even though there are some gaps to be filled; overall, the budget has been a productive one for the country.

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HUMAN RESOURCES

EMPLOYMENT GENERATION SCHEMES

Jigisha shah, MMS, LalaLajpatrai Institute Of Management Studies

The 2018 budget was indeed a crucial one as it would be the first since the Goods and Service Tax (GST) regime in India. The expectations from this budget was that it would either increase the exemption limit, or introduce a standard deduction for salaried people to reduce the tax burden, the new standard deduction is Rs 40,000 flat and in addition to a reduction of the tax rate for different slabs.

OVERVIEW OF EMPLOYMENT GENERATION SCHEMES

The first step towards employment generation could be introducing the country's first National Employment Policy (NEP) in the Budget. This multi-pronged policy is expected to outline a comprehensive road map for creation of quality jobs across sectors through economic, social and labour policy interventions. India's organized sector created a little over 1,100 jobs a day in 2016-17 and though the rate of job creation was 2% higher than 2015-16, the NEP could catalyze things further. Significantly, it will reportedly also introduce reforms to attract enterprises and help medium and small scale industries which are major job providers. Though the budget has not mentioned any NEP so far, it should have been a top priority.

The Union Budget for 2018-19 has said that for the first 3 years the government will bear the 12% to the retirement fund of the salaried employees. Finance minister ArunJaitley said in his Budget speech that he is happy to announce that the government will contribute 12% of the wages in all the sectors for the new employees for next 3 years.

According to the statistics 30,000 Indians, not Indians but the youth of India are looking for employment sounds reasonable but the unemployment scenario is even worse. The unemployment rate is actually pretty high between 5 and 6.5% which should not be the case since most of our age group that is nearly 65% is below the age of 35 years.

Providing doles through MNREGA the UPA government's flagship social security program only to fill them up so that people get employment is not a good enough way to deal with unemployment so to speak. MNREGA is at best a stop gap arrangement and clearly a temporary way for generating employment opportunities for the youth. It treats labour with not only pitiful but disrespectful eyes whereas it should be treated with respect. Other allegations also include that it has not been able to produce the amount of labour demanded by the people. It is time to identify the actual problem and solve it.

Neither is the Modi government's pride in Mudra Yojana under which it gives microfinance credit for self-employment the answer that it requires. Under PradhanMantri Mudra Yojana their motto is funding the unfunded since a lot of poor people are tortured at the hands of the money lenders in this country. The main part of the scheme which was launched by Prime Minister was not to only provide assistance but also encourage entrepreneurship. Encouraging

entrepreneurship is the next logical step in this situation. The Self-employment does not only help in reducing the unemployment rate but in the long run supports the people which will help the economy to grow along with the people

IMPACT OF EPF CHANGES IN THE BUDGET

The government will bear the 12% contribution to the retirement fund salaried individuals in the Employees' Provident fund was said in the budget 2018.

The government's new proposal comes in to reduce women employees' contribution to 8% for first 3 years of their employment, against the existing rate of 12%. To turn this into reality, the Budget has proposed to amend the Employees' Provident Fund act.

The employer contribution for the employees will be at the current level of 12%. This would mean that the higher take-home pay for women in the beginning years in the workforce. Hoping that employers will pass on the benefit of lower provident fund contribution rate to the employee by way of increased take-home, as against reduced cost to company. This would also mean that the savings will be lower for them.

This will help in bringing more employees in the formal sector to some extent and increase job creation. The government is in a way trying to generate employment and trying to avoid the issue of job hopping as well.

BUDGET 2018 FOR JOB CREATORS OR JOB SEEKERS

According to me, this budget is definitely for job creators more than job seekers. The government has decided to increase loans by 37% for the women self-help groups speaking of which Subramanyam said 'empowering women is a great idea but we should recognize the largest part of Self-Help Groups has always been women-centric groups and not men-centric.'

The central government's 'Startup India' scheme

will give a new dimension to entrepreneurship in the country wherein youngsters will be encouraged to become 'job givers' rather than 'job seekers', At the Central University of Jammu on 'Jammu Kashmir Future Talks' yesterday, the state education and tourism minister said the initiative was a result of the Modi government's commitment to make India a developed country by 2022.

