samvad

Igniting Thoughts of Tomorrow

Budget 2016

MARCH 2016

S.P MANDALI'S
weschool
Welingkar Education

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 these 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 need 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 Group Director

Prof. Dr. Uday Salunkhe,
Group Director

Dear Readers,

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 We-School 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 2016, I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad 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.

Wishing everyone a very happy and prosperous new year.

Prof. Dr. Uday Salunkhe,
Group Director

From the Editor's Desk

Dear Readers,

Welcome to the March Issue of Samvad for the year 2016!

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. With renewed vigour and passion, we bring to you the March Issue of Samvad which revolves around the theme of "Budget 2016". This year the budget brought in many surprises and we try to get a closer look with this issue.

With WeSchool having courses pertaining to all spheres of management, it was natural for us to cater to all kinds of readers. And that has made us one of the few magazines in the country which invites articles from all spheres of management giving a complete holistic view.

We work on the platform of "***Igniting Thoughts of Tomorrow***" and we will constantly strive to provide articles which are thought provoking and at the same time adding value to your management education.

We hope you stay with us, read with us, share with us and grow with us!

Hope you have a great time reading Samvad!

Best Wishes,

Team Samvad.

"For last year's words belong to last year's language
And next year's words await another voice."

T. S. Eliot.

Acknowledgments

Team Samvad would like to extend their heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by **Prof. Deepa Dixit**. Her insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for help in selecting the best marketing articles.

We would also like to appreciate **Prof. Jyoti Kulkarni** for her help in selecting the best articles on general management.

The Human resources article was scrutinized by **Prof. Rimmi Joneja**. We thank her for choosing the best articles.

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also we thank **Ms.Prachi Shah** and her team for helping us with the website updates of Samvad.

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.

Contents

WeChat: Prof. Sunil Bhandare	7
Operations : Union Budget '16, destination without roadmap	9
Finance: How new financial policies would speed-up economic growth	11
Marketing: Budget Bharat: Boosting the Rural Demand	13
Human Resources: Impact of Budget'16 on HR Business	15
General Management: Budget– Rural and Agriculture Development in India	17
Team Samvad	20

WeChat

Mr. Sunil Bhandare

Advisor (Economic &Govt. Policy)- Tata Strategic Management Group

By: Team Samvad

1.What, according to you, is the focus of the Budget 2016?

So much has already been said and written about the budget, and yet, so many of its intricacies are still being unravelled! By and large, the budget has been welcomed by most key stakeholders of the economy, except, of course, the political opponents of the NDA Govt. Also, salaried employees and their representatives trade unions are dismayed by the confusion caused by the proposal to tax certain portion of EPF withdrawals. Since then this provision has been rolled back. The overwhelming view, however, is the budget is refreshingly different, credible, comprehensive and positive. It is also being looked upon as a masterly combination of good economics with good politics.

In the framework of India's political economy, it has perhaps become inevitable for the NDA Govt. to re-emphasize the importance of agriculture and rural economy as well as social sector programs by substantially enhancing budgetary spending and announce series of other proposed to sustain and accelerate the growth momentum of infrastructure and manufacturing sectors. Thus, this budget offers a "clever" attempt to bring about a mid -course correction in economic policies - a synthesis in a politically inspired dichotomy between India (urban sector & manufacturing) and Bharat (villages and rural economy).

With fiscal consolidation path, reasonably well anchored and a strong possibility of CPI inflation rate remaining around 5 to 5.5% in the coming

months, the Reserve Bank of India (RBI) is expected to promptly follow the lead given by the budgetary strategy. Thus, in next couple of weeks -that is well before its scheduled first bi-monthly monetary policy for the FY 2016-17 on Apr 5, 2016 - the RBI would make at least 25 basis points reduction in the key policy rates- the repo rate coming down to, say 6.5%
Not surprisingly, after a violent behaviour of the SENSEX on the day of the budget, and now perhaps with better understanding of the budgetary proposals- the sentiments seen to be turning more positive.

2. What are the Macro implications of the Budget?

Be that as it may, while crafting this budget, the FM has been confronted with many formidable global and domestic economic challenges. Already, the latest Economic survey, after making a comprehensive assessment of the emerging economic scenario has observer that the Indian economy is encouraging unusual volatility in the

international economic environment. Markets have begun to swing on fears that the global recovery may be faltering, while risks of extreme events are rising. However, it also reassures that "amidst this gloomy landscape, India stands out as a haven of stability and an outpost of opportunity. Its macro economy is stable, founded on the government spending toward needed public infrastructure. These achievements are remarkable not least because they have been accomplished in the face of global headwinds and a second successive season for poor rainfall" It further suggested that "the task now is to sustain them in an even more difficult global environment" Further, after examining each of the components of macro economy- exports, consumption, private investment and government transactions - The survey concludes: "putting these factors together, we expect real GDP growth rate. But, in the budget papers, there is an underlying assumption of 11% growth rate in nominal terms. This is in contrast to his optimistic forecast in previous year's budget speech, which had anticipated real economic growth of 7 to 7.75% becomes valid, then the average inflation rate has to be much less than 4% in 2016-17

3.What are some of the growth promoting factors highlighted in the Budget this year?

