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BUDGET EXPECTATIONS

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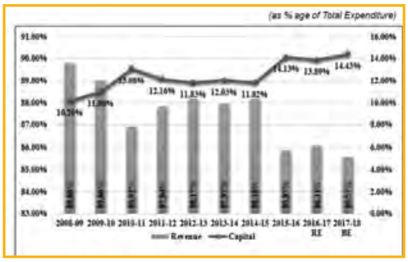

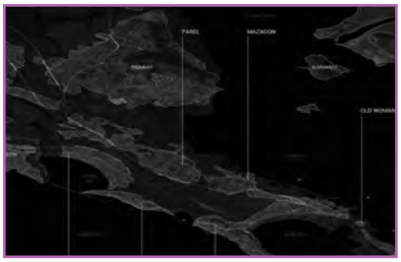

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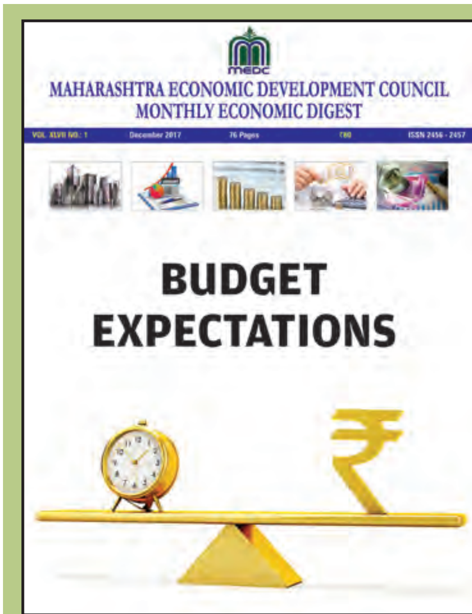

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Monthly Economic Review

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EXECUTIVE SUMMARY

For the first time, India has entered the select group of the top 100 nations easiest to conduct business in, thanks largely due to the enhanced ease of paying taxes, resolving the insolvency issue, rising access to credit and the genuine protection of minority investors. The World Bank's Report ***Doing Business 2018: Reforming to Create Jobs*** released on October 31, 2017, showed a rise of 30 places in India's rank in ease of doing business from 130 to 100 among 190 countries. This was the highest jump in the ease of doing business rankings by any country this year.

India is also deemed the fifth best performing nation globally in reforming its business environment. In three key socioeconomic categories viz. getting electricity, securing credit, and protecting minority investors, India is among the top 30 nations globally. By any standard this is no mean achievement, and proves that the systematic and persistent economic reforms of the government have yielded some results.

On the flip side, these changes, while no doubt laudable, need to be taken to their logical conclusion. Indeed the general global perception that tax compliance in the country has become easier will surprise many Indians, given the general angst surrounding the conception and implementation of the GST – arguably independent India's most important (and controversial) tax reform. India has also lagged vis-à-vis its competitors in some key areas like starting a business, enforcing contracts, and dealing with construction permits.

The economy has now completed a year of demonetization and there is mixed reaction as to how it has unfolded. It was essentially a rebooting of the nation's financial and monetary system and provided a much needed impetus to digitization. On the one hand, there is no doubt that it has led to a greater formalization of the Indian economy, which is imperative for integrating with the global financial system. It has also nudged us to think differently about the vast informal sector in our economy. Demonetization and GST ensured that more and more tax payers were added to the system, and Digital India got a boost with an increasing use of online wallets and mobile payment mechanisms all over the country. The culture of black money is deeply entrenched in India and demonetization gave it a severe jolt through an abrupt cleansing of the system.

On the other hand, many MSMEs and hand-to-mouth workers have undoubtedly undergone a plethora of hardships due to demonetization, as the exercise exposed the inadequacy of our banking infrastructure in dealing with financial emergencies. A section of the farming community believes that much of the black money has returned clandestinely into the rural economy and that demonetization has only stressed the balance sheets of many small finance banks who were their chief benefactors. Some economists continue to remain skeptical about the success of the demonetization exercise and believe that it did not much affect the wealthiest people in the country but had a relatively larger impact on the middle class, especially the upper middle class. Thus, according to some stakeholders, the genuine success of the demonetization exercise continues to remain under a shadow of doubt.

However, overall, there is reason for optimism. India is experiencing a subtle but definite shift of gears in the realm of policies, from populism to sustainability. There are fewer political promises of gain without pain, and people are gradually being made aware that there is no such thing as a free lunch. Our economy is in the cusp of historic change.

HIGHLIGHTS

- Net direct tax collections up to October 2017 stood at Rs. 4.39 lakh crore, which is 15.2% higher than the net collections for the corresponding period of the previous year. The net collections represent 44.8% of the total Budget Estimates of Direct Taxes for the entire financial year.

- As per Grant Thornton's International Business Report (IBR), India has slipped in the 'business optimism' index to the seventh position in the September quarter, from the second slot in the previous three months, thus showing clear signs of a lag in the economy.

- Fiscal deficit rose to 91.3% of FY18 target in six months, mainly due to a rise in expenditure. For 2017-18 the government aims to bring down the fiscal deficit to 3.2% of the GDP. In the previous fiscal, it had met its target of 3.5%.

- The trade deficit rose to $88 billion between April and October 2017. This is 60% above the comparable period a year ago, and is due primarily to weak exports and a sharp rise in imports.

- The US Treasury labeled India a currency manipulator as the country sought to build foreign exchange reserves to protect the economy from surges in outflows. It said in an October report that it will closely monitor India's currency practices after noting an increase in the scale and persistence of the country's net foreign exchange purchases.

- The government has set a 2020 deadline to redevelop 10 railway stations in the country into world class facilities with airport like amenities. This is likely to cost around Rs. 5000 crore. The stations selected for the project are Delhi Sarai Rohilla, Lucknow, Gomti Nagar, Kota, Tirupati, Nellore, Ernakulam, Puducherry, Madgaon and Thane.

- India's industrial production growth fell in September from a nine-month high in August, although the key capital goods and consumer non-durables sector reported a healthy performance. Output, as measured by the IIP, rose 3.8% in September, compared with an upward revised 4.5% in August.

- The Indian economy is on the path of recovery and will expand by around 7-7.5% in the next financial year after growing about 6.8% in 2017-18, according to investment group CLSA. Better growth in the next financial year is primarily expected to be on account of the normalization of business following the rollout of the GST.

- The investment of domestic mutual funds (DMFs) in the equity market crossed Rs. 1 lakh crore in the calendar year 2017. According to SEBI data, till November 10 DMFs had invested a net amount of Rs. 1,02,810 crore in equities, which is more than thrice the comparable figure of Rs. 29,374 crore a year ago.

- The government granted infrastructure status to the logistics sector, including multi-modal logistics parks and cold chains. This will enable the industry to access funds at a cheaper rate and boost its long-term growth prospects.

- The Finance Ministry has set up an eight member task force to draft a new direct tax regulation keeping in mind the direct tax system in other countries, international best practices, and the economic needs of the country. The task force will submit its report to the government within six months.

- The Union Cabinet approved amendments to the Insolvency and Bankruptcy Code (IBC) to plug potential loopholes in the new corporate turnaround regime and to ensure that the rescued companies remain in reliable hands. Changes to the IBC have been proposed through an ordinance that is awaiting presidential assent. A major change proposed is to ensure that promoters deemed willful defaulters do not eventually end up taking control of the company again. Details of the ordinance will be available only after the President gives his assent.

- The government has set up a five member 15th Finance Commission. Headed by N K Singh, former revenue secretary, its tenure will be till October 30, 2019, wherein it will have to give its final report on the distribution of divisible funds between the Centre and the states for a five-year period beginning April 1, 2020.

KEY ANNOUNCEMENTS AND THEIR IMPLICATIONS

- **Government declares a Rs. 2.11 lakh crore package for recapitalization of the PSU banks in a push to boost growth and create jobs in the economy**

  Even though some experts have hailed this as a monumental step which has become necessary in the current scenario, a closer look calls for a fundamental change of attitudes in the banking sector to enhance the efficiency of the entire financial system. To aid FDI, India needs a credit ratings upgrade, and it will be hard to claim that the country has a long run history of fiscal prudence when there is such a massive and sudden financial call on the exchequer.

  From the government's point of view, when green shoots are now becoming visible in some key sectors of the economy, one cannot wait endlessly for PSBs to turn around their stressed balance sheets. Under the circumstances, capital infusion became a necessity.

- **Government clears major legal rules to improve the regime for enforcement of contracts – which is a key step to enhance the ease of doing business in the economy**

  A key component of this change is to amend the law to designate some district courts in Mumbai and Delhi, to begin with, as commercial courts, which will be able to hear cases involving disputes of under Rs. 1 crore. In addition, the law will be amended to allow for an alternate dispute resolution, such as mediation, before a case is filed.

  This is expected to not just reduce disputes but also the clogging of the system and its concomitant overburdening. It will also facilitate the enforcement of contracts and help to improve India's rather dismal World Bank ranking on this score (164th among 190 countries).

- **Jerome Powell appointed as the next Chair of the United States Federal Reserve Board – probably the most important single decision of Donald Trump's presidency**

  With long industry experience and deep relationships with key financial executives, Mr. Powell is expected to take a measured approach to rolling back regulations adopted in the wake of the economic crisis that hit the global economy a decade ago. He is perceived to be a practical – as opposed to an ideological – thought leader who should be able to deliver results. Well known in financial circles, he is regarded as a consensus seeker. That augurs well for the future of the global economy.

  Given that monetary policy is the first and best line of defence against any potential recession, an urgent task for Mr. Powell is to develop an effective fire-fighting approach. The global economy is now passing through a perilous phase and to right the situation will take financial acumen. Luckily, innovative ideas do exist, and the world looks to Mr. Powell to exploit them in the interest of long-term macroeconomic stabilization.

- **The GST Council slashes rates on over 200 items and leaves only 50 products under the highest 28% slab. Tax cuts were approved on 178 items from 28% to 18%. The lower rates would be applicable from November 15, 2017.**

  This move is expected to provide relief for small businesses and ease tax compliance in the country. Obviously, much of the feedback the government has received from various stakeholders has been incorporated. To quote the Finance Minister, "Consumers will be benefitted by the lower prices as most of the taxable items are in the 5%, 12% or 18% slabs". Needless to say, for a country like India, one cannot expect to have a uniform single GST rate.

On the flip side, one would have expected this rationalization to have occurred right from the beginning of the introduction of the tax and not five months after it was officially implemented in the country. Now real estate and electricity also need to come under the ambit of the GST at the state level, to increase the coverage of the tax and permit its further rationalization. However, in the ultimate analysis, it is clear that the GST experiment, despite some (inevitable) initial hiccups, is off to a good start. It remains a work in progress.

- **International rating agency Moody's Investors Services upgraded India's sovereign bond rating for the first time in nearly 14 years.**

Moody's has revised India's sovereign bond rating from Baa3 to Baa2, and changed its outlook from stable to positive. This marks India's reentry into the investment grade category and means that Indian companies will now be able to borrow more cheaply on the international market. The move is expected to boost demand for offshore bonds.

The upgrade seems to be a broad endorsement of the structural reforms undertaken by the government, which Moody's said would boost growth and reduce the nation's debt burden. However, the rating agency also warned that India's rating could be downgraded if its fiscal metrics deteriorate materially and its NPA situation gets out of hand.

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Dr. S. D. Naik

BUDGET EXPECTATIONS
It should be employment and growth-oriented

Dr. S. D. Naik

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The current state of the economy

India's Union Budget for 2018-19 will be presented at a time when the economy is in a slow-down mode with the GDP growth for April-June 2017 quarter down to 5.7 per cent from 6.1 per cent in the previous quarter. In fact, the country's economic growth has continued to decelerate for the past six successive quarters. Corporate profits as a percentage of GDP have been declining annually for the last five years and now stand just around three per cent according to analysts. There is no demand pull in the economy and the business environment remains poor.

Top financial institutions are worried that the Indian economy may have to struggle to regain its growth momentum in the near term. The Reserve Bank of India has slashed its growth forecast for the current fiscal to 6.7 per cent from 7.3 per cent predicted earlier. The State Bank of India, which is owned by the Government, has said in a report in September 2017 that the slowdown is not short- term in nature or even transient.

The most pressing challenge for the Finance Minister will be to initiate measures to tackle the pressing problem of jobless growth being witnessed by the economy today. According to a study by the Centre for MonitoringIndian Economy, over 1.5 million Indians lost their jobs in the first half of 2017 and unemployment is on the rise. Hence, according to experts, the government must initiate measures to generate jobs for India's large young population entering the labour force every year.

Impact of demonetisation and GST

Demonetisation of 86 per cent of the total currency in circulation in one stroke on November 8, 2016 proved to be an unmitigated economic disaster for the economy. Many small and micro units in the country got sunk and millions have lost their jobs with hardly any opportunities coming in the way of new entrants entering the workforce. As the former finance minister Mr. Yashwant Sinha has put it, "private investment has shrunk as never before in two decades, industrial production has all but collapsed, agriculture is in distress, construction industry – the biggest employer of the workforce, is in the doldrums, and the rest of the services sector is also in the slow lane".

As for the introduction of the Goods and Services Tax (GST), though it was no doubt a good measure, it was badly conceived and poorly implemented with too many tax slabs (the highest being 28%) that affected a number of industries badly. Most countries start with a uniform single GST rate which is generally below 15 per cent. A few countries have a single GST rate of 8 to 10 per cent. In our case,it's complex charactermakes it difficult for the taxpayers to understand it. Even tax experts find it difficult to file the GST returns. Instead of relying on high rates to meet the revenue targets, the emphasis should have been on broadening the tax base.

Following unending protests, the GST Council was forced to slash the number of items in the 28 per cent tax bracket from 228 to 50 on November 10. It also moved 6 items from 18 per cent to 5 per cent and another 8 items from 12 per cent to 5 percent,except for five star hotels. Consumer items such as beauty products, chocolates and detergents are among 178 items that have been moved to 18 per cent bracket. Items in zero per cent bracket increased from 125 to 129. Strangely enough, paints and cement still remain in 28 per cent bracket.

The States must be persuaded to bring real estate, petroleum products and electricity under the GST in order to increase its coverage and allow further rate cuts. It would also help cover gaps in audit trails that that would help boost revenues significantly and will allow further rate cuts. Above all, there are some perspective issues. The concept of luxury goods needs a relook in view of changing market and socio-economic realities.

Ideally, the government would do well to abolish the 28 per cent slab altogether and bring down the number of slabs to just two, if not one. That will ensure that the potential of this reform, which has taken two decades to put in place, is not frittered away. It may be recalled that a panel headed by Chief Economic Advisor (CEA) had estimated revenue neutral rate of 15-15.5 per cent.

Main Focus areas for the Budget

(1) Reversing the slowing investment trend

According to Sugata Bhattacharya, the defining narrative of the slowdown in India's GDP growth in recent years has been the sharp drop in investment, even as consumption remained relatively stable. The drop in investment (as a share of nominal GDP), from 34 per cent in new GDP series in FY 12 to 27.1 per cent in FY 17 is worrisome. This was mainly on account of household investments dropping from 16 per cent of GDP in FY 12 to 11 per cent in FY 16.Hence, the coming Budget will have to introduce measures to provide a boost to the country's savings and investment by providing incentives to the household sector to increase savings and investment.