Hence though this budget was mainly focused on agriculture and health and bringing up the rural economy it did have some opportunities for job creators and encouraging the youth to focus on their training and education.

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GENERAL MANAGEMENT

OVER VIEW OF SCHEMES AIMED AT EMPLOYMENT GENERATION

Chirag Jain,IMI New Delhi

The government emphasis is on generating productive and gainful on-farm and non-farm employment for the farmers and landless families. Next year, focus of government will be on providing maximum livelihood opportunities in the rural areas by spending more on livelihood, agriculture and allied activities and construction of rural infrastructure.

In the year 2018-19, for creation of livelihood and infrastructure in rural areas, total amount to be spent by the Ministries will be `14.34 lakh crore, including extra-budgetary and non-budgetary resources of `11.98 lakh crore. Apart from employment due to farming activities and self-employment, this expenditure will create employment of 321 crore person days, 3.17 lakh kilometers of rural roads, 51 lakh new rural houses, 1.88 crore toilets, and provide 1.75 crore new household electric connections besides boosting agricultural growth.

Medium, Small and Micro Enterprises (MSMEs) are a major engine of growth and employment in the country. The government has provided Rs 3794 crores to MSME Sector for giving credit support, capital and interest subsidy and innovations. Massive formalization of the businesses of MSMEs is taking place in the country after demonetization and introduction of GST. This is generating enormous financial information database of MSMEs' businesses and finances. This big data base will be used for improving financing of MSMEs' capital requirement, including working capital.

Creating job opportunities and facilitating generation of employment has been at the core of government's policy-making. During the last three years, we have taken a number of steps to boost employment generation in the country. These measures include:-

- Contribution of 8.33% of Employee Provident Fund (EPF) for new employees by the Government for three years.
- Contribution of 12% to EPF for new employees for three years by the Government in sectors employing large number of people like textile, leather and footwear.
- Additional deduction to the employees of 30% of the wages paid for new employees under the Income Tax Act.
- Launch of National Apprenticeship Scheme with stipend support and sharing of the cost of basic training by the Government to give training to 50 lakh youth by 2020.
- Introducing system of fixed term employment for apparel and footwear sector.
- Increasing paid maternity leave from 12 weeks to 26 weeks, along with provision of crèches.

These measures have started showing results. An independent study conducted recently has shown that 70 lakh formal jobs will be created this year.

To carry forward this momentum, the government will contribute 12% of the wages of the new employees in the EPF for all the sectors

for next three years. Also, the facility of fixed term employment will be extended to all sectors.

To incentivise employment of more women in the formal sector and to enable higher take-home wages, I propose to make amendments in the Employees Provident Fund and Miscellaneous Provisions Act, 1952 to reduce women employees' contribution to 8% for first three years of their employment against existing rate of 12% or 10% with no change in employers' contribution.

The Government is setting up a model aspirational skill centre in every district of the country under PradhanMantriKaushal Kendra Programme. 306 PradhanMantriKaushal Kendra have been established for imparting skill training through such centres.

In order to create employment and aid growth, the government's estimated budgetary and extra budgetary expenditure on infrastructure for 2018-19 is being increased to 5.97 lakh crore against estimated expenditure of` 4.94 lakh crore in 2017-18.

Employment generation

Currently, a deduction of 30% is allowed in addition to normal deduction of 100% in respect of emoluments paid to eligible new employees who have been employed for a minimum period of 240 days during the year under section 80-JJAA of the Income-tax Act. However, the minimum period of employment is relaxed to 150 days in the case of apparel industry. In order to encourage creation of new employment, I propose to extend this relaxation to footwear and leather industry. Further, I also propose to rationalise this deduction of 30% by allowing the benefit for a new employee who is employed for less than the minimum period during the first year but continues to remain employed for the minimum period in subsequent year.

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CALL FOR ARTICLES

We invite articles for the November 2017 Issue of SAMVAD.

The Theme for March month- **"Fashion"**

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

You may also refer to sub-themes on Dare2Compete.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com. Deadline for submission of articles: 30th October, 2017**
- Please name your file as: <Your Name>_<title>_<section name e.g. Marketing/Finance>
- Subject line: <Your Name>_<Course>_<Year>_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Clearly provide source credit for any images used in the article.