Implicit in the budgetary strategy are two triggers of virtuous cycles. which could be either simultaneous or sequential- namely, first, the consumption driven - apart from the positive impact of implementation of 7th Pay commission and Defence OROP payments the budget has increased allocations for farmers' welfare, grants-in-aid Gram Panchayats, MGNREGA, incentives schemes for job creation, etc. If the monsoon turns out to be a stronger agricultural recovery. second, the investment driven-apart from public sector capital investment driven- apart from public sector capital expenditure on infrastructure on infrastructure and rural development, there are relatively better prospects of "crowding in" private investment under the impetus of likely easing of interest rates, increased availability of domestic finances, revival of PPP projects, efficient management of govt. investment in PSUs, etc.

In summing up, the budget 2016-17 unveils a relatively well balanced strategy for accelerating growth momentum of the economy. Its strategic framework suggests the underpinnings of intrinsic stability and sustainability of fiscal, financial, structural and social factors. At the same time, there are implicit growth triggers through consumption and investment driven virtuous cycles.

——-O——-

Operations

Union Budget '16, destination without roadmap

By: Gauri Manjrekar, MMS (2015-17), We School, Mumbai

The Union Budget 2016 was eagerly awaited as the Indian economy growing at robust 7,2% is looking for growth stimulus amid global and local challenges.

From the moment Arun Jaitley, finance minister of India started reading his career's third Budget speech, the stock market's BSE Sensex oscillated wildly. Comments on social media too reflected the mood swinging between complementary and scathing to downright snidely and fulsome praise. While one cannot expect a proper analysis in 140 characters, it's true that the content of Budget 2016 has left experts confounded and leaving them to find one thread that connects whole package.

In Union Budget 2016, it was announced that growth of the economy is accelerated to 7.6% in 2015-16. India is hailed as 'bright spot' by IMF amidst a slowing global economy. The foreign exchange reserves touched the highest ever level of 350 billion US dollars. Despite very unfavourable global conditions and shortfall of monsoon in two consecutive years, robust growth has been achieved. Currently India is facing risk of further global slowdown. In such environment, what finance minister has to say have a great impact on our lives achieved. Currently India is facing risk of further global slowdown. In such environment, what finance minister has to say have a great impact on our lives.

There are multiple strands to Budget 2016, each striving to provide a specific solution. But the main question is whether all this form a meaningful tapestry. The topic close to our heart was the most debated topic. It was the proposal to tax 60 per cent of the employee contribution to Provident Fund (PF) made on or after 1 April, 2016 on withdrawal. Beforehand, Public Provident Fund (PPF) and Employee Provident Fund (PF) enjoyed exempt- exempt- exempt (EEE) status i.e you don't have to pay tax on part of the salary that equals the invested amount, on the returns earned during the phase and the income received on withdrawal would be tax-free. However, for national Pension Scheme (NPS) taxes are levied at the time of withdrawal. The aim of Mr. Jaitley was to bring superannuation and PFs in line with the NPS tax structure.

As per reports, NPS is said to have 1.15 crore subscribers and AUM of around 1 lakh crore,

as the EPF subscribers base is 3.7 crore with corpus in excess of 6.2 lakh crore. This provision will have a maximum impact on high-salaried people due to their high contribution to PF. Employer's contribution in excess of Rs 150000 may get taxed twice, first being at the time of contribution and again on withdrawal in excess of 40 percent.

Two other broad themes dominated the budget of 2016: a stimulus package to spur rural consumption and an enhanced outlay to speed up investment in infrastructure. The important provisions being Rs 35984 crore is allocated for agriculture and farmers' welfare. In 'Pradhan Mantri Krishi Sinchai Yojana' 28.5 lakh hectares will be brought under irrigation. The budget wants to double the farmers' income by 2022. But it lacks the details of how it will be achieved. Programme for sustainable management of ground water resources with an estimated cost of Rs 6,000 crore will be implemented through multilateral funding. The government has set up a goal of 100 per cent electrification of villages by 1st May, 2018.

Jetley stated capital expenditure on railways and roads will account for Rs 218000 crore this year. Additional outlays have been announced for investment in power generation, ports and waterways. It is interesting to note that in infrastructure investment emphasis is given on rural sector.