According to reports, increased investment outlays are on cards for agriculture, rural development, infrastructure and education. Similarly, transport, women and child development are also expected to get around 30 per cent hike in budgetary allocations. This is expected to help in reversing the slowing investment trend to some extent. More importantly, the recapitalisation of public sector banks and cleaning up of corporate balance sheets should help in reviving private investment.

(2) Dealing with jobless growth

Of late, India has been passing through a phase of jobless growth even as a large number of young people have been entering the labour force each year. One reason for this is the relative neglect of labour-intensive manufacturing segments. The forthcoming budget will have to address this problem on a priority basis. Accepting that job creation is India's central challenge, the latest Economic Survey has identified apparels, leather and footwear as key sectors to provide employment at relatively low cost. Hence the Budget will have to provide special incentives to these sectors.

The Survey said that apparel and leather sectors offer tremendous opportunities for creation of jobs, especially for women. It said every Rs. 1 lakh investment in the apparel sector has the potential to create 23.9 jobs, including 8.2 jobs for women. The next most labour-intensive sector is footwear. Indian firms in these sectors are struggling to meet the challenges related to logistics, labour regulations, taxes and tariffs. The Budget will have to address these problems in order to provide a big boost to job-creation.

In the case of apparels, in particular, India has a great opportunity to promote exports from this sector considering the rising wage levels in China which has resulted in its losing market share to competitors. India is well positioned to take advantage of China's deteriorating competitive advantage since wage levels in most Indian states are significantly lower than in China. Unfortunately, however, the space being created by China losing the world market share has been taken by Bangladesh and Vietnam and not India. This needsto be addressed urgently by providing incentives to the sector to increase their exports. That will also help create more employment opportunities in this sector.

Over a million jobs were lost in micro, small and medium enterprises (MSME) sector following demonetisation. Hence,special attention will have to be paid to this sector in the Budget by way of bank loans at concessional rates of interest and all possible help in procuring the raw materials and marketing their products through fair price shops. Unfortunately, credit off take by the MSME sector, which contributes 45 per cent of manufacturing sector output, has continued to remain in the negative zone since last two years. The budget will have to ensure that this situation changes at the earliest.

(3) <u>Dealing with the agrarian crisis</u>

In order to deal with the current agrarian crisis, instead of loan waivers, the budget should find ways to invest more in the sector by drastically reducing all kinds of subsidies. The new series National Accounts data clearly shows thatagriculture is facing a severe slowdown. The investment in agriculture has been declining at the rate of 0.8 per cent per year at constant prices since 2010-11. In the first two years of the present government at the centre, investment in agriculture declined at the rate of 3.8 per cent per annum – the sharpest fall in more than two decades. This may be because of the agricultural GDP growth declining in real terms to just 1.7 per cent per annum in the last two years because of droughts in 2014 and 2015.

A look at the funds earmarked for agriculture in the Centre's Budget for the current year shows that the largest chunks of Rs.1,45,339 crore will go towards food subsidy and Rs.48,000 crore for MGNREGA – both of which are essentially safety nets. Another Rs. 70,000 crore will go towards fertiliser subsidy. Naturally, the funds available for investment in agricultural infrastructure will be too meagre. In this context, noted agricultural expert Dr. Ahok Gulati has suggested that the current ratio of 80 per cent of total allocated to the sector going towards subsidies and 20 per cent towards investments should be reversed to 80 per cent for investment and 20 per cent towards subsidies.

The Finance Minister must initiate measures in the Budget to increase the share of investments in agricultural sector by substantially pruning subsidies.Incidentally, another worrisome development is the decline in bank loans to this sector. The growth of bank loans in agriculture and allied sectors declined from 15.3 per cent over April 2015-16 to 7.4 per cent over April 2016-17. This could be due to the severe bad loans problem facing the public sector banks as also the farm loan waivers.

(4) <u>Need to tackle high public debt</u>

Unduly high public debt burden remains an important constraint on India's credit profile relative to peers. At 68 per cent of GDP in 2016, the general government debt (Centre plus States) is significantly higher than the 44 per cent median for other similarly ranked economies. It is expected to widen further to 69 per cent during the current fiscal year (48 per cent Centre and 21 per cent States). This naturally remains a constraint to increase government investment in the economy at a time when private investment has witnessed a significant slowdown.

The problem is compounded by the fact that 21 central public sector enterprises (CPSEs) had been in the red in the decade to 2016 and made losses amounting to Rs.69,727 crore. The losses incurred by 43 CPSEs during FY 14 to FY 16 amounted to Rs.52,912 crore. The government must urgently come out with a clear cut policy for closure of perennially loss-making public sector units and redeployment of their assets and the use of such resources for development purposes.

Incidentally, in a positive development, the mop up from disinvestment of large public sector enterprises are expected to go past Rs.1 lakh crore during the current fiscal against the budget target of Rs.72,500 crore. The funds from the ONGC-HPCL deal have already added up to Rs.84,000 crore. A cluch of more stake dilutions, IPOs and strategic stake dilutions are in the pipeline. This will more than offset the Centre's weak non-tax receipts during the first half of FY 18 due to Rs.27,341 crore shortfall in Reserve Bank of India's dividend this year following the after effects of demonetisation.

(5) <u>Making the tax system reasonable and simple</u>

The budget for the next financial year will be particularly crucial as it will be the last full year budget of the NDA government before the 2019 Lok Sabha elections. Last year, the government had also merged the railway budget with the general budget and ended the distinction between plan and non-plan expenditure.

Expectations are high as the Finance Minister may announce measures to make the tax system reasonable and simple with some reduction in income tax rates in keeping with his earlier promise. The Finance Minister has the critical responsibility of delivering a growth-oriented budget that takes care of increased investment and job-creation. He should avoid the temptation of announcing a populist budget that doles out benefits. In fact, the space for doing so is limited at present.

The corporate tax rate has already been reduced from 30 per cent to 25 per cent with companies with a turnover up to Rs.50 crore. This needs to be extended to other companies along with removal of exemptions. Such a move will help improve complianceby the corporate sector and also increase tax revenues for the government.

Dr. Sugeeta Upadhyay

UNION BUDGET, 2018-19: EXPECTATIONS

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Foreword

Historically, the Union Budget is the summation of Revenue Budget and Capital Budget. Revenue Budget takes account of the government's revenue receipts and expenditure whereas the Capital Budget comprise of capital receipts and expenditure of the government. But as we all know the Union Budget has been not merely a financial statement required to be placed in Parliament under Article 112 of the Constitution, but a mechanism to transmit policy directions to the economy. It also provides important signals on the extent of government interventions in the market. Especially when the country's economic growth is facing challenges such as subdued manufacturing, lower exports of services and lower capital expenditure, it could be an opportunity to step up growth by adopting corrective policy measures to kick-start a virtuous investment cycle as far as the domestic economy is concerned.

Unlike in the past, since last year the budget presentation has been advanced by a month to complete the process of passing it in Parliament within the financial year. Also, the merger of the railway budget with the main budget helps to plan and develop the transport sector as a whole. Most importantly, the abolition of the plan and non-plan distinction helps to look at each of the sectors in a holistic manner and avoids distortions in allocatingresources between maintenance of existing assets and creation of new assets.

Some Highlights

The first Union Budget of independent India was presented by the then Finance Minister R. K. Shanmukham Chetty, on November 26, 1947. This budget was the interim budget as it covered only 7 ½ months from Aug 15, 1947 to March 31, 1948. Following are the highlights of some of the budgets which changed the Indian Economy:

- The first budget (presented on November 26, 1947) was more of analysis of the economic scenario of independent India and there were no any tax proposals. This budget mainly focused on Agriculture sector.
- In FY 1950-51, the first budget of Republic India was presented by the third Finance Minister John Mathai. The Finance Minister proposed the formation of Planning Commission and eliminated the business profit tax.
- In FY 1968-69, Finance Minister Morarji Desai introduced the Public Provident Fund and at the same time discontinued the Dividend Tax. In 1969 Budget, Morarji Desai Nationalized 14 banks and so banks were forced to open branches in remote areas.
- In FY 1973-74, Finance Minister Y. B. Chavan nationalized the coal and insurance companies. And the estimated budget deficit of that year was Rs. 550 crore.
- In FY 1986-87, Finance Minister V. P. Singh introduced the Modified Value Added Tax in turn reducing the various duties on input materials.
- In FY 1991-92, Finance Minister Manmohan Singh liberalized the Foreign Direct Investment (FDI) policy, launched the Dollar-denominated India Development Bonds and also heightened the Private Sector. In FY 1994-95, Finance Minister Manmohan Singh introduced the Service Tax.
- In FY 1997-98, Finance Minister P. Chidambaram allowed Minimum Alternate Tax to be carried forward for

five assessment years. He also phased out the spontaneous treasury bills issuance.

- In FY 1998-99, Finance Minister Yashwant Sinha replaced Foreign Exchange Regulation Act with Foreign Exchange Management Act.
- In FY 2005-06, Finance Minister P. Chidambaram launched various schemes for the first time such as National Rural Health Mission, MNREGA and Gender Budget.
- In FY 2008-09, Finance Minister P. Chidambaram proposed BPL food, fuel and fertilizer subsidies.
- In FY 2012-13, Finance Minister Pranab Mukherjee introduced General Anti-Avoidance Rules to tackle the tax avoidance and also allowed Qualified Foreign Investors (QFIs) to access the Indian Corporate Bond Market.
- In FY 2013-14, Finance Minister P. Chidambaram announced India's first women's Bank.

Issues &Challenges: Union Budget, 2018-19

Constraints on Growth

What are the current constraints on growth? Firstly, the corporate sector, known as the engine of growth during the boom period, is now mired in debt.Secondly, the banks and the industries are overleveraged and since the industries are overleveraged no one is giving money to anybody so that's the problem. Thirdly, the capacity utilization at this point of time is around 74% which is much lower than what it used to be in the previous years. And the Fourth one is the overall demand in the economy is not picking up.

Now what is the way out? Whether the government should go for stimulating economic growth or prefer primacy of fiscal orthodoxy, whether the policy should be adopted to follow expansionary austerity or to boost public investment. The solution will depend onwhether the problem arises mainly from aggregate demand or from aggregate supply.

If it is a demand side constraint then economistsprefer to step up public investment which can happen only if more public debt (as a proportion ofGDP) is allowed to rise, and if the fiscal deficit target is relaxed for infrastructure investment. Similarly, agricultureand SMEs need to get liberal credit at low interest rates to promote labor intensive manufacturing and agriculture diversification into more value added activities. If it is a supply side problem then fiscal consolidation seems to be the preferred one.

Performance of Economic indicators

What is the current economic situation? Economy witnessed a cyclical boom and bust during 2003-2014. Official figures claim a recovery there after to over 7% GDP annual growth rate, thanks to good monsoon, agriculture has surely recovered in 2016-17, but exports have not performed well, especially of services. Domestic savings and investment rates have now declined 27-28 per cent of GDP – nearly 10 percentage points lower than their peak in 2008-09. There has been a deceleration in (i) capacity utilization, (ii) credit growth, and (iii) a decline in govt. investment.

It is against this backdrop, that a bold structural transformation of the business and investment climate is the need of the hour.

Expectations

The fundamental problems of the Indian economy, including the source of its demand constraints, are structural. There are several interrelated imbalances that characterize the Indian economy - between different sectors, in the trade with the rest of the world and very importantly in the distribution of income and spending ability. Contractionary fiscal policy in such circumstances could create an imbalance between public and private expenditure.Hence fiscal policy in a more expansionary mode, can contribute to creating the space for using taxation and expenditure policies to address the fundamental structural balances of the Indian economy and to put it on a more sustainable growth path.

For active inclusion, the budget should work towards improving human capital as well as infrastructure, and reduce transaction costs. Since they are also state subjects, state could be incentivized to spend more on health and education, even as their share in the central budget goes up.

Dr. V. Shunmugam

Development of Commodity Markets in India: An Agenda for the Union Budget

Dr. V. Shunmugam

Head - Research,

Multi Commodity Exchange of India Ltd (MCX)

Electronic multi commodity exchanges in India have been functioning since 2002 - 2003, meeting the twin objectives of 'price discovery' and 'price risk management' in the commodity markets. As the Indian economy has been globalizing, these twin functions have immensely benefitted farmers, Indian manufacturers and other stakeholders connected to the commodity economy, besides helping commodity value chain players, including exporters and manufacturers, become competitive by managing their price risks.

There have been several efforts made in the past for developing the commodity derivatives market. In 2015, to strengthen the regulatory framework in this market and to bring about convergence in regulations, the Government of India mandated Securities Exchange Board of India (SEBI) to regulate the commodity derivatives market. Consequently, SEBI took over the regulation of commodity derivatives market w.e.f. September 28, 2015, following the government notification to repeal the FCRA, 1952 and the amendments to the Securities Contracts (Regulation) Act, 1956 to include "Commodity Derivatives" within the definition of "Securities".

After SEBI becoming regulator, commodity markets have seen various positive policy changes. Strengthening of risk management by reviewing the position limits linked with the size of the physical market, strengthening of delivery mechanism by mandating the Good Delivery Obligations as a legal responsibility of the exchanges, strengthening of surveillance the market, introduction of new products and participants including Options and permitting category III AIF funds are some of the important developments which took shape after SEBI's taking over as regulator.

Despite such noteworthy policy initiatives, the commodity markets require further reforms for the development of this segment. The Union Budget is a time when crucial policies are being formulated and it seems appropriate that some policy actions for development of commodity markets be taken up for consideration.

Rationalisation of Commodity Transaction Tax

The imposition of Commodity Transaction Tax (CTT) from July 2013 has significantly affected the performance of the Indian commodity futures market and led to steep decline in the trading volumes. For removing the economic distortions that have arisen after CTT was introduced andenabling the stakeholders get access to a cheap and effective platform for price discovery and risk management, it is necessary that CTT be reduced, if not eliminated, from the current high levels. CTT has been such a dampener in the market that its introduction was followed by an immediate drop in volumes. CTT led to more than 50% decline in the Average Daily Turnover (ADT): from Rs.53,567 crore in Q1 FY'14 to Rs.25,632 in the rest of FY'14. Such has been the decline in turnover that CTT has possibly been revenue negative. The collection from this tax has been outweighed by the loss of tax revenues from all other tax sources, including state taxes such as Stamp Duty, Service Tax (now subsumed under GST), etc. according to some studies,following the steep decline in traded volumes.

The discouragement to the futures market by way of CTT has had adverse socio-economic impacts too. It is estimated that the commodity derivatives market generate about 15 lakh jobs, as per a 2012 study by Deloitte. These jobs are being lost due to the cascading effect of CTT across the value chain players in the markets for these commodities. Besides, industry, especially SMEs, is losing out on a useful and cheap hedging instrument when CTT increases the cost of transaction. SMEs are known to be one of the major employment providers in India.