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"Sachin Naik"

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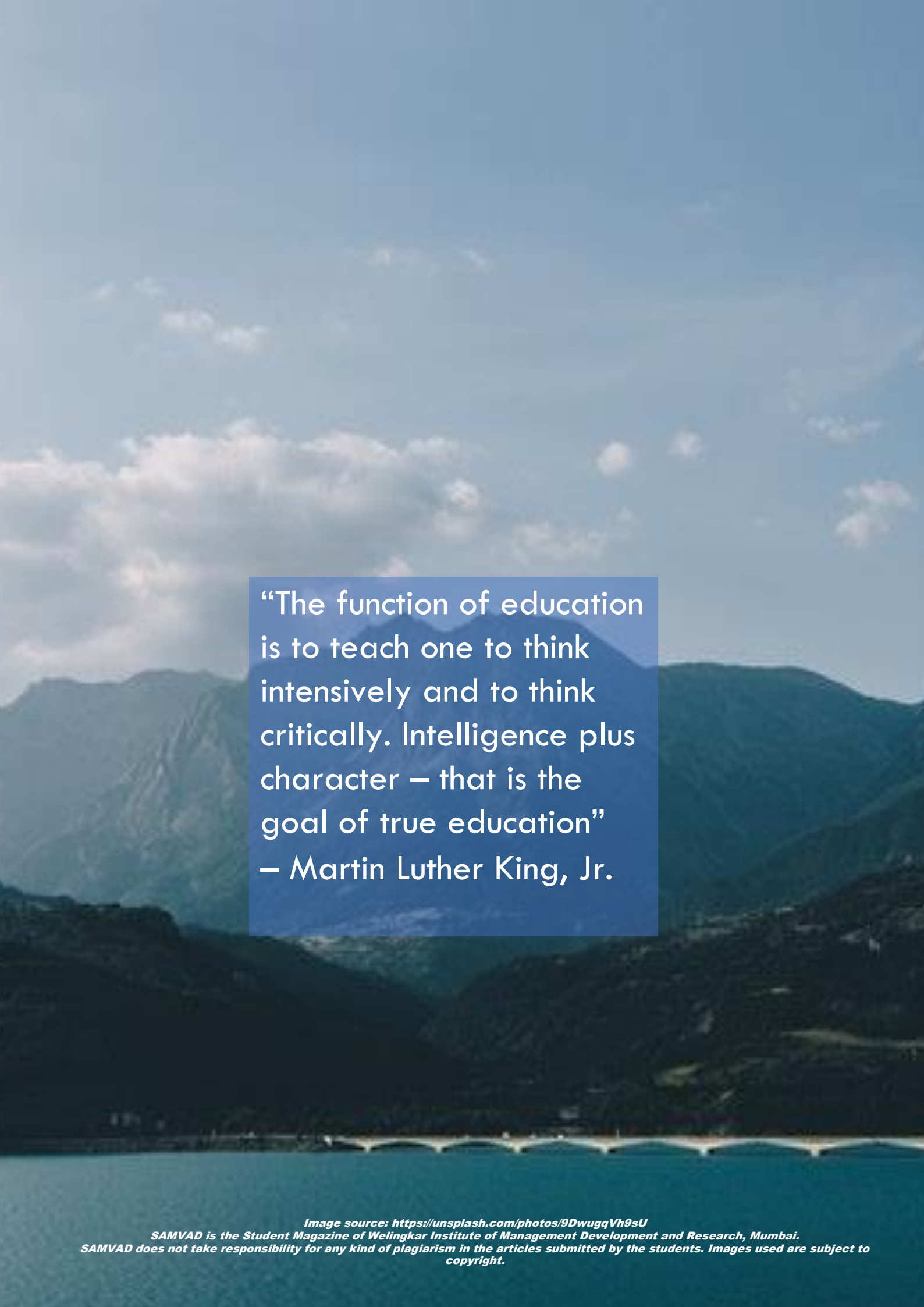

"The function of education is to teach one to think intensively and to think critically. Intelligence plus character – that is the goal of true education"
– Martin Luther King, Jr.

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