Apart from areas like rural development, agriculture, infrastructure, promotions of affordable housing etc. Some remarkable proposals were made in order to incentivize value addition to government's Make in India. The newly set up manufacturing companies which are incorporated on or after 1 March 2016 would be given an option to be taxed at 25% plus surcharge and cess provided these companies do not claim profit-linked incentives. Above provisions are not applicable to LLPs. Also tax incentives have been liberalised for employment generation.

To reduce corporate tax from 30% to 25% in the next 4 years, it is proposed to phase out incentives.

The FM's intentions are aimed in right direction and seem honourable. But what's lacking is clarity of how the FM intend to achieve these objectives. Few declarations like Krishi Kalyan Cess of additional 0.5 % on all taxable services will tax the common man's wallet. The fiscal deficit target for 2016-17 which is 3.5 % of GDP, is based on GDP growing at 11%. Given the global headwind and contracting exports for 14 months, it will not be surprising if there is slippage in target of 11%.

There may be too many imponderables in this well-intentioned budget. But the clearer picture will emerge in coming few weeks.

——-O——-

Finance

How would new financial policies speed-up economic growth

By: Mihir Morbia & Ridhi Baid, PGDM (2015-17), NMIMS, Mumbai

Indian financial sector is set for major overhaul in FY17 as government has declared amendments through key Acts and crucial bills (bankruptcy code, insolvency of financial firms) in this Union budget. Government is also changing norms for asset restructuring companies to improve management of stressed assets and to ensure that infrastructure sector has access to cheap funds. These reforms are very much important for Modi Government to boost the economy.

Insolvency Code

The government is bringing in a new Resolution of Financial Firms Code in FY17. This Code with the Bankruptcy Code, 2015 aims at accelerating the winding up process of defaulting companies to provide quicker exit route for lenders. Government is planning to have a timeline of 180 days (extension upto 90 days) to deal with applications of insolvency. During this time, management can be changed or repayment plan can be worked out. To monitor financial firms and intervene before they fall, a resolution corporation is also recommended. Its aim will be to either change the management to protect investors or close firms that can't be revived. This will prevent failure of financial institutions and will help them to clean their balance sheets to improve asset-quality. It will also save taxpayers' money that may be lost in terms of bailouts or capital infusion.

ARC Reform

To improve management of stressed assets, government has recommended to allow upto 100% stake in the company by ARC. It is also thinking to allow non-institutional investors to invest in securitization receipts. This will require amendments in SARFAESI Act, 2002. At present, ARCs cannot hold more than 50% stake in the company. With new amendments, ARCs can become majority-owned subsidiary of their sponsor institution. This may also solve one of the biggest challenges of the sector, higher and cheaper capital. The market for securitization receipts will become more liquid with inclusion of non-institutional investors.

Securitization trusts

According to present special taxation regime, income distributed by securitization trust subject to distribution tax and exempt in the hands of investors. But investors such as banks suffered a disallowance of expenditure with such exempt income. Under a new regime there will not be any distribution tax on such income. But on distribution of income by the trust, there will be withholding tax. These provisions are also extended to trusts set by a reconstruction company. This will help in developing the market of trusts in India.

Changes in Corporate Bond Market

Government is planning to set an electronic auction platform by SEBI for primary debt offers and Repurchase Agreement (REPO) to develop ecosystem for corporate bonds. LIC of India, to provide credit enhancement to infrastructure projects, will set up a dedicated fund. This fund will help in raising credit ratings of corporate bonds by infrastructure. companies. Unlisted debt securities will be added to investment basket of foreign portfolio investors to increase investment and liquidity.

SEBI is also asked to develop new instruments that will increase risk transparency and will provide liquidity to issuers.

Monetary Policy Committee

Arun Jaitley, Finance minister, proposed amendments of RBI Act to change monetary policy framework and a monetary policy committee (MPC). A six-member MPC will be formed to decide monetary policy instead of current norm of the RBI and his internal team having control over monetary policy.

The committee will have three members from RBI and the government each. In case of tie, the governor will have casting vote. MPC members from RBI will the governor, the deputy governor (monetary policy) and one nominated member. A search committee comprising the cabinet secretary, RBI governor, secretary of the department of economic affairs and three experts in the field of finance will recommend three government members. These members will be appointed for four years and are not eligible for reappointment.

RBI will follow same system as by most of global central banks with introduction of MPC. A committee-based approach will bring lot value and transparency to monetary policy decisions.

SAT Expansion

Government also proposed amendment of SEBI Act, 1992 to increase the number of benches and members of the Securities Appellate Tribunal (SAT). SAT is a statutory body to hear and dispose of appeals against orders passed by SEBI, IRDA and pension regulators. The proposal will help expedite cases related to securities market. Also now SAT will become appellate body for appeals against Insurance and Pension Fund regulators.