CTT might also be promoting Dabba, or illegal trading. According to a study by Nielsen (2013), the cost of trading is a significant determinant in many traders' choice between the formal exchange-traded market and the illegal 'dabba' market. Increase in transaction fee as effected by CTT would make the 'dabba' markets more attractive for traders not only diverting potential volumes but also having negative socio-economic implications.

Several research studies have established the decline in quality of commodity markets after introduction of CTT. The studies suggest a phased withdrawal of CTT for greater fiscal prudence and boosting Indian commodities market.An optimal tax structure can generate same amount of total tax revenues for the exchequer while restoring market volumes to the pre-CTT levels.

Exemption of commodity options from transaction taxes

On 17th October 2017 options on gold futures has been launched on MCX, the first commodity option in India. Options are a cost-effective hedging tool equivalent to an insurance protection against any price fluctuations. But levying of transaction tax on options contract in a market which is at a development stage will have a detrimental impact for the growth of this new product in commodity derivatives segment. Therefore, it is necessary to keep options outside the ambit of transaction taxes till the market attains some maturity.

More importantly, commodity options need to be exempted from any transaction tax on exercise. This exemption is also necessary because commodity Options converge into respective underlying futures contracts upon which CTT is anyways applicable. Thus, levying a transaction tax on Options on exercise is tantamount to double taxation.

Commodity Options (on commodity futures) are cost-effective hedging tools for the stakeholders in the commodity value chain to hedge against any undue price movements and to provide for competitive business in the increasingly globalized world. The structural characteristics of commodity options that make them particularly suitable for small players include absence of daily margin call for the options buyer, easy way to account for i.e. just booking the expenses on buying options paying 'premium', and ability to take advantage of any unexpected positive price movement. To popularise use of commodity options for risk management, it is necessary to exempt them from CTT or STT.

Options on agri-commodities would also attract STT for the reason it being 'securities' unless and otherwise explicitly exempted for.Derivatives on agri-commodities are used by farmers and other stakeholders of India's farm economy for price discovery and risk management. Given the importance of risk management in agriculture, futures on agri-commodities have so far been exempted from CTT.Carrying the same rationale forward, options on agri-commodities should also be exempt from STT.

Thus, the levy of transaction tax to commodity options market at its nascent stage would pose a serious challenge towards the development of this hedging market and could prove to be a dampener on the policy vision for a vibrant financial sector as espoused by the government.A healthy commodity options segment would not only create a vibrant financial sector but also help create a competitive economic environment for the Indian corporates especially SMEs and catalyze government's flagship 'Make in India' campaign.

Introduction of electronic spot trading platforms

For growth of the economy and the commodity markets, it is necessary to have robust and regulated spot exchanges for commodities, as much as it is necessary to have commodity derivatives market. The Hon'ble Finance Minister has, in the last Union Budget, announced the setting up of a committee to recommend ways for suggesting the steps to integrate the spot and derivatives market in commodities. Such an integration of spot and derivatives markets would be best enabled by setting up of electronic spot exchanges. Many of the distortions in the physical market for commodities, including fragmentation of markets and opaqueness in prices, can be removed by establishing well-regulated spot exchanges. The social and economic benefits of exchange-traded commodity markets have been well established by the commodity derivative exchanges. It is time now to reap similar benefits through commodity spot exchanges. Once robust spot exchanges for commodities are in place, one can look forward to seamless integration of electronic repositories, trading warehouse receipts, spot markets and commodity based financing to ensure the flow of finance to help stakeholders take efficient trading and risk management decisions.

Re-introduction of Sec 88E of Income Tax Act

When STT was introduced in the capital market in 2004,it was associated with benefit of zero Capital Gains tax for investors and treatment of STT as a deduction (not merely an expense) for traders, under Section 88E of the Income Tax Act. This avoided 'double taxation' for traders. This benefit was later withdrawn because of its misuse by some brokers through fraudulent client code modification. However, over the years, SEBI has been taking a number of steps for stopping such misuse. The regulator's strong surveillance and hefty penalty makes such fraudulent practices nearly impossible now. Hence, it is appropriate that the deduction of CTT/ STT on tax payable, which was earlier available u/s 88E, be restored now. Without this benefit, derivative markets are subject to double taxation hamperingits efficiency.Restoring this facility will benefit professional traders, boost employment and rejuvenate India's commodity derivatives market.

Introduction of regulated platforms for trading in Electronic Warehouse Receipts

The Warehousing Development and Regulatory Authority (WDRA) has been taking several steps for development of the warehousing sector of the country. Warehousing is an important area that needs further policy push. The macroeconomic growth of India, especially in the manufacturing, infrastructure and agricultural value-added sectors, supported by an enabling policy environment under initiatives such as 'Make in India', is expected to contribute to a great demand for commodities such as metals, energy and agri-commodities. Associated with the demand for commodities would be the demand large and world-class warehousing space and support services like quality testing, assaying, weighing facilities, etc. Development of the warehousing sector can also enhance flow of institutional finance to this sector.

Under the regulatory oversight of WDRA, commodity repositories have been set up, which can issue electronic negotiable warehouse receipts (e-NWRs). These e-NWRs can be permitted to trade on electronic platforms, which can provide a large marketplace for the stored commodities, enable flow of finance, lead to efficient price discovery and create linkages between physical and derivatives markets. This requires setting up of trading platforms for these receipts. Electronic platforms for trading of e-NWRs may be permitted with appropriate regulations for both agri and non-agri commodities.

Concluding Remarks

Indiahas a long and rich history in commodity trade. The first commodity exchange in India, the Bombay Cotton Trade Association, started operating in 1875, just a decade after world's first modern commodity exchange, Chicago Board of Trade (CBOT) started offering futures products. Given the size and diversity of India's commodity economy, the potential and benefits of her commodity markets is quite significant. With some policy encouragement, some of which have been outlined above, this potential can be reaped and the benefits of a larger and vibrant market enjoyed by all stakeholders of the commodity economy.

Ms. Kiran Nanda

Major Expectations from Union Budget 2018-19

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In Brief

The Budget 2018-19Finance Minister ArunJaitley's5th Budget in a row--is going to be a milestone as it will be the last full - fledged Budget before the general elections in 2019. It is faced with many expectations from various stakeholders.

It is indeed commendable that the Governmentcontinues to stick even after three years of its rule to its policy of carrying out well studiedlong term structural reforms rather than taking knee jerk initiatives. Emphasis is on carrying out such measures that enhancemultitude of connectivityin the economy likeamong major economic policies, among various sectors/segments in the economy; among different Ministries/Organisations and also among different regions/States.Most welcome has been that the budgetary proposals from Budget to Budget every year havebeen taking a holistic, integrated and global perspective.

Country's priority requirements facing this Budget are—

- Generation of non-tax revenue
- Three-year action Plan of the NITI Aayogbecoming a key benchmark for the Finance Ministry while allocating resources.
- Providing boost to entrepreneurship and fillip to private investment.
- Resorting to innovative infrastructure finance and infrastructure capacity building.
- Promoting employment opportunities.
- Boost to renewables.
- Support and encouragement to the SME sector.
- By and large sticking to fiscal consolidation process and inflation control.
- Agriculture upliftment.

Since 2014, a number of mega reforms have been implemented at short intervals. A number of reforms are in the pipeline. All these are work-in-progress type. Recent ones are the Direct Taxes Law to replace the Income Tax Act 1961 and formation of the 15th Finance Commission. Though the biggest tax reform of GST was to be implemented from July 1, the Budget 2017-18 followed the practice of tax revenue projections under the heads of customs duty, central excise and service tax alongside direct tax numbers. With excise duty and service tax being subsumed in the GST, the classifications will now undergo change in the forthcoming Budget.It would also be the first major exercise in the wake of overhauling of the Centre's budgeting procedures by the GST. As the GST rates are decided by a GST Council (headed bythe Finance Minister and comprising of representatives of all states), the Budget will not have any tax proposals concerning excise and service tax levies. Only proposals for changes in direct taxes - both personal income tax and corporate tax levies besides customs duty are likely to be part of the Budget along with new government schemes and programmes.

The macroeconomic environment in the country is improving. On criticism that the government has failed to create enough jobs, there are a large number of areas which have seen substantial increase in employment opportunities, though they may not be in organised and formal sector. There has been significant jump in the number of employees within the services sector, like in tourism, civil aviation and transport. Hiccups due to demonetisation and GST seem almost over thoughthose from new policies like Insolvency Code and introduction of Electric Vehicles and others to follow will always manifest. Stock market expectations from the government seem to beextremely high. Corporate earnings are expected to improve. India-focused funds continue to see robust inflows.

After sharp outflows in August and September, the market is once again witnessing investment inflows from overseas investors. Though issues on taxation still remain, Government is committed to lowering of tax rates. Government is constantly fixing up regulatory challenges. International best practices in many fields are being adopted. Domestic investment especially retail participation pace haspicked up. As to why private investments are not happening, mostly only the figure of credit offtake on PSBs is used as the proxy for private sector investment. But looking at credit offtake on private sector banks, it has lately risen quite well. Also number of IPOs has been higher than previous year. So all things taken together, the picture is not that bad.Only concern is the continued weakness of the exports sector, which has not taken off as expected.

Moody's itraised outlook on India Inc. Asia's No 3 economy for the first time in 14 years is expecting improvement in credit profiles of corporates due to waning of the uncertainties of the GST and likely overall recovery in economicactivities. An improvement in asset valuations is providing a means of deleveraging for some corporates. This will also result in improvement in the credit profiles of the companies. Upgrade has boostedthe confidence in Indian debt. Ithas proveda shot in the arm for Indian companies that are raising funds in offshore bond markets. The offshore dollar borrowing by Indian companies has already risen 32% from the beginning of 2017 to $8.81 billion till now. S&P subsequently affirmed India's rating at BBB-minus with stable outlook. This implies India is having the lowest level of prosperity among all investment grade economies. Seems Moody's upgrade of Indian economyis one notch higher than S&P's current rating, due to progress on economic and institutional reforms.However, despite Moody's upgrade, India's short term economic outlook remains challenging.

II <u>Indian Economy on Budget-eve</u>

- **NITI AAYOG VISION FOR 2031-32has set the backdrop for the future course of action**. It has projected a vision for the next 15 years to be achieved with a seven year strategy. This is supplemented by three year action agenda.

- In the next 15 years everyone will have an air-conditioned house to live in, a 2-wheeler or car to move around, combined with all other facilities. Average annual per capita income at that time would have risen to Rs.3.14 lakhs. This implies that if an average person can afford all these facilities, people below the average will have to wait longer for the house and the car.

- Tripling of per capita income would require that the GDP in next 15 years increase at the compound rate of 8%. Such a growth over the next 15 years will be a major challenge.

- China has accomplished high growth because of it being a centrally controlled economy. China could do it by managing the exchange rate and keeping domestic costs down by suppressing wage rates. As domestic savings could not be that high to fund investment. Hence foreign investment had to be enough to supplement domestic savings. Indian economy's case is different as its exchange rate is not manipulated though the RBI intervenes occasionally to moderate fluctuations. As India's domestic costs including wage costs cannot be controlled,exports cannot increase to make up for the inadequate domestic demand. Foreign investment could not make difference because of regulations and hurdlesin ease of doing business.

- It is difficult to visualize what will be the 7-year strategy to achieve the targeted 8% growth. The strategy will have to be to mainly expand the industry sector supported also by FDI and exports. More extensivehard reforms and their consolidation areneeded.In this exercise, Industry Agricultural linkages will be very important.

- **Rating Upgrade**-Moody's India ratings upgrade has affirmed the government's efforts to stabilize the Indian economy but near term outlook remains clouded

- **A proper market segmentation to understand the potential of domestic goods and servicesneeds to be carried out** as pointed out by Mr. Suresh Prabhu. A proper business plan is now in the making based on market research to promote export of goods and services. TheNitiAayog has been roped in to work on package for exporters.

- **GST implementation picking up speed and most of thorny issues clarified.** Onwards the tax compliance is likely to be improved. With GST roll-out, datacollection gaps will get plugged and collection of GDP data will improve. Real estate state levies such as stamp duty, registration charges, and property tax- a municipal levy- are currently outside the ambit of GST.It is only a matter of time before rates converge into three slabs and commodities such as land are brought under the purview of the GST. Companies have started reducing prices post GST reduction.10-member GST panel isset up to simplify returns. An issue which remains to be solved is that Rs 50,000 crore of exporters' GST refunds arestill stuck, impacting working capital and outbound shipments. Besides there are fears of double IGST (integrated Goods & Services tax) getting imposed on goods lying in customs bonded warehouses?Textile sector feels the incentives are still less than the ore-GST regime.

- **Direct Taxes**

  After overhauling of indirect taxes, the government has formed a task force to draft a new direct tax law to replace the existing Income Tax Act, in force since 1961.This new law may do away with direct contact between taxpayers and taxmen and focus on salaried class.Direct taxes — income and corporate — are likely to be simplifiedahead of the government's last Budget. Government has constituted a task force, which will submit its report within six months. It would draft direct tax laws in line with tax laws prevalent in other countries, incorporating international best practices and keeping in mind the economic requirements of the country. Former finance minister P. Chidambaram had proposed the original direct taxes code in 2009 to replace the cumbersome IT law with a clean new law and to embody the principle of keeping taxes low with nil exemptions.

- **Formation of 15th Finance Commission**

  Government is setting up the 15th Finance Commission, which will examine and recommend sharing of revenues between the Centre and states in the post-GST scenario. Commission is expected to submit its recommendations by 2020. The 14th Finance Commission, headed by DrReddy, had raised the share of states in net central taxes to 42% from 32%.

- **Govt's crop-insurance programme has been a big growth driver but at the same time, the Agricultural policy flip-flops are costing farmers dearly.**

- **Revolutionary Insolvency &Bankruptcy Code Ordinance passed**

  This codewill address the menace of bad loans. Government is now plugging loopholes in the Insolvency code. With lenders' apprehension, the focus seems to be shifting to banks who might be incurring more losses after bank defaults, instead, on the long-term motive of the Ordinance at ensuring that there are fewer bank defaults by barring loans cheats from getting a backdoor entry in the business.There seemsto be a serious weakness in the Code. Ordinance's focus is on big borrowers and large write offs. Small mid-sized companies are likely to get hurt as the Ordinance may expose struggling companies to potential takeovers by predators.

- **Aadhaar**

  Though a lot of progress has been made,Government now is likely to target benami deals via mandatory Aadhaar linkage with property deals

- **In Housing, focus is on India's informal housing sector**

  Affordable housing finance may soon be a dream comes true for many but for that there has to be a move away from traditional forms of lending and adapting to the technological way of life. Shortage in affordable housing continues to be a major concern. At present, this shortage is over

20 mn. India's urban population is growing at an average of 2.1 % per year since 2015 and likely to reach 60 crore by 2031 as compared to 37.7 crore today. Growth in the housing sector has been unable to keep pace. Economically weaker sections and the lower-income groups comprise the informal sector and account for 96% of the urban shortage.