Reforms to Boost Investor Sentiments

During budget, Government announced the FDI reforms which includes FDI in insurance and pension sector (49% through automatic route), in ARCs (100% under automatic route), FPI investment upto 100% in ARC trust, permission in specified activities in NBFC sector, etc. Government is also scheduling to allow individual foreign investor to hold upto 15% (from existing 5%) in the exchange. This move is expected to improve functioning of Indian stock exchanges, bring them at par with best exchanges, attract more investments and will increase their global competitiveness.

International Financial Services Centre (IFSC)

An IFSC provides financial services primarily to non-residents in a foreign currency. It targets offshore businesses. The Finance Bill proposed Minimum Alternate Tax (MAT) at a concessional rate of 9% (Normal 18.5%) on a unit of an IFSC to incentivize their growth. No securities transaction tax and commodity transaction tax will be levied on foreign currency transactions undertaken on an exchange located in the IFSC. Further, there will be no tax on income derived from foreign exchange. The government's efforts to create environment will lure financial players in India to invest.

Conclusion

The amendments proposed shows Government's commitment to provide stability and consistency in tax policies. These policy changes are appreciated but the effectiveness of its implementation will determine the success of these initiatives.

——-O——-

Marketing

Budget Bharat: Boosting the Rural Demand

By: Minakshi Alokesh, PGDM (2015-17), IMI Bhubaneswar

India's way is not Europe;

India is not Calcutta and Bombay.

India lives in her seven Hundred thousand Villages.

Mahatma Gandhi, Father of the Nation

A country where 60% of people live in rural areas and around 50% of people are dependent on agriculture carries a heritage. Villages are our strength because they still preserve the traditions and culture which is the pride of every nation. But the question arises, that even after 69 years of Independence we could not boost the pride of our country. Still many people do not have proper amenities. They suffer for food, shelter, roads, education. Although, development is being done, it is at a very slow pace. But this year the budget was a ray of hope to all the farmers.

Budget 2016 had mainly emphasized on Strong Pillars of the country and the main contributors have always been the farmers. The agenda of Mr Jaitley, Finance Minister was only one: to affirm the economy on the right track. Almost successful in reducing the inflation, they outlined various schemes that would rebuild the future of rural India. The schemes are as follows ;-

Infrastructure- The roads, buildings in rural India a lagging far behind. Electrification of 5000 villages is also on the board and allocation of Rs. 19000 crores has been made to Pradhhn Mantri Gram Sadak Yojna, adding the contribution of states the fund becomes a total of Rs. 27,000 crores. This will improve the logistics of farmers who wish to supply their food products to market, by improving the connectivity between rural and urban world.

Employment- In rural areas there are lack of employment opportunities and there is lot of disguise employment prevailing. Allocation of Rs. 38,500 crores has been made to Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

Basic Necessities- The budget aspires to look after the basic necessities of life. A new initiative was launched to provide cooking gas to BPL families with the support of the state. In fact LPG connections are now provided under the name of women members; a total fund of Rs. 20000 crores has been allocated for BPL families. This element ensures that all people below BPL can make their both ends meet.

Education- Various initiatives like National Skill Development Mission's agenda of training 76 lakh youth by setting up 1500 Multi skill institutes are being set up. Digital Literacy scheme has also been launched to train 6 crores rural household.

Agriculture- The backbone of our country which employs maximum population, various contributions have been done to boost this sector. A total of Rs. 35984 crores has been contributed for agricultural and farmer welfare. They have brought 28.5 Lakh hectares of land under irrigation and a fund of Rs.20, 000 crores is dedicated in NABARD. For recharging of ground water, which is a urgent need in drought prone areas a fund of Rs. 60,000 crores has been granted. This helps in water conservation. The budget also focuses on organic farming for 5 lakh acres for

a period of 3 years. Nominal premium and compensation is also included in case of loss of crops under Pradhan Mantri Fasal Bima Yojna.

Others- Apart from all these factors a fund of Rs. 2.87 Lakh Crores has been granted to gram panchayats and municipalities and around 300 clusters will be set under Shayama Prasad Mukherji Rurban Mission.

The budget carries two basic ideas to boost rural consumption, firstly by increasing expenditure on rural jobs program and secondly by investing in irrigation projects, electrifying villages and building roads. A step towards farmers' food and income security was ensured. In fact the focus was to double the income of farmers within next five years.

The government should ensure of properly implementing all policies because government has failed to understand one issue. There recent rise in suicide of farmers because any policy on loan waivers has not be1en announced by the government. In 2008 when loan waivers were announced the suicide rate dropped and in 2011 when loan waivers were removed again suicides increased. Government this year had announced a package for famers but no loan waivers.

We need to understand that Villages are the back bone of our country and most of the urban demands are being met from here itself. These all factors form a circle; a proper development of these sectors will automatically boost our economy. We will have proper health amenities, proper literacy rate; skilled man power a well-developed agricultural sector, if country creates a demand of rise in rural sector. For E.g.A population requires food to survive and we all know where it comes from, so if agricultural sector and conditions of farmers are not improved then we all know who will suffer?

India is a Village and we strive to enrich it.

——-O——-

Human Resources

Impact of Budget '16 on HR at business

By: Dolly Arora, PGDM,International Management Institute, New Delhi

The Union Budget 2016 was being awaited with a lot of expectations in India and had put India in the context of being the next largest growth engine. With the rise in GDP growth projections, all eyes were set on Indian government which was expected to focus on the key decisions that could strengthen the Indian businesses. However, the most important pillar of the development of business has always been identified as the human capital. Thus, reforms were in demand so that the biggest boon for the Indian economy could be honed and utilized to the maximum level.

The HR function in almost all the sectors has always been under constant pressure from the business to get quality hires who can improve the business of the organization. However, there has always been a dearth of talent even though the unemployment level has been considerable at 4.9 percent in the first quarter of 2016.

To relieve HR of such pressure and aid them in becoming a strategic business partner, some initiatives were announced in the Union Budget 2016 which greatly impacted the human resource function as a whole

These were related to promoting education, skill development and job creation for the Indian youth to make India a knowledge based society. The initiative to improve educational infrastructure by opening 62 new Navodaya Vidyalayas, providing Regulatory architecture to ten public and ten private institutions and helping them emerge as world-class Teaching and Research Institutions has been a step towards the Sarv

Shiksha Abhiyan to increase focus on quality of education for everyone.

Is educating these individuals sufficient to ensure a livelihood for them? No. There's a need to provide them a job. But how do we make them employable? With only 2.3 per cent of the total workforce in India having undergone formal skill training as compared to 68 per cent in the United Kingdom (UK) and 52 per cent in the United States (US), the gap is very high. In such circumstances, the business can't grow productively. It is very important to understand how the skilling problem sits behind all the other initiatives that the government has been planning like "Make in India", "Digital India", and "Start Up-India", etc. It is the problem of the demand side and the desired output cannot come without the right input.

With allocation of Rs. 1804 crores for skill development, the government has taken a step towards making the Indian youth employable and thus, bridging the gap. A partnership between the industry and academia will be seen in the form of National Board for Skill Development

Certification along with 1500 Multi Skill Training Institutes. With allocation of Rs. 1804 crores for skill development, the government has taken a step towards making the Indian youth employable and thus, bridging the gap. A partnership between the industry and academia will be seen in the form of National Board for Skill Development Certification along with 1500 Multi Skill Training Institutes.

To ensure exclusivity of the Massive Open Online Courses which were planned to promote Entrepreneurship Education and Training are now ready to be backed with intellectual property rights (IPR). web portal SWAYAM (Study Webs of Active-Learning for Young Aspiring Minds) is being built as a global brand. Faculty is being incentivized for putting top quality teaching material and course modules on SWAYAM.

To ensure that these employable and skilled people get a job, the government also expects private players to enter the skilling domain to not only support but also take over some of the important activities. For this reason, the government has tried to pave the way for private sector to do business more easily and come up with new innovative start-ups without too many regulatory hassles. Tax benefits have been provided to SEZ units and research units to create more jobs for the Indian mass. It also promoted skill development in manufacturing companies by providing them an option to be taxed at 25% + cess and surcharge provided they don't claim investment linked or profit linked deductions. Corporate tax rate has also been lowered for relatively small enterprises to 29% plus surcharge and cess for the next financial year, giving them enough bandwidth to incorporate more manpower. The Finance Minister has allocated a Budget of Rs 1000 crore and announced that the Go I will pay contribution of 8.33% for all new employees enrolling in EPFO for the first three years of their employment.

This would imply increasing the employees' take-home salary, thus adding to their motivation. An engaged workforce is the first priority for any business, be it small or large. From the sustainability point of view, although the Budget didn't bring up anything special related to Corporate Social Responsibility (CSR), it projected to bring some corporate friendly propositions like the Higher Education Financing Agency (HEFA). The HEFA will be a not-for-profit organisation that will supplement the funds leveraged from the market with donations and CSR funds. These funds will be used to finance further improvement in infrastructure in top institutions, thus adding to the responsibility of business partners to promote CSR initiatives and contribute to the development of institutions for further growth of the overall industry.

All these efforts of the GoI have led to transformation of the human resource department. The pool of employable people has been on an increasing trend since the announcement of the budget and is likely to increase even further in the coming years. As manufacturing organisations take up the charge of multi-skilling their workers, the work of the HR team will reduce from focusing on just talent acquisition and will move towards talent development and retention. The focus is now on building than on buying. And, the onus of leveraging the human capital for improving business lies in the hands of the human resource department.