- **Make in India**

  Centre is discussing with more than 550 foreign investment proposals worth about $85 bn. and the proposed projects include setting up factories in the areas of food processing, electric vehicle components and electronics among others. The 'Make in India' plan encourages foreign companies to manufacture locally by offering easier land acquisition, pruning the number of approvals and, in some cases, offering incentives. Cumulative FDI equity flows into India reached $114.4 bn during the last two financial years of 2015-16 and 2016-17. Foreign investments are considered crucial for India, which needs around $1 trn for overhauling its infrastructure sector such as ports, airports and highways to boost growth. Minister Suresh Prabhuis keen to have Apple in India, but iPhone maker has to submit specific proposal.

III Major Expectations

- **Fuelling economic growth**

  Sovereign ratings need to improve further.

S&P	BBB--	Since Jan 2007
Fitch	BBB--	Since August 2006
Moody'S	Baa2	Since November 2017

The BRICS Academic Forum of 2016 in Goa, had made recommendations for the establishment of the Brics Rating Agency. The establishment of a BRICS rating agency may help facilitate alternative ratings for the institutions and governments in the global South. It can offer healthy competition to western credit rating institutions.

- **Promoting Entrepreneurship**

  As suggested by Dr. Rajiv Kumar from NITI Aayog, for India's rating to improve further, consolidation of reforms, including GST, bankruptcy code and benami law, is required to ensure desired outcomes. Reforms till the election need to focus on health and education sectors as these are fundamental for human resource development.

- **Need clear policies to trigger investments** in view of absence of long term policies for manufacturing and uncertainty around the future technology in a number of areas.For example in case of policy on EV battery manufacturing.

- Financial incentives are required to boost private investment. Also ensuring infrastructure financing so that Private sector's participation in PP models becomes viable.

- **Promoting Entrepreneurship**

  Youngsters to be made to understand that the essence of entrepreneurship lies not in technology but on their entrepreneurial trait, understanding critical problems and offering solutions.

- **Corrective steps needed to recover momentum in industrial growth**

- **Trade and Industrial policies of the Centre and States must converge.** Prioritizing the design of industrial policies that benefit the country from integrating with global value chains is essential. On appositive note, government has decided that Industry feedback should get greater weightage in ease of doing business rankings. With this, India will be able toreap the benefits out of its various FTAs.

- **Promoting Employment**

  For ensuring creation of jobs, to understand that the Quotas as electoral sops are no solution to lack of quality education, job creation and skilling of the right kind.

- **More incentives for GST compliant MSMEs.**

  Besides, MSMEs ease of doing business requirements to be focused upon by this budget.

- **Boost to electric mobility** as transition to electric vehicles can save as much as about $330 bn.

- **Toclear the GST complexities** soon especially sorting out the GST refund process quickly;

- **Large IPOs need to be more broad-based as recommended by the NSE Chief.** NSE's own IPO will happen only after issues regarding allegations of providing unfair access to some stockbrokers to the bourse's algorithmic trading get resolved.

- **Government support in the future of environmental action**

  Paris has paved the way for the world's major actors—from national governments to cities, states, and regions, from businesses to investors—to raise their environmental ambition by working together. The pace has to pick up.

Concluding Remarks

It is reported that with Moody's upgrading India's sovereign rating and earnings growth, the country will be a hot destination for foreign investors. India is reported to see over 20% equity returns in 2018. S&P has kept India's ratings stable raising hopes for the future. Upgrade vindicates fundamentals, but for economy to take off, more bold reform steps are needed like complicated land acquisition laws and tackling of obsolete counter-productive labour laws. Some beginnings have been made in both these areas which depict the courageous nature of the government. Rating upgrade was long overdue but it should not make the Government and other stakeholders complacent.

Enterprises do not have theluxury of time. On the one hand, they have to focus on AI, Machine learning etc. to fight Cyber- attacks like Malware etc. and on the other face theheightened competitive pressures. Economic environment has to be evolved in a way that the Industry feels confident to investing more.

There is a need for tax laws to emphasize greater voluntary compliance. Chief economic adviser Arvind Subramanian said *"Tax laws should cater to the 90% who are compliant"*….."We need to think more about instruments of policy that rely on incentives and voluntary compliance, build on that rather than cracking down on businesses—which adds to uncertainty and raises the cost of doing business. I think that is a larger issue of a mindset where we need more calibrated and less blunt instruments of policy."

Though the banking recapitalization plan is welcome, the Government needs a clear vision for the future of India's banking sector, one in which state-owned banks play a smaller role. Besides, there is need to give a push to reforms with a human face.

Above all, the central challenge for India is the creation of jobs. Hope is that over a period, the AI may add more jobs than it will eliminate.The education and skill upgrades should go hand in hand with job creation. Further, infrastructure to logistics is likely to spur growth and create jobs.

In sum, change is faster in economic management of Indian economy than our perception or understanding of it. It is high time that this Budget starts highlighting the growth effect on revenues specifically and on the economy in generalthereby segregating growth results from effects from impositions.

Budget 2018-19: Crisis and Opportunities in the Education sector

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Introduction

The last three decades have seen a profound change in the economic and social environment of India. India is recognised as one of the fastest growing countries with rapid digitisation and modernisation of administrative and manufacturing processes and increasing global linkages.It is also undergoing an array of external sector reforms leading to increasing competitiveness and efficiency of Indian firms in the world market. On the demographic front, India is enjoying benefits of demographic dividend. All these have brought about a remarkable degree of transformation in the functioning of the economy. However, there has also been a growing debate over whether this growth is inclusive, whether it is employment-generating, and whether its gains are percolating to the bottom of the population pyramid.

Bill Gates rightly pointed out recently during his visit to India that "one of the most important questions related to India today is what will it take to trigger rapid economic growth. And drawing on both of my careers, I can say with confidence that it will be an investment in human capital". The productivity and skill level of Indian workforce is likely to improve by focussing investment in three essential social sector activities – health, education and nutrition. Bill Gates further reiterated that "India is poised to enjoy a prolonged period of what economists sometimes call a favourable dependency ratio – a greater proportion of economic producers compared to economically dependent. But whether the country makes the most of its demographic good fortune will depend upon its ability to enhance the quality of human capital in India."

The present article focusses on reviewing the state of quality of human capital in India – particularly with respect tothe education sector – vis-à-vis India's economic performance. Further, in the light ofthe upcoming budget, it attempts to suggest policy reforms to ensure that education as one of the crucial drivers of inclusive economic growth contributes substantially in moulding and shaping India's growth in the years to come.

It is unfortunate that even after seven decades of independence and planned economic growth, we have not achieved the target of 100% literacy. Dropout rates are very high. India ranks very low in the Human Development Index (130/188). The kind of education being imparted is not able to create employability among the learners. As a result, compared to our neighbouring countries, we are lagging far behind in the progress in education sector.

Overview of Indian Education System

A brief overview of the Indian educational system is essential at this stage to gauge the itssize and structure.

Literacy Rate in India (In percentage)

	2001	2011
Males	75.3	89.9
Females	53.7	64.6
Total	64.8	73.0

Source: - Educational Statistics at Glance (www.mhrd.gov.in) page 2.

School Education in India

Type of Institution	No. of Schools	Student enrolment (in thousands)	Gross Enrolment Ratio
Primary (I to V)	847118	130501	100
Upper Primary (VI-VIII)	425094	67165	91.2
Secondary (IX-X)	135335	38301	78.5
Higher secondary (XI-XII)	109318	23501	54.2
Total	1516865	259468	

Source: - Educational Statistics at Glance (www.mhrd.gov.in) pages 3, 4 and 7

Higher Education in India

Type of institutions	Number as on 31st March 2016
Universities	753
Colleges	41435
Total number of students	**284.85 Lakhs**
Total number of teachers	**12.86 lakhs**

Source: - UGC Annual Report- 2016 page 91.

A brief overview of the educational system in India indicatesthat there has been a substantial expansion of education at all levels over a period of past few decades. This is the outcome of many policy initiatives implemented by the government authorities since independence to make educational facilities available to the people of India at significantly low or no cost. Right to Education Act, passed in 2010, may be considered as an important milestone mandating the government to provide "free and compulsory" education to every child in India. Accordingly, the Law sets norms for creating right kind of school infrastructure, improving teachers' quality and availability and generating funds towards achieving the basic objective of 100% literacy. Apart from that, many government funded schemes like Sarva Shiksha Abhiyan, Mid-Day Meal, Rashtriya Madhyamik Shikshan Abhiyan, girls' hostel facility, adult literacy programmes etc. have been able to work towards achieving the goal of 100% literacy.

Though India has come a long way in its educational progress, the quantification of gains enjoyed from this progress is a matter of concern. Vijay Joshi in his book "India's Long Road – The Search for Prosperity", has raised concern that if we focus on educational inputs like government educational expenditure on various schemes, there has certainly been a substantial improvement. However, if we measure educational progress by the yardstick of actual learning outcomes in terms of reading, writing, and arithmetic skills or employability at every major educational level, the picture is dismal.

An important point to be noted at this juncture is that within a few years, India would become the youngest country of the world with average age of population being 29 years. India will be able to reap advantage of demographic dividend at the time when major countries of the world are aging. Educating the youth and making them employable is perhaps the greatest challenge that the forthcoming budget would have to take up.

As envisaged in the "Three Year Action Agenda – 2017-18 to 2019-20" on education, published by NitiAyog, a focussed attention needs to be put on learning outcomes from educating a child. Education must be imparted in such a manner that the learnersare able to reap its benefit by becoming capable to earn their livelihood, to expect the least.To orient the system towards better learning outcomes, it is essential to devise an incentive system both for the learner and the teacher which will make both the stakeholders accountable for their participation in the process of qualitative improvement in the Indian educational system.

The use of Information and Communication Technology (ICT) as a supplementary tool to classroom teaching may be encouraged. This may help the learners to learn at their own speed. Technological solutions may also be explored to evaluate students' performance on periodic basis. This would standardise the system of evaluation and it will also make the student free from the stress of annual evaluation. Classroom based formative assessment must have more weightage in the students' evaluation. There should be a proper mix of performance based and standardised assessment. This may incentivise the learner to perform better in the classroom.

Teachers should be able to concentrate on teaching related activities and should be free from non-academic responsibilities. A proper system of incentives should be devised which will achieve the dual objective of qualitative and professional development of teachers and make them more accountable towards learning objectives of students

While the role of the state may be more important in case of elementary education, higher education must be characterised by less governance, less intervention, and more freedom to the private players. Several studies indicate that the learning outcomes in private schools and colleges are better than government schools and colleges. Teachers efforts are more in private schools and the private institutions are more cost-effective.

In higher education, there seems to be micromanagement and overregulation by authorities like UGC, AICTE, Medical Council of India, etc. This has reduced the degree of flexibility in the entire system. It is expected that these regulatory bodies confine themselves to make a broader educational policy and give complete autonomy to at least established institutions to achieve learning outcomes in their own way. Evaluation of higher education institutions may be done based on achievement of these outcomes. There are different kinds of higher education systems - institutions pursuing research, institutions pursuingthe employment objective, and institutions concentrating mainly on providing education to the masses. Each one of them needs to be treated differently by the regulatory authorities to allow them to perform at their best.

More funding on easier terms may be made available for the quality research, irrespective of whether the concerned higher education institute is aided, unaided or private in nature.

Employability of a learner must also be a focus of the educational system. Skilled based education must be an integral part of the curriculum. Particularly the higher educationalinstitutions must have choice-based curriculum – providing ample opportunities to the students to select vocational subjects which will help them acquire the necessary skills and certification as per the demand in the job market.

In conclusion, Budget 2018 should have

- a special focus on improvising the quality ofthe education system by rationalising the incentive scheme both for teachers and learners
- adequate expenditure on educational inputs particularly for the elementary education
- adequate allocation of research grants forquality research irrespective of the type of educational institution
- incentive scheme for imparting skill based formal education
- a plan to provide autonomy to top level institutions of higher education
- incentives for the use of ICT in teaching, learning, and the evaluation process.

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Gender Responsive Budget Expectations

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Introduction

Gender Responsive Budget (GRB) is not just a one-time activity. It is a continuous process that must be applied to all levels and stages of the policy process. It recognises that the Budget is a powerful tool that can reduce the vulnerability of women and girls and transform their situation. GRB ensures that overall policy/programme planning, budgeting, implementation and auditing continuum are gender responsive. The idea behind GRB is not about literally dividing funds in a fifty-fifty ratio among men and women. GRB is about bringing a gender perspective in policy making at different levels. For example, the recent schemes like Digital India are noteworthy but lack specific focus on digital empowerment of girls and women given the gender inequality in society. At grass root level, often women with low or no literacy levels are left out in technological shifts which become an important part of daily life in society. Likewise, there is scope to integrate safety of women as a major concern in flagship centrally sponsored schemes such as JawaharLal Nehru Urban Renewal Mission (JNNURM), PMGSY, etc. Under Smart Cities Town planners, policy makers and budget experts need to do gender budgeting to ensure women-friendly civic infrastructure-water, sanitation, health care, public toilets, help lines, skill development for crisis management, and safe transport and safety at work place.

Expectations for GRB for Maharashtra's Budget 2018-19:

The Allocation for Department of Women and Child Development needs to be raised by 20% over and above that for the year 2015-16 as there was a significant cut in allocation for 2016-17 causing many schemes to suffer on ground. Budget provision should be made for setting up a nodal agency/committee for regular review and revision of schemes. Adequate funding should be provided to Maharashtra State Commission for Women (MSCW) for effective functioning. Timely release of funds for all the schemes needs to be ensured.

Ownership of Assets:

- There is a need to ensure that the GR (2003) regarding joint ownership of rural houses is properly implemented. Also figures on joint ownership need to be published in budget and performance appraisals of Government. Likewise, a GR promoting inclusion of woman's name in 7/12 document needs to be issued.
- LPG connections should be registered in the name of women.

Women Friendly Public Services

Health:

- Subsidised education and health are most beneficial to women and girls. Public Health facilities for women are grossly inadequate. There is a need to increase women's hospitals for which running cost and human resources (HR) need to be budgeted.
- There is a need to create facilities for mental healthcare of women as levels of stress and mental illness are very high among women.

Nutrition :

- Flagship programmes such as ICDS have faced cuts in allocations during the year 2016-17. Nutrition of pregnant mothers and children in 0-6 age group tends to suffer as a result of budget cut. The state government needs to match up its contribution to create a safety net for this population.
- Allocation of Rs. 1000 per year given to Anganwadi Workers

(AWWs) for organizing programmes is grossly inadequate. Honorarium for AWWs needs to be increased and released on time.

- Allocation for Supplementary Nutrition Programme (SNP) is also inadequate, and needs to be raised.
- Budget for training under SABLA Scheme needs to be increased. Also, SABLA should be implemented in all districts.