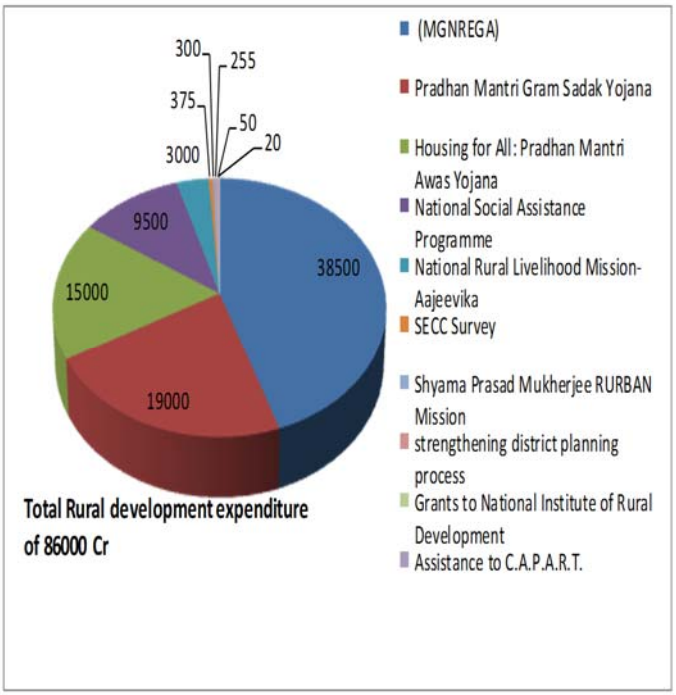
——-O——-

General Management

Budget– Rural and Agriculture Development in India

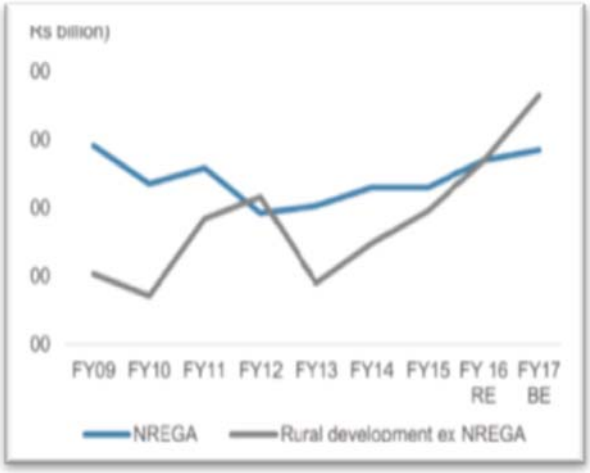
By: Rahul Chaudhari, PGDM-Rural (2015-17) , We School, Mumbai

The future of India lays in its villages' – Mahatma Gandhi; still, holds true in the context of thegrowth of Indian economy. In spite of a y-o-y increase in budget allocations towards rural & agriculture development, the decrease in Agriculture & allied industry's contribution to India's GDP is ironical. Whether the challenge lays in the policy framework, implementation or doubtful avenue selections is still a myth & hence can be a good start for rural India's makeover. This year's budgetary allocation for rural development has definitely increased hopes for the rural population, but it is important to know the breakup of allocated 86,000 Cr under various schemes.



Shifting trends from NREGA to other agriculture focused schemes:-

NREGA still being allocated a little less than half



of total allocations of 86,000 Crore, is the budgeted expenditure. But, there is clearly a shift in trend, showing Govt. weightage to other rural & agri-focused initiatives.

A Major worry for NREGA is governance. In addition to poor work & repetition of same projects multiple times, disputable figures of registered job cards & active job cards with the ratio of 2:1 is questionable. With RTI act, though transparency on NREGA program performance is improved uncovering many facts district-wise, it is high time for Govt. to look for devising effective alternative for it.

PMGSY & PMAY:-

Since inception in the year 2000, PMGSY has connected 63% of habitations in rural India. With 25% increase in allocated budget over last year, Govt. brought forward the target date by three years from 2022 to 2019 to achieve complete rural connectivity through all-weather roads. The only crack on the well-painted wall is the scheme status in some of the states like J &

K, West Bengal & Tamilnadu, where performance is much below average.

Although the Pradhan Mantri Awas Yojana is benefitting to LIG & EWS strata of the urban population, it is impacting rural economy as 76% of LIG category belongs to migrated the rural households. GOI has recently (July 15, 2016) approved 7.28 lakh homes under 860 projects spread over India. In the case, target achievement will be a big challenge as only 19,000 houses are constructed till now against 7.28 lakh proposed.

Agriculture related schemes, true relief or just promise bubbles??

FM Mr. Arun Jaitley made many ambitious announcements of doubling farmer's income in next three years, 100% village electrification by 2018, Bringing 5 lakh acres of land under organic farming & Agri credit target of 9 lakh crore. Holistic dimensions of Modi Govt. to bring sustainable changes in farmer's upbrining & quality of life are much better than fire-fighting strategies of UPA Govt. such as Garibi Hatao yojana etc. But with the row of two unsuccessful monsoons & increasing disparity in rainfall, it will be a herculean task for GOI to keep the promises.