Education:

- Public education and counselling facilities for safety of girls and women in schools and colleges in terms of prevention of child sexual abuse should be provided.
- Colleges should be enabled to conduct safety audits.
- Separate toilets for girls and boys should be maintained in all educational Institutions.
- GRB should be included in the curriculum of all universities.
- Revise educational curriculum to remove stereotypical patriarchal roles and norms for men and women in all schools and colleges. Adopt the curriculum from Life School Education model successfully implemented in Chandrapur by UNICEF for boys and girls.
- Ensure sufficient funding for the Mid-Day Meal Programme as prices of food items have increased drastically

Infrastructure:

- **Women friendly infrastructure schemes on the lines of that initiated by Government of Kerala should be adopted**.
- Create a Gender Clearance Cell for all large infrastructure projects including smart cities to ensure that they recognize the link between safety, violence and infrastructure.
- There should be proper electrification in the communities and on streets, and roads to ensure women's safety.
- Integrate safety of women as a major concern in flagship centrally sponsored schemes such as PMGSY, etc.
- Under Smart Cities, town planners, policy makers and budget experts need to do GRB to ensure women-friendly civic infrastructure- water, sanitation, health care, safe transport, public toilets, help lines, skill development for crisis management and, safety at work place. Participatory budgeting must be followed in all municipal corporations and special measures need to be taken to ensure representation of women in these participatory processes.
- Subsidized housing for single/ deserted/ divorced/ widowed women should be available.

Transportation:

- There is an urgent need to create women friendly and SAFE public transport systems- local trains, Metro, buses as well as streets. Safety of women should be a major component in CSS like JawaharLal Nehru Urban Renewal Mission (JNNURM)
- The Railway Budget has promised a 33% sub-quota for women under all reserved categories. Looking at increasing attacks on women commuters, the railways need to allocate more funds for security and safety of women on the railway platforms and in the trains.
- One ticket window at railway stations to be reserved for women.
- There should be immediate implementation of the Tejaswini Bus scheme for women, especially in urban areas.

Sanitation:

- There is a need to build good quality toilets, as well as maintain existing ones at places of Public Transport like Railway Stations, Bus Stops, Metro Stations, Streets, etc. They should be made a mandatory part of budgets.

Safety Nets for Women:

- Set up at least one night shelter home in each district, and more in urban areas to have shelters for homeless/destitute women, children and men. Also, cheap eating facilities and public toilets need to be created in the vicinity.
- Set up Observation Homes for girls in every district
- There is a need to establish at least 10 working women's

hostels in the state in urban and semi-urban areas of the state.

- For Children of women in prostitution and unwed mothers:
  - Need to increase facilities for rehabilitation for these children. Institutions caring for such children should be included under adoption scheme.
- **After care :** Have an independent scheme for after care of girls released from balgrihs at 18 years. Counselling for this should start at 16 years. Also provide appropriate skill/ vocational training to them while in balgrihs.
- For Swadhar Homes run by NGOs for rehabilitation of victimized women,
  - There is a need to have early clearance of applications made by NGOs for funding under this scheme, increase allocation of budget for this scheme and ensure release of funds on time and in three instalments- 45:45:10 to be released in May / June: October / November: After inspection.
  - There should be flexibility in the implementation of the scheme especially considering the needs for longer period of stay for women without any support, or having more than two children needing care
- **Manodhairya:**
  - There is a need to set up trauma teams in all districts. Trauma teams must have trained counsellors. Address delay in release of funds
  - Meetings of the teams/ Committees headed by the Collector must be held once in 15 days. Responsible Officers should be held accountable, if the meetings are not regularly organized.

Violence Against Women and Survival of Girl Child:

- While schemes to combat trafficking and empowering adolescent girls have received increased funds, the schemes meant for implementation of PCPNDT Act, the Protection of Women from Domestic Violence Act have not received much allocation.
- There is an urgent need to Draft a comprehensive Maharashtra policy and an Action Plan to end violence against women and girls. The new laws must be supported by adequate budgetary resources and investment in infrastructure otherwise legal interventions remain ineffective.
- Ensure utilisation of funds for 'Beti Padhao, Beti Bachao' scheme which was announced with the goal of improving efficiency in delivery services for women.

Prevention of Violence Against Women

- Allocate adequate resources, both financial and human, for the prevention of violence against women and girls,
  - Conduct sustained, large scale, public education campaigns through the print and audio visual media geared towards changing mindsets of society to end gender inequalities and violence against women and girls.
  - Increasing women's awareness of rights, as well as current laws and policies.

- Allocate adequate resources to work with men and boys to bring in the framework of women's rights by discussing structural violence, masculinities, choice, dignity, and gendered division of labour, sexuality and the bodily integrity of women / girls.

- Revise educational curriculum to remove stereotypical patriarchal roles and norms for men and women in all schools and colleges.

Stakeholders : Police & Judiciary & Health Professionals, Service Providers & Media:

- To develop & Operationalise Gender Sensitive protocols

- Regular and Refresher trainings on gender, disability, sexuality, violence against women, human rights and international normative frameworks (CEDAW) police, judiciary, health professionals, service providers and other concerned state officials. Further, they should be held accountable for any breach in the performance of their duties

- Monitoring & Tracking: (with civil society/community participation)

  - set up mechanisms for monitoring and tracking (e.g. Prevention of Domestic Violence Act) and looping back feedback from various stakeholders –identify gaps: shelters, services for survivors

- Ensure that all laws, policies, information and services are accessible to and take into account the needs of women and girls who face multiple discriminations due to class, caste, religion, disabilities, sexual orientations and other marginalisations.

- Create a Gender clearance cell for all large infrastructure projects including Smart Cities to ensure that they recognize the link between safety, violence, and infrastructure.

Ensuring Women's safety:

- Implement Nirbhaya Scheme in the whole state and it needs to be started in each police zone. Funds would include vehicles, spy cams, honorarium for counsellors, etc.

- Need for increase in the number of women police officers.

Women in Agriculture, Unorganised Sector, SHGs, and Issues of Livelihood:

- For women farmers and artisans, Government of Maharashtra should initiate Mahila Haats at the block level in rural areas where they can directly sell their products to buyers. Similarly, in urban areas, setting up dedicated market spaces for women farmers, artisans, and unorganised sector sellers can be very useful to build their livelihood. Funds need to be allocated for setting such markets at weekly intervals and a suitable scheme needs to be created.

- Increase the budget for Social Welfare Boards for women in the unorganized sector. Provide funding for crèches for children of women in the unorganized sector. SHGs can be encouraged to run such crèches through development of a business model.

- Carbon credits can be given to women for aforestation, and their active engagement needs to be promoted in management of the UNREDD+ programme.

- For recycling workers/rag pickers' occupational health and safety, allocate funds for technological upgradation in Waste Management as well as for ensuring safety standards for the workers.

- Skill building of women needs to be taken up in Aadhar Grihas for making them independent

- Ensure utilisation of funds under the scheme for setting up driving schools.

- There is a need to oversee taluka level budget in SHG budget allocation.

Legal and Social Justice for Women

- There is a need for increase in the number of fast track courts, including adequate budgets for running the courts as well as appointment of judges. An increase in the number of family

courts is also required. Also, family courts need to take up cases related to property rights of women.

- Establish systems for the implementation of the Sexual Harassment at Workplace Act (2013). Committees have not yet been formed in many places. Provide adequate support for travel, DA, etc. for members of these committees.
- Awareness building among women regarding schemes laws, standards, rights, government policies, etc. is very essential. Budget provision needs to be created for this.
- Legal literacy on POCSO Act, 2012 and Prevention of Sexual Harassment at Workplace Act, 2013. Provision must be made to have special cells in the police department to take action against display of pornographic images, SMS messages, and cybercrimes that victimize young girls at public places or in public transport- buses, local trains, rickshaws and taxis.

Social Justice:

- There is a need to encourage building of assets (cattle, trees, houses) for women from social groups like SCs, STs, and for religious minorities
- Stamp duty for housing for women from marginalized communities needs to be waived.
- Training should be provided to adivasi girls in nursery, group farming, food processing, etc.
- Providing employment opportunities for family as a unit is important, especially in tribal areas.
- Strengthening SHGs for women from marginalised social groups is important.

Revenue Generation

Several state governments have sent GR regarding allocation of 5% of total revenues for women and children, while state of Kerala has increased it to 10%. Some amount of fine collected for causing damage to environment (introduction of Green Tax), high speed driving, wrong parking and breaking rules can also be used for welfare of women and children. Surcharge, earmarked charge for specific purpose such as Education Cess-2% of salary, has raised revenues. Further analysis is required for this, in the context of GST, which is to be introduced soon.

Mr. R. K. Pattnaik

SOME REFLECTIONS ON UNION BUDGET 2018-19: WHERE WE ARE AND WHERE SHOULD WE GO?

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The Union Budget for 2018-19 will be presented against the backdrop of modest economic growth, inflation rate below the target, enhanced grading in the doing business report by the World Bank, upgrading by Moody's and above all implementation of GST as a game changer. At the same time, there are upside risks fromfood and fuel inflation and higher Current account deficit coupled with the dangers of consumption led growth and. Besides, the government budget will also be.Thus, the present article is an attempt to reflect on the Union Budget 2018-19 with the theme where we are and where should we go?

1. Where arewe?

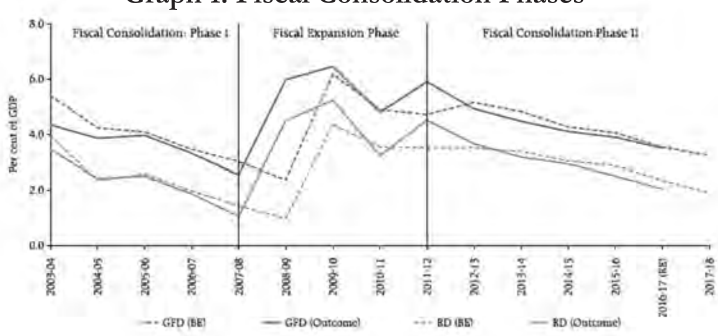
1.1 *Economic growth is Consumption Led*

Government final consumption, boosted by the revisions in salaries and pensions and private consumption expenditure benefited from rising real incomesfrom the sharp fall in inflation and crowding-in incomeeffects of government spending have substantially raised their current contribution to real GDP growth. It is reported that the strength of private consumption was reflected in the acceleration of agricultural GVA as well as thesizable increase in telephone connections, indirecttax collections and the index of manufacturingconstituting a part of industrial production. However, as theRBI report has stated "Consumption as a driver of growth has beenassociated with low growth multipliers and 'half-life',with some evidence that side effects such asrising household indebtedness could turn out tobe growth-retarding in the medium-term. Consumption-led growth was found to have a negative impact on GVA growth one-year ahead by 1.39 percentage points at 5 per cent significance level."

1.2 Fiscal Strategy and phases of fiscal consolidation

The central government's fiscal strategycurrently has beenmainly revenue-driven, with buoyant tax collections comfortably funding additional expenditure commitments relating to the implementation of CPC and OROP awards, signifying the unswerving commitment to fiscalconsolidation. At the state level, however, there was a slippage in FD, RD and primary deficit (PD) in 2016-17 (RE) along with a deterioration in debt position, partly due to their participation in Ujwal DISCOM Assurance Yojana(UDAY). Going forward, GST remains the best bet for states in getting back to the path of fiscal consolidation over the medium term. The cushion of compensation by the center for any loss of revenue in the initial five years should safeguard against uncertainty about the revenue outcome from the GST implementation. The phases of fiscal consolidation and fiscal strategy of the government are set out in ***Graph1.***

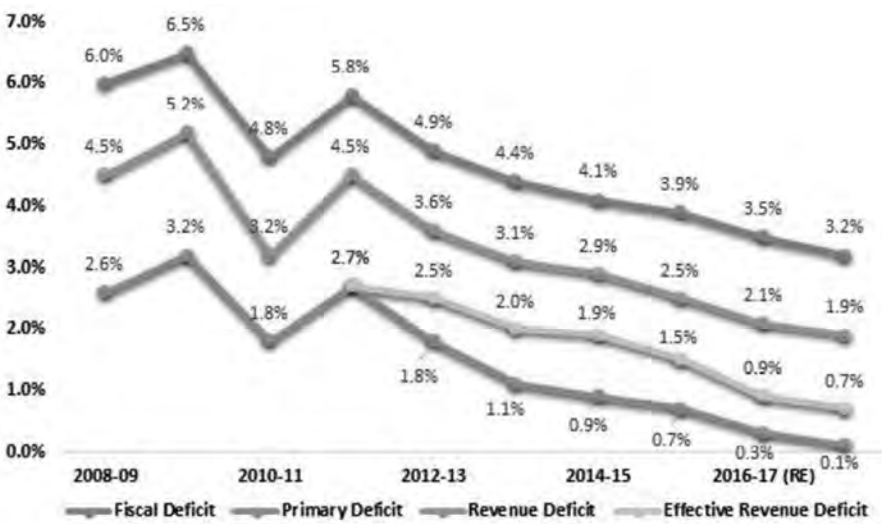
Graph 1: Fiscal Consolidation Phases



1.3 Management of Deficit and Debt

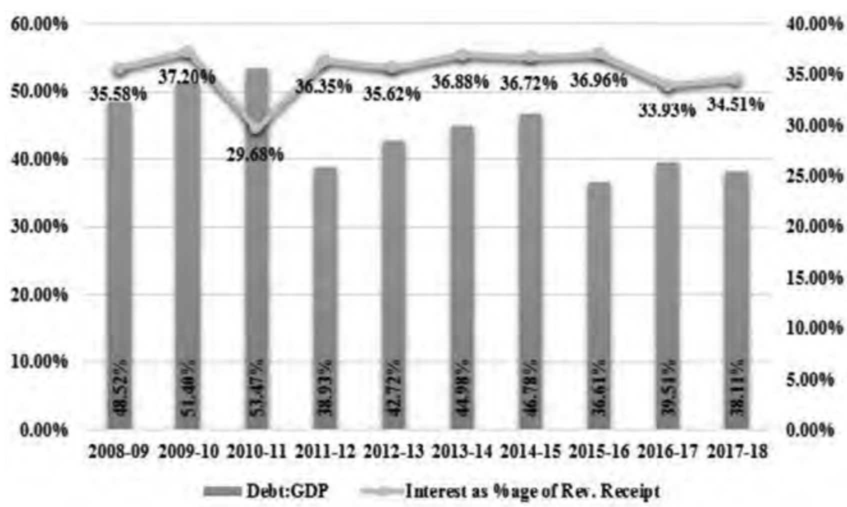
The central government in terms of FRBM and commitment to medium term reduction in key deficit indicators and thus debt in the fiscal consolidation phase II has attempted to reduce deficit to GDP ratio and debt to GDP ratio as depicted in ***Graph 2 and Graph 3***

Graph 2 : Deficit Trends (As% to GDP)



Source: - MOF, GoI

Graph 3 : Debt Trends (As % to GDP)



The reduction in the deficit-GDP and debt-GDP ratio coupled with enhancement of tax revenue-GDP ratio resulted in reduction in interest payments to revenue receipts during the recent years. This trend is presented in ***Graph 4***

1.4 Revenue and Expenditure Management

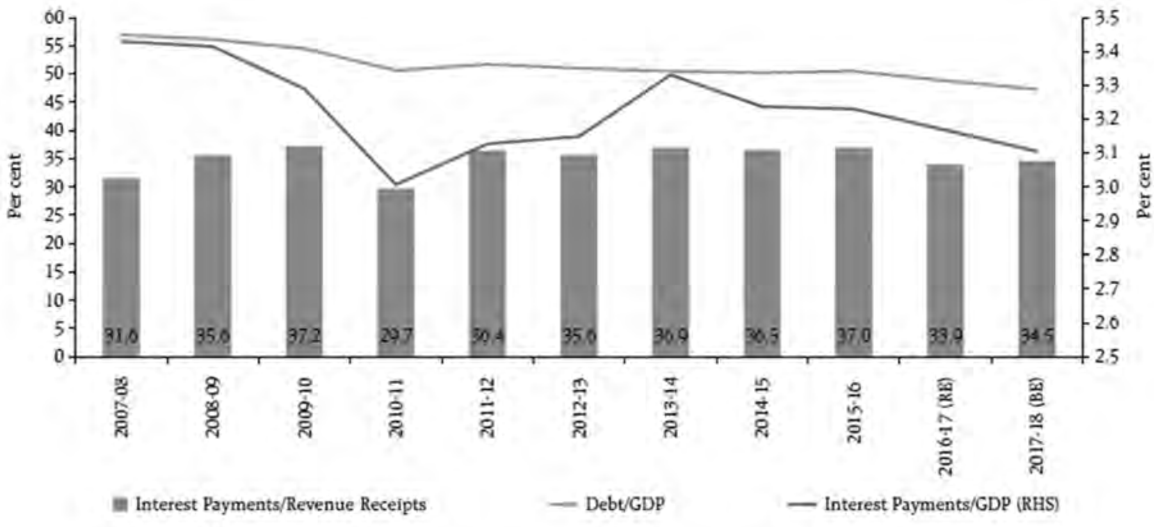
The current budgeted reduction in deficit indicators is based on increases in tax revenues and disinvestment proceeds, and containment of the growth in expenditure. At the same time, enhanced budgetary allocations have been made for the farm and rural sectors, the social sector, infrastructure and employment generation.