None the less, GOI made many fruitful decisions like irrigation funds of 20000 Cr (with late monsoon, fund requirement will be large), fast-tracking of 89 stalled irrigation projects under AIBP; 5500 Cr allocation to crop insurance under Prime Minister Fasal Bima Yojana; 2,000 model retail outlets of Fertilizer companies provided with soil and seed testing facilities etc.

Technological Innovations:

Keeping up with expanding digital India theme even for Agriculture space, GOI has proposed for designing e-platform for marketplace enabling trade of agro commodities online. It also developed user friendly android apps supporting various farm activities like Kisan Suvidha-an app developed to help farmers by providing relevant information on the weather of current and next 5 days, dealers, market prices, agro advisories, plant protection, IPM Practices etc. Shetkari Masik app, crop Insurance Android App- used to calculate the Insurance Premium for notified crops based on area, coverage amount and loan amount in case of loaned farmer. AgriMarket-used to get the market price of crops in the markets within 50 km of the device's location capture by GPS.

Need for market development activities:

GOI banked heavily on agricultural activities & farm-farmers development. But on the other hand, there was almost complete silence on any market development initiative. There is still a great amount of push needed in logistics management beyond just new road constructions. Also, there is need of upgrading conventional marketplaces in terms of technology, simplified & transparent bidding process & progress towards 'farm to table' approach.

None the less, 100% FDI approved for food processing & marketing units will help organized sector & contract farming activities. It will even strengthen the activities focused on setting up multinational agro specific export houses & entry of world's renowned food brands in India. But major policy set up is yet to be needed for the uplifting of marginal & landless farmers. Along with ease in providing agro inputs & KVK (Krishi Vidnyan Kendra) consultancy, collective action initiatives are needed for bringing marginal farmers together & attain economies of scale in farm produce.

In all, the conceptual framework of this year's budget along with allocations made to strengthen the rural economy is appreciable & efforts that are on right track. With policies controlling irregularities in Agro pricing (like pulses, sugar, cotton etc.), demand side will be growing steadily. But delivering results & improving Agriculture's share in GDP overcoming bad monsoon is still a long way to go.

Although the Pradhan Mantri Awas Yojana is benefitting to LIG & EWS strata of the urban population, it is impacting rural economy as 76% of LIG category belongs to migrated the rural households. GOI has recently (July 15, 2016) approved 7.28 lakh homes under 860 projects spread

Agriculture related schemes, true relief or just promise bubbles?

FM Mr. Arun Jaitley made many ambitious announcements of doubling farmer's income in next three years, 100% village electrification by 2018, Bringing 5 lakh acres of land under organic farming & Agri credit target of 9 lakh Crore. Holistic dimensions of Modi Govt. to bring sustainable changes in farmer's up-brining & quality of life are much better than fire-fighting strategies of UPA Govt. such as Garibi Hatao Yojana etc. But with the row of two unsuccessful monsoons & increasing disparity in rainfall, it will be a herculean task for GOI to keep the promises.

None the less, GOI made many fruitful decisions like irrigation funds of 20000 Cr (with late monsoon, fund requirement will be large), fast-tracking of 89 stalled irrigation projects under AIBP; 5500 Cr allocation to crop insurance under Prime Minister Fasal Bima Yojana; 2,000 model retail outlets of Fertilizer companies provided with soil and seed testing facilities etc.

Technological Innovations:-

Keeping up with expanding digital India theme even for Agriculture space, GOI has proposed for designing e-platform for marketplace enabling trade of agro commodities online. It also developed user friendly android apps supporting various farm activities like Kisan Suvidha- an app developed to help farmers by providing relevant information on the weather of current and next 5 days, dealers, market prices, agro advisories, plant protection, IPM Practices etc. Shetkari Masik app, crop Insurance Android App- used to calculate the Insurance Premium for notified crops based on area, GOI banked heavily on agricultural activities & farm-farmers development. But on the other hand, there was almost complete silence on any market development initiative. There is still a great amount of push needed in logistics coverage amount and loan amount in case of loaned farmer. AgriMarket- used to get the market price of crops in the markets within 50 km of the device's location capture by GPS.

Need for market development activities:-

Management beyond just new road constructions. Also, there is need of upgrading conventional market-places in terms of technology, simplified & transparent bidding process & progress towards 'farm to table' approach.

None the less, 100% FDI approved for food processing & marketing units will help organized sector & contract farming activities. It will even strengthen the activities focused on setting up multinational agro specific export houses & entry of world's renowned food brands in India. But major policy set up is yet to be needed for the uplifting of marginal & landless farmers. Along with ease in providing agro inputs & KVK (Krishi Vidnyan Kendra) consultancy, collective action initiatives are needed for bringing marginal farmers together & attain economies of scale in farm produce.