Trends in direct tax, indirect tax, non-debt capital receipts and debt receipts are set out in ***Graph 5***

The Government has implemented a major reform by removing the classification between Plan and Non-Plan expenditure and replaced it with the constitutionally mandated and universally accepted practice of classifying aggregate expenditure into revenue and capital. Total expenditure is shown as 'scheme' and 'other than scheme' expenditure. The re-classification of expenditure will facilitate effective monitoring and outcome assessments of various projects/ schemes of the government.

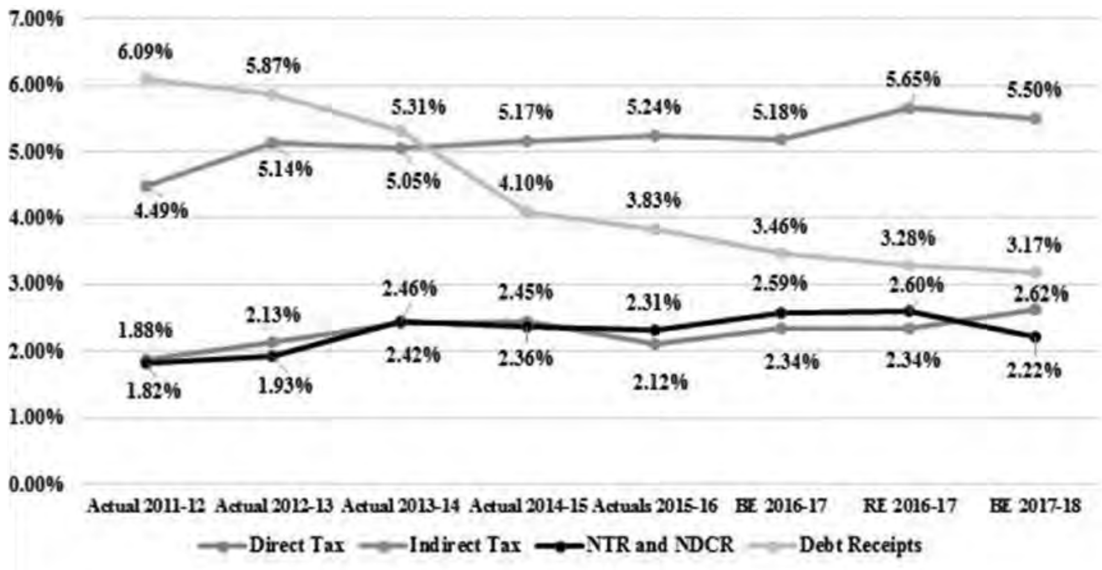
With growth in revenue expenditure projected to

Graph 4:Ratio of Debt and Interest Payments to GDP and Ratio of Interest Payments to Revenue Receipts (In %)



Source:- RBI

Graph 5: Trends in Receipts (As % of GDP)



Source: - MOF, GoI

moderate vis-a-vis capital expenditure, the revenue:capital proportion is estimated at 86:14 as against the five year average of 87:13. Total expenditure in 2017-18 (BE) is, however, 2.3 per cent higher than the projection made in the medium termexpenditure framework (MTEF) statement.***Graph 6***

Capital expenditure is budgeted to grow by 10.7 per cent in 2017-18 over the previous year, reflecting the Government's intent on improving the revenue capital balance. Capital outlay excluding defence, which has strong multiplier effects, is budgeted to increase by a robust 12.7 per cent in 2017-18 (10.8 per cent in 2016-17 RE). While the overall non-defence capital outlay remained broadly stable

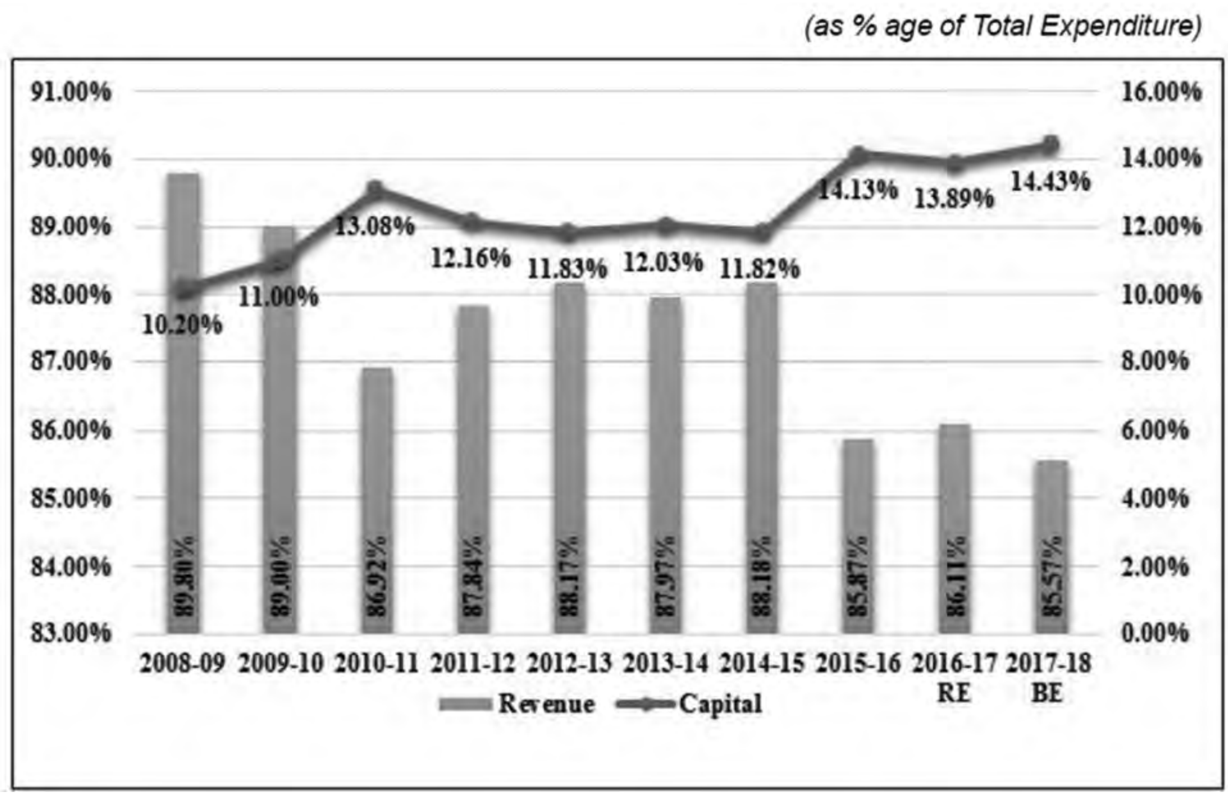
The buoyancy of gross tax revenue isbudgeted to decline to 1.17 in 2017-18 from 1.48 in 2016-17 as given in ***Table1***

Table 1: Tax Buoyancy

	Average Tax Buoyancy (2008-09 to 2016-17)	Post Crisis Tax Buoyancy (2010-11 to 2016-17)	2016-17 Revised Estimates	Budgeted Tax Buoyancy for 2017-18
1	2	3	4	5
Gross Tax Revenue	**0.97**	**1.19**	**1.48**	**1.17**
Corporation Tax	0.81	0.78	0.78	0.87
Income Tax	1.02	1.21	1.98	2.38
Customs Duty	0.66	1.05	0.27	1.23
Union Excise Duty	1.26	1.80	2.99	0.48
Service Tax	1.56	1.84	1.48	1.06

Source: - RBI

Graph 6: Revenue and Capital Expenditure



Source: - MOF, GoI

at 1.1 per cent of GDP, capital outlay on major infrastructure sectors (viz., irrigation, energy, railways, roads and bridges, civil aviation, ports and light houses, and communication) has steadily increased over the last few years. The trend in infrastructure expenditure is given in ***Graph 7***

1.5 Recommendations of the FRBM Review Committee

The Union Budget 2018-19 while formulating the medium term fiscal strategy will in all possibility draw heavily from the FRBM Review Committee (Chairman: Shri N. K. Singh), which, constituted in May 2016, was mandated to (i) look into variousaspects, factors and considerations going into determiningFRBM targets; (ii) judge the merit of having a fiscal deficitrange as the target in place of the existing point estimates;and (iii) examine the need and feasibility of aligning the fiscalexpansion/contraction with credit contraction/ expansion inthe economy.

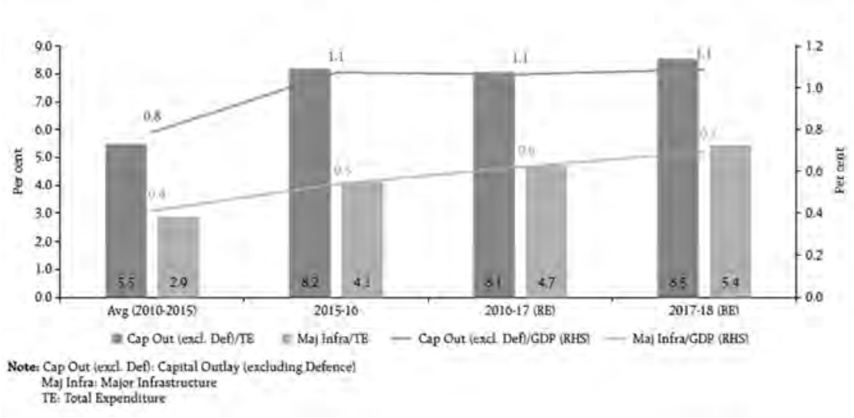
In order to improve fiscal governance, the Committee recommended setting up of an autonomous fiscal councilunder the Ministry of Finance. For the first time in India, theCommittee outlined a well-defined escape clause as well asa buoyancy clause, clearly setting out the conditions underwhich these can be invoked.

The new rules include a proposal for a prudent medium-termceiling for general government debt of 60 per cent of GDP -40 per cent for the centre and the balance 20 per cent for thestates - to be achieved no later than 2022-23.

The fiscal deficit would remain the key operational targetto achieve the medium-term debt ceiling and would beprogressively brought down to 2.5 per cent by 2022-23. Concomitantly, the revenue deficit-GDP ratio is projected todecline steadily by 0.25 percentage point each year to reach0.8 per cent in 2022-23.

In terms of institutional reformsin fiscal management, the Committee recommended (i) issuing detailed policy guidelines by the central governmentto provide proactive guidance to state governments; (ii)assigning to the 15th Finance Commission the task ofdetermining inter-state allocations for state governmentsfor achievement of the overall debt and fiscal targets; (iii)requesting the Reserve Bank of India to arrange for issuanceof a consolidated annual prospectus of planned annualbond and loan issuances by each state government; and (iv)introducing credit ratings for each prospectus by approvedcredit rating agencies. With a view to enhancing fiscaltransparency,

Graph 7: Infrastructure Expenditure



Source:- RBI

the Committee recommended adoption ofinternational best practices for compilation and presentationof fiscal accounts, as laid out in the International MonetaryFund's Government Finance Statistics Manual 2014.

1.6 GST – the Game Changer

The GST Council recommended a four-tier ratestructure – 5, 12, 18 and 28 per cent – for the fitment of all 1,211 items of goods and services, includingexemptions on basic necessities Afterthe introduction of the GST, the total tax incidenceon motor vehicles (GST plus Compensation Cess) hascome down vis-a-vis the total tax incidence in thepre-GST regime.

The number of new taxpayers who registered withthe GSTN up to August 29, 2017 reached around1.9 million. As per the latest information (up toSeptember 25, 2017), revenue collections under GSTfor the month of August amounted to Rs.906.7 billionas against Rs.940.6 billion for the month of July, 2017.However, businesses have been facing some ITchallenges during the initial stage of implementationwhich are being looked into by the GST Council.

After GST implementation, exporters can avail input taxcredit only after sale within the domestic tariff areaor after sending their shipments outside the country. They can subsequently claim the unutilised credit as refund, a process in which their working capital getsimmobilised, thereby raising their operating cost. Asexporters raised concerns over blockage of refundsand working capital on account of rollout of GST, thegovernment has decided to refund substantial amountof taxes paid by them to provide immediate relief.In view of the difficulties being faced by taxpayersin filing returns, the dates for filing various GSTRhave been extended. Furthermore, comprehending GST provisions and their impact on business alongwith the requirements for GST-compliance is stillpremature. Moreover, provisions for anti-profiteeringas well as the now-deferred e-way bill which tracksconsignments across states are unclear. After thefitment committee observed anomalies in GST leviedon 40 items, the GST Council has lowered taxeson these products

1.7 Latest Fiscal Position April-September 2017

An analysis of the CGA data for the fiscal developments during the first half of 2017-18 as compared with the corresponding period of the previous year revealed that there has been a deterioration in revenue deficit leading to deterioration of fiscal and primary deficit primarily on account of non-realization of non-tax revenue and lower capital expenditure ***(Table 2)***

Table 2 : Central Government Finances (April-September 2017)

Central Government Finances (April-September 2017)		
Key Indicators	Actual as per cent of BE	
Period	2017-18	2016-17
1.Revenue Receipts	41.1	41.2
a. Tax Revenue (Net)	44.2	42.5
b. Non-Tax Revenue	28	36.8
2. Total Non-Debt Receipts	32	19.1
3. Revenue Expenditure	54.6	51.6
4. Capital Expenditure	47.3	54.7
5. Total Expenditure	53.5	52
6. Gross Fiscal Deficit	91.3	83.3
7. Revenue Deficit	118	91.9
8. Primary Deficit	1164.7	569.3
BE: Budget estimates.		
Source: Controller General of Accounts (CGA).		