In all, the conceptual framework of this year's budget along with allocations made to strengthen the rural economy is appreciable & efforts that are on right track. With policies controlling irregularities in Agro pricing (like pulses, sugar, cotton etc.), demand side will be growing steadily. But delivering results & improving Agriculture's share in GDP overcoming bad monsoon is still a long way to go.

——-O——-

Team Samvad

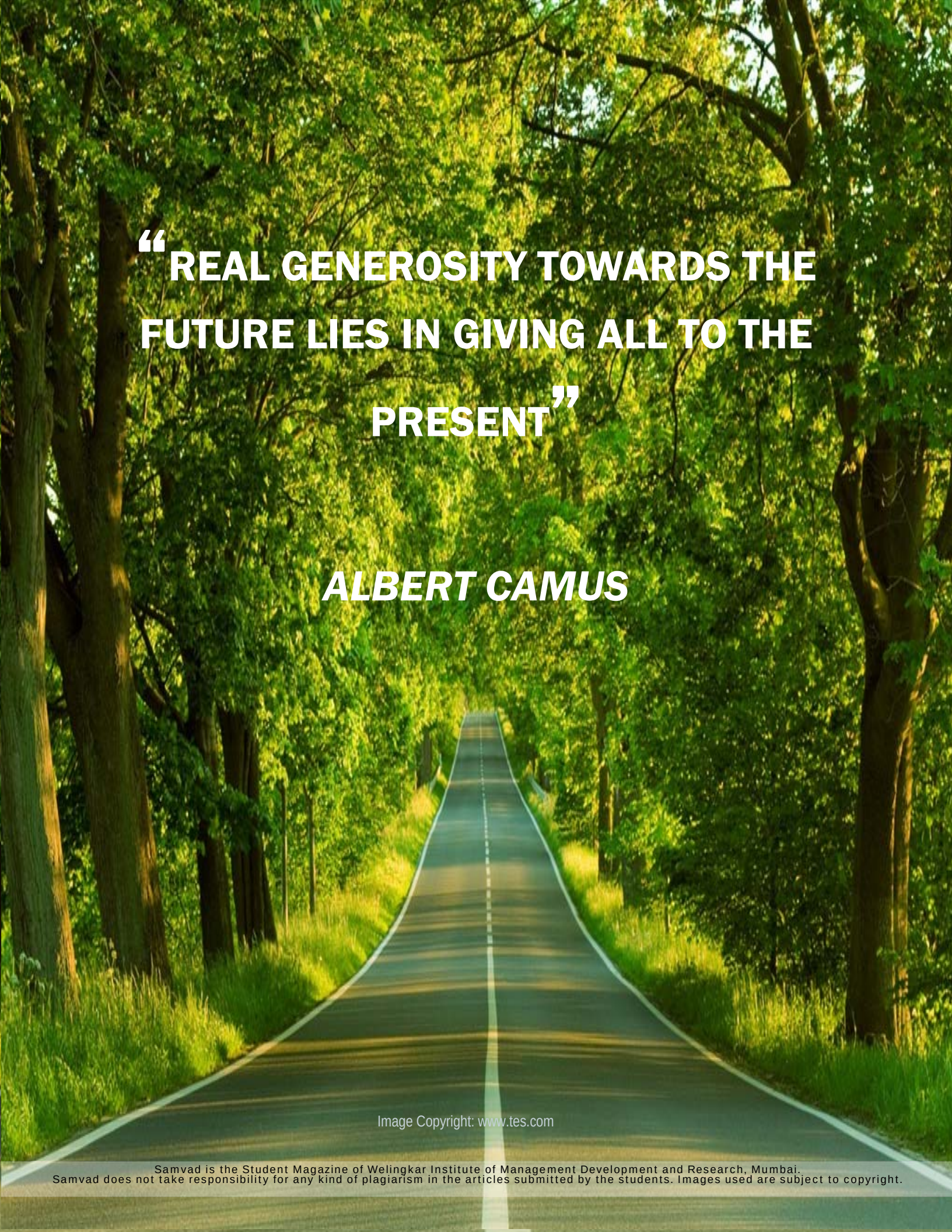
EDITORIAL TEAM

Mohit Jain

Molla Ramizur Rahman

CORE TEAM

Lavina Katara	**Finance - Head**
Gayatri Mutakekar	**Marketing - Head**
Avani Thakker	**Human Resource - Head**
Rahul Iyer	**Operations– Head**
Mohit Jain	**General Management – Head**
Divya Mahajan	**Cover Design**



Samvad is the Student Magazine of Welingkar Institute of Management Development and Research, Mumbai.
Samvad does not take responsibility for any kind of plagiarism in the articles submitted by the students. Images used are subject to copyright.