The sources of financing of fiscal deficit as shown in Table 3 present an interesting development. The net market borrowing figures were higher than the budgeted amount revealing that the government has borrowed from the market more than the non- market borrowings.

2 Where should we go?

Against the above back drop the Union budget 2018-19 should focus on the following.

2.1 *Elimination of Revenue Deficit*

The fiscal legislation or FRBM is with the government for 20 years and three expert committees have evaluated the details of FRBM. But unfortunately the issues have not been settled. The expert committees have only extended the year of achieving target. The 14th Finance Commission recommended that the concept of Effective Revenue Deficit (ERD) should be done away with but that still continues. The budget should consider do away with the concept of ERD. Continuation of revenue deficit is a drag on prudent fiscal management. The budget should consider potting a Medium Term Framework for abolishing Revenue deficit. Elimination of revenue deficit with augmentation of tax and non-tax revenue and putting forth ways to reduce and prioritize revenue expenditure will help reducing fiscal deficit and primary deficit to

Table 3 : Sources of Financing of Fiscal Deficit (April-September 2017)

Indicators	% of Actuals to Budget Estimates	
	2017-18	2016-17
External Financing	**34%**	**29%**
Domestic Financing	**93%**	**86%**
Market Borrowings	109%	66%
Securities against Small Savings	19%	(-7%)
State Provident Fund	30%	25%
Savings Deposits and Certificates	68%	(-129%)
Public Provident Fund	41%	32%
Investment in Securities	4%	(-122%)
Income/Expenditure of NSSF	-25%	(-106%)
Others	-72%	(-211%)
Cash Balance {Decrease(+)/ Increase(-)}	38%	(-27%)
TOTAL FINANCING	**91%**	**84%**

sustainable levels and by there make the budget more credible.

2.2 *Improvement in Cash Management*

The focus on fiscal deficit reduction and not looking at the source of financing is an error of omission and commission. The budget should provide forward guidance to the cash balance position of the government. During the year when budget operation starts there should not be any enduring surplus nor deficit as it has been happening for quite some time. Enduring surplus or deficit is against the spirit of efficient cash management and is a cog in the wheel for effective monetary and debt management.

2.3 *Strengthening Co-operative Federalism*

Of late finances of state governments have shown sign of deterioration. The effective implementation of GST will be helpful. However, implementation of 7th Pay commission award and farm loan waiver could put adverse pressure on state finances. While the 15th Finance Commission will provide the forward guidance on this aspect the budget through its expenditure allocation and giving guidance on timely sharing of the tax and grants with state government should make an attempt to further strengthen the cooperative federalism.

2.4 *Strengthening Tax Compliance*

The answer to prudent fiscal management lies in the elimination of revenue deficit. While GST is recognized as a game changer the thorny areas of tax rates and tax compliance should be appropriately handled and the budget should provide guidance.

2.5 *Creating Fiscal Space*

The union budget for last two decades has been struggling with fiscal correction and consolidation. It is high time the budget should consider creating fiscal space. In this regard achieving fiscal sustainability with zero revenue deficits is a desirable option. The budget should focus on prioritization of expenditure and allocate more capital expenditure which should eventually be self-financing and self-limiting.

3 Concluding Observation

The Union budget 2018-19 should focus on achieving qualitative fiscal sustainability i.e., achieving fiscal consolidation targets under FRBM without making cutbacks in nondefensecapital outlays and developmentalexpenditure, particularly economic andsocial services.In order to ensure this, a three-prongedstrategy is important:*(a) Fiscal empowerment (maximize revenue tobudget to create fiscal space) (b) Expenditure benchmarking in respect ofnon-defence capital outlay and social sector expenditure and (c) strengthening the cooperative fiscal fedralism*

Ms. Tulsi Jayakumar

BUDGET 2018 : FISCAL CONSOLIDATION, NOT FISCAL POPULISM

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As we draw to the end of the calendar year 2017 and enter 2018, the government prepares to present its most crucial full budget before the General Elections 2019. This budget will be critical for the Modi government in more ways than one, and test its commitment to strengthening the economy, without being drawn into fiscal populism.

Let us first look at the backdrop against which the budget is being presented:

Weaker GDP Outlook: The budget will be declared against the backdrop of a significant decline in the GDP growth rate. India's GDP in the first quarter of Fiscal Year 2017-18 declined to 5.6 per cent, compared to the 7.6 per cent achievedin the first quarter of 2016-17. Several agencies, including the World Bank, the Asian Development Bank and the Organisation for Economic Cooperation and Development (OECD)have projected lower GDP growth rates over fiscal 2017-18, varying between 6.7%- 7%. The World Bank has attributed such a decline in growth rates to the delayed consequence of demonetization, sharp decline in the growth rate of public expenditures and uncertainty created by the introduction of GST.

Rising Inflation Trajectory: While the Consumer Price Index for October 2017 was within the inflationary targeting norms at 3.58%, the CPI inflation trajectory had been showing an upward trend since June 2017. Such increases in inflation rates have been driven by increases in vegetable prices, which rose 7.5% over the last year. Most of the increase was on account of an increase in onion prices. The RBI had raised its inflation forecast to a CPI inflation of 4.5% for the H2 FY 18.

Sluggish private sector investment: The Index of Industrial Production (IIP) grew at 2.6% over April-September 2017-18, compared to a 5.8% growth rate over the corresponding period previous year (2016-17). The growth rate of manufacturing in particular had exhibited a steep decline, from 6.9% over April-September 2016-17 to 1.9% over April-September 2017-18. The use-based classification showed a steep decline in growth rates of all categories, with negative growth rates for capital goods and consumer durables. The recovery in private sector investment may be severely impeded by several factors, including domestic (corporate debt overhang, higher domestic interest rates driven by higher inflation), as also global factors (an imminent increase in US interest rates)

Rise in crude oil prices: Crude oil prices have been rising. In November 2017, the Indian basket prices had risen to $60.27 per barrel. The government had factored in a price band of $56-60 for a barrel of oil in the current fiscal. Any increase in crude prices beyond this range would put pressure on the government's fiscal numbers.

Improvement in Credit Ratings: There has been anupgradation in India's credit ratings by Moody's. The focus on fiscal discipline by rating agencies and international investors, and the recent upgrade in India's credit rating will surely guide the fiscal path that the government is likely to follow.

Improved buoyancy of tax collections: Tax buoyancy refers to the ratio of growth rate in tax collection to the growth rate in the Gross Value Added (GVA). A tax buoyancy of greater than 1 means that the tax revenues increase at a faster rate than the nominal GVA.

The implementation of the Goods and Services Tax is likely to increase the government's tax revenues over time, with a 14% increase expected in 2017-18.In particular, indirect tax buoyancy is expected to increase from 1.06 per cent in 2017-18 to 1.11 per cent in 2018-19 as a result of GST implementation. However, the recent rate rationalisation was estimated to lead to a Rs. 20,000 crore in GST revenue.

Increasing NPAs of Public sector banks and Recapitalisation of PSBs: The government, in order to resolve the problem of growing NPAs of Public Sector Banks, together with corporate debt- the so-called 'Twin Balance Sheet' problem, has sought to capitalise PSBs to the tune of Rs. 2.11 lakh crore over the next two years. While the long-term impact of such capital infusion into banks would be positive, the impact of such recapitalisation bonds on the fiscal deficit would still exist. Thus, while globally, as per the International Monetary Fund (IMF) guidelines, such recapitalisation is treated as "below the line" financing and does not get added to the fiscal deficit, under Indian accounting practice, it does get added to fiscal deficit. In any case, the interest payments on such bonds will add to the fiscal deficit in the following year. As such, recapitalisation of PSBs would affect the fiscal deficit in the short-run.

General Elections 2019: The budget will also be presented against the backdrop of the results of the Gujarat Assembly elections being declared and the government seeking re-election in Election 2019.

Given this backdrop, what can we expect from the budget?

It is quite clear that given the shortfall in tax collections due to the implementation of the GST, and the simultaneous increases in public expenditure on account of farm waivers, salary increases due to the implementation of the Seventh Pay Commission recommendations, the recapitalisation bonds and other economic stimuli, the government will not be able to keep to its target of fiscal deficit of 3.2% for FY 2017-18. The 3% fiscal deficit target, set out under the Fiscal Responsibility and Budget Management (FRBM) Act, had been already been deferred by a year in the Union Budget of 2017. This, in all probability, will likely get pushed out further.

The government would do well to set for itself a fiscal glide path of the type recommended by the N.K. Singh Committee on Fiscal Discipline to bring down fiscal deficit and debt-to-GDP ratio to 2.5% and 38.7%,

respectively, by the fiscal year 2022-23 from 3.5% and 49.4% in 2016-17.

While one cannot expect harsh fiscal consolidation, given the backdrop of a stuttering economy in a pre-election year, the government should surely desist from fiscal populism as well.

A five –point agenda for the government in Budget 2018 would include the following:

1. *Revival of construction and real estate sector*-The construction sector, comprising roads, ports, airports, bridges and real estate,is the second largest employment generator after agriculture in India. The sector has a multiplier effect, which has been estimated to be 2.4 times the increase in the demand for the construction sector. Thus, the sector has strong backward linkages with ancillary, as well as complementary industries such as cement, steel, iron, bricks, sand, chemicals, heavy machines and equipment, sanitary ware, wood, electrical and other fixtures, paints and others, as also services such as transportation services etc. The construction sector and real estate in particular have been the worst hit by the structural reforms including demonetization and the RERA. Union Budget 2018 will need to revive this important sector to impact both output and jobs in India.

2. *Increased public sector outlay for agriculture and the rural sector and enunciation of a clear path to double farm incomes in the next 2-3 years*: While budgets in the past have had clear allocations for various aspects of the agricultural/rural sectors, including agricultural marketing, crop insurance, agricultural credit etc., the government must set out a clear strategy of how farm incomes in India can be doubled in the next 2-3 years. It is the agricultural/ rural sectors in India which can drive more sustainable growth in the Indian context.

3. *Skill development and flow of credit to the MSME segment*: The Micro, Small and Medium Enterprise (MSME) sector forms the backbone of Indian growth, manufacturing, as also exports. This is also one of the sectors worst hit by demonetisation. The government should provide incentives to the MSMEs for skill development, as also higher credit flow at lower rates to this segment. The government will need to provide specific tax incentives to MSMEs which take the form of partnerships or proprietorship, apart from private start-ups.

4. I*nfrastructure Thrust*: With private sector investment not picking up, what is required is a strong push in the form of public sector investments, which can crowd in private sector investment. Such investments in roads and railways, will also have to be done with the ultimate aim of job creation.The emphasis on infrastructure will need to move from fund allocation to execution.

5. *Measures to Widen the Tax Base*: While the move towards GST implementation, with all its short-term disturbances, has been a welcome move, the government will do well to undertake further structural reforms by widening the tax base, and implementing agricultural income tax.

Additionally, measures to improve the Ease of Doing Business, as also structural reforms would be the steps in the right direction. So would be measures to improve flow of foreign investments into key sectors.

The Union Budget 2018 will be a true test of the government's intentions of changing the manner in which India operates. The structural reforms undertaken in the last year and the associated pain was accepted by common Indians as part of the larger vision of a 'different' India-a corruption –free nation. For such structural reforms to translate to sustainable growth and jobs, Budget 2018 will now need to provide the necessary impetus. The fiscal math, in the short-run, may not total up. However, this hardlymatters. The larger objective of fiscal consolidation will need to be adhered to, while at the same time ensuring that India move on to the path of strong, sustainable growth.

Mr. P. M. Deshpande

Mumbai Monsoon Deluge not due to Rainfall Intensity but due to Haphazard Topographic Modifications

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The flooding and consequent damage has become a annual event for Metro Cities and Coastal Cities . It is general impression that extra ordinary rains cause flooding. Considering Mumbai, rain of 25 cms in a day can result in the City coming to stand still. The argument for flooding incidence is that 90 % rain falls in 15% time. Thus the rain pours with 5 to 8 cms per hour which is more than the designed. The 90 cm rainfall in 24 hrs caused 3m deep water in some of areas in Mumbai. What changed in last 200 years. Not rainfall nor tide. We modified the topography. The hillocks are replaced by skycrapers. The foothills are replaced by roads. The earlier roads were sloping down the hills or had slope directed to water body receiving rain water. This is normal feature of coastal area and so was that of 7 islands handed over to Britishers. The rain used to flow away by roads/ pathways just like that from Malabar hill. In the foot hill plains water used to get collected in paddy fields, it remained there blocked for about 3hrs due to tide and subsequently flowed away to creek. So no body was concerned about it. The drains were provided to keep the road surface dry after rainfall for an intensity of 2.5 cm per hour.

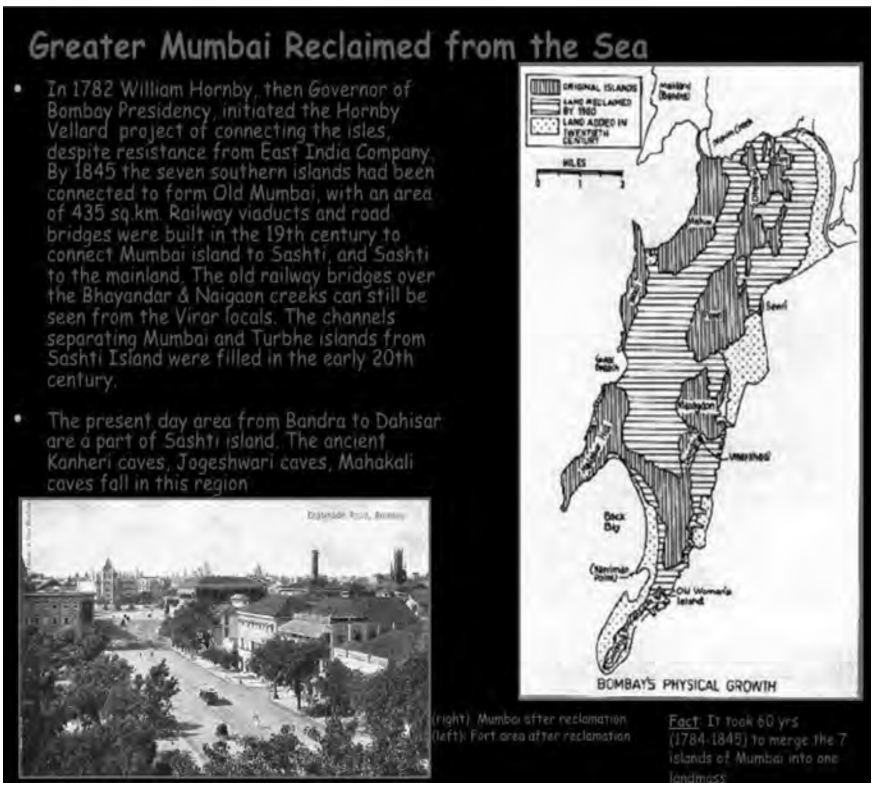


Figure 1 : Mumbai 9 Islands prior to Reclamation

Subsequently due to shortage of land the area was filled but the rainfall norms for design remained same. The reclamation work is going on for last 200 years. capacity of drains. The same rainfall is now resulting in 50 cm deep water in some areas instead of at the most 20 cm flooding earlier. The rise in flood depth is caused by the Topography and the way city is laid on the ground. The water falling from building, or steep slopes takes jump and rises The water with high velocity passes through any available path. When it attains its own level in plains, it looses all its dynamism and becomes dull and moves very reluctantly. Thus real culprit causing flood is not high intensity storm or Global warming and nature's fury but the town design and topography.

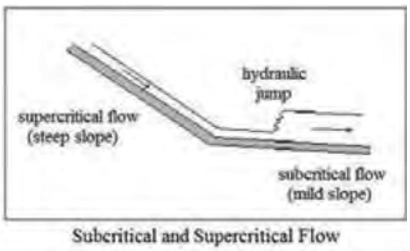


Figure 2- hydraulic Jump

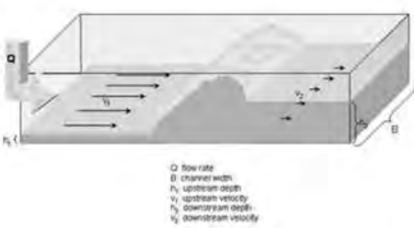


Figure 3: The water coming down from skycrapers and entering drain

The steeper the topographic slopes, more the depth of flood at foothills. At the junction of flat slope and steep slope the water depth is increased. This is what is happening when Mithi river of Mumbai lands on flat area from pawai hillocks. The river has an average width of 5 metres in the upper reaches, has been widened to 25 m in the middle reaches and up to 70 m in the lower reaches after the 26 July 2005 deluge. With narrow width in upper reaches, the water overflows the banks and spreads in surrounding areas and start flowing along streets. As the streets are not sloped to facilitate the water flow, the water flows with minimal velocity. If there is reverse slope the water get stagnated.

During high tide the imact is more. A high intensity rainfall when Powai and Vihar lake start overflowing there can be high discharge of the order of 45,00,000cum per hr. or about 150cumecs which causes the deluge. At the mouth it also receives some discharge from couth of Mahim causeway. If the high intensity storm is coincided with high tide then the depth of water further increases. So in plain areas the drains discharging into Mithi river start flowing in reverse direction and add to flooding in BKC and surrounding areas.

Solution to this problem will be to keep margin in Pawai and Vihar lakes in monsoon to absorb flood, create a stilling basin at foot hill and at the bases of skycrapers to allow water to find its own level after coming down. In case of Mithi river it is desirable to disconnect drains from plain areas from the river channel and arrange to pump water from these drains into Mithi river. This will restrict flood to 15 cm on roads. Further restrictiction on the width of the river at the mouth to 25-30 m and in central portion increase it to 60 to 70 m so that it will have typical shape of creek mouth.This will ensureless tidal water into the river channel at the time of high tide. It will also attain sufficient velocity to drive out silt and will not admit silt with In-comming tide. The present problem is partly due to recurring siltation of lower reaches of Mithi River.

The Mumbai south of Mahim was reclaimed by filling the water bed to bring it above water level. The reclamation resulted in shifting of discharge point and required channels/ drains of 2 to 3 km. The shift required rise in hydraulic gradient line by 1 to 2m. It further rose due to sea/ creek side extension of reclamation. In addition water coming down from skycrapers result in hydraulic jump. As a result central portion gets submerged during monsoon. The solution would be to provide for pumping. And regrading road slopes to pumping stations so as the water on road surface will flow out without causing flooding.

The Mumbai Topography has become complicated due to criss-crossing railway , highways and metro railways. Due to typical topography, the increasing drain sizes results in increased flooding as the back water enters the low lying areas re speedily.

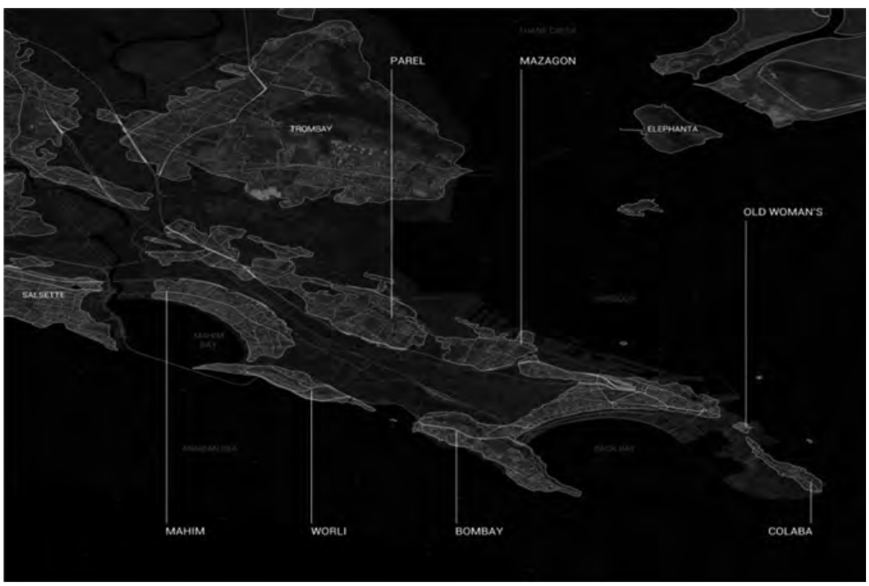


Figure :4 Mumbai of today and Bombay before 1630

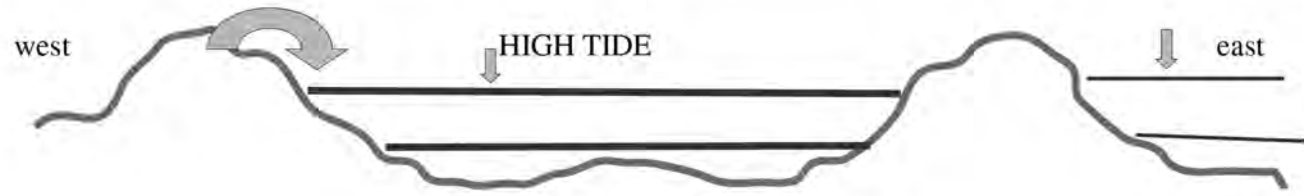


Figure 5: Seven islands– storm water used to run down hillocks

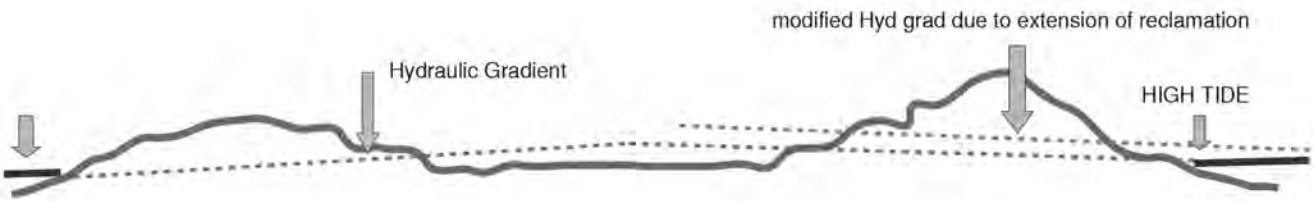


Figure 6 :Storm water hydraulic line at high tide after reclamation

Figure 7 :storm water disposal through pumping

Each authority is having its own priorities. The difference in bench marks has added further owes. The result is that one solution principle cannot be applied every where. Each area requires a specific solution. The biggest flood relief can be obtained by ensuring uniform slopes of the roads to the discharge points. The second factor will be to ensure water from skycrapers or hillocks are connected to drains through stilling basins.

The suggested modifications with upgrading the drain is not economically feasible solution. At this stage it is better to permit flooding without causing loss of human life and restrict flood damage to insurable losses. This can be achieved by aiming at 15 cm deep water in heavy downpour. This will require regrading of roads which will also strengthen them. The cost benefit exercise will show how much protection each area needs and what can be done by Municipal corporation and what can be done by residents. This will ensure synergetic development.

EMPLOYMENT, POVERTY AND SOCIAL JUSTICE

10.38 Plan schemes and programmes are designed by the government with a special focus on employment generation. A well-nurtured and productive labour force contributes to achieve inclusive financial growth and stability.

10.39 The main sources of data availing employment status are Population Census, Economic Census, Employment & Unemployment Surveys conducted separately by National Sample Survey Office, GoI as well as by Labour Bureau, GoI. The data on employment in the factories (registered under Factory Act 1948) is also available through statutory returns. Besides this, data on employment from public and private sector establishments is collected under Employment Market Information Programme.

Employment Data - Population Census 2011

10.40 Population Census provides information on employment and its structure besides demographic data. As per Population Census 2011, there were 4.94 crore workers in the State, of which 1.68 crore were female workers. The Work Participation Rate for the State was 44, as against 39.8 for All-India. Work Participation Rate for the State is given in Table 10.37 and that for selected states are given in Table 10.38. Economic classification of workers as per Population Census 2011 is given in Annexure 10.8.

Table 10.37 Work Participation Rate - Population Census 2011

(Percent)

	Sector	Main workers			Marginal Workers			Total Workers		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Maharashtra	Rural	51.3	34.4	43.1	5.4	8.1	6.7	56.7	42.5	49.8
	Urban	51.7	14.3	34.0	3.5	2.5	3.0	55.2	16.8	37.0
	Total	**51.5**	**25.4**	**38.9**	**4.5**	**5.6**	**5.0**	**56.0**	**31.1**	**44.0**
India	Rural	41.6	16.7	29.5	11.4	13.3	12.3	53.0	30.0	41.8
	Urban	48.7	11.9	31.0	5.1	3.5	4.3	53.8	15.4	35.3
	Total	**43.8**	**15.2**	**29.9**	**9.5**	**10.3**	**9.9**	**53.3**	**25.5**	**39.8**

Source : ORGI

Table 10.38 Work Participation Rates for selected States - Population Census 2011

(Percent)

State	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Andhra Pradesh	58.4	44.7	51.6	54.1	19.1	36.8	57.0	36.2	46.6
Tamil Nadu	60.0	41.2	50.7	58.5	21.8	40.2	59.3	31.8	45.6
Karnataka	59.8	38.8	49.4	57.8	20.8	39.7	59.0	31.9	45.6
Madhya Pradesh	54.3	39.3	47.0	51.7	15.1	34.2	53.6	32.6	43.5
Maharashtra	**56.7**	**42.5**	**49.8**	**55.2**	**16.8**	**37.0**	**56.0**	**31.1**	**44.0**
Rajasthan	51.7	42.7	47.4	50.8	12.0	32.3	51.5	35.1	43.6
Gujarat	57.2	32.0	44.9	57.2	11.4	35.7	57.2	23.4	41.0
West Bengal	57.2	19.4	38.7	56.8	15.4	36.7	57.1	18.1	38.1
Bihar	46.7	20.2	34.0	44.9	10.4	28.6	46.5	19.1	33.4
Uttar Pradesh	47.4	18.3	33.5	49.9	11.3	31.2	47.7	16.8	32.9
India	**53.0**	**30.0**	**41.8**	**53.8**	**15.4**	**35.3**	**53.3**	**25.5**	**39.8**

Source : ORGI

Employment Data - Sixth Economic Census

10.41 The Sixth Economic Census was conducted in 2013-14. It covered all establishments excluding establishments engaged in crop & plantation, public administration, defence, compulsory social security, activities of household as employers of domestic personnel, activities of extra territorial organisation& bodies and illegal activities. Regionwise employment is given in Table 10.39.

Employment Data - National Sample Survey

10.42 NSSO conducts comprehensive quinquennial surveys on employment and unemployment. As per 68th round survey, the proportion of usually working persons to total number of persons was 53.6 per cent. Percentage of usually working persons by broad industry division is given in Table 10.40.

Employment and Unemployment Data - Annual Survey

10.43 Labour Bureau, GoI in collaboration with Directorate of Economics & Statistics, GoM conducted 5th Annual survey on employment and unemployment during 2015-16 for generating State level/District level estimates for labour force.

Table 10.39 Regionwise employment - Sixth Economic Census

(lakh)

Region	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Konkan	3.6	0.9	4.5	34.7	7.5	42.2	38.2	8.5	46.7
Nashik	6.5	2.1	8.6	6.8	1.3	8.2	13.3	3.5	16.8
Pune	19.4	9.2	28.6	13.4	4.2	17.4	32.8	13.2	46.0
Aurangabad	7.2	1.6	8.8	5.2	0.9	6.1	12.3	2.5	14.8
Amravati	**3.4**	**0.8**	**4.2**	**3.5**	**0.6**	**4.0**	**6.9**	**1.4**	**8.2**
Nagpur	4.6	1.3	6.0	5.2	1.4	6.6	9.8	2.8	12.6
State	**44.6**	**16.0**	**60.6**	**68.8**	**15.7**	**84.5**	**113.4**	**31.7**	**145.1**

Source : DES, GoM

Table 10.40 Percentage of usually working persons by broad industry division

Broad Industry Division	July 2004 – June 2005 (61st Round)			July 2011 – June 2012 (68th Round)		
	Rural	Urban	State	Rural	Urban	State
Agriculture	78.3	5.0	54.0	74.0	3.9	47.2
Mining & quarrying	0.2	0.4	0.3	0.3	0.2	0.2
Manufacturing	5.7	22.0	11.1	5.9	21.9	12.0
Electricity, gas & water supply	0.1	0.3	0.2	0.1	0.4	0.2
Construction	2.7	8.5	4.6	4.8	10.8	7.1
Trade	5.5	25.2	12.1	5.1	17.0	9.7
Transport	2.1	10.3	4.8	2.5	9.7	5.3
Services	5.4	28.3	12.9	7.3	36.1	18.3
All	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source : DES, GoM

10.42.1 Percentage distribution of workforce in the age group 15-59 years according to current daily activity status is given in Table 10.41.

Table 10.41 Percentage distribution of workforce in the age group 15-59 years according to current daily activity status

Type of workforce	July 2004 – June 2005 (61st Round)			July 2011 – June 2012 (68th Round)		
	Rural	Urban	State	Rural	Urban	State
Self employed / helper in Household enterprise	51.8	37.5	46.8	50.1	32.2	43.0
Regular wage / salaried employee	8.8	52.3	24.0	11.4	55.3	28.7
Casual labour	39.4	10.2	29.2	38.5	12.5	28.3
All	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source : DES, GoM

10.42.2 Percentage distribution of labour force in the age group 15-59 years according to current daily activity status is given in Table 10.42.

Table 10.41 Percentage distribution of workforce in the age group 15-59 years according to current daily activity status

Type of workforce	July 2004 – June 2005 (61st Round)			July 2011 – June 2012 (68th Round)		
	Rural	Urban	State	Rural	Urban	State
Self employed / helper in Household enterprise	49.1	35.4	44.3	49.0	31.0	41.9
Regular wage / salaried employee	8.3	49.4	22.7	11.2	53.5	27.9
Casual labour	37.4	9.7	27.7	37.6	12.1	27.5
Unemployed	5.2	5.5	5.3	2.2	3.4	2.7
All	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source : DES, GoM

10.43.1 In the State, for persons aged 15 years & above Labour Force Participation Rate (LFPR) was 52.7 per cent, Worker Population Ratio (WPR) was 51.6 per cent and Unemployment Rate (UR) was 2.1 per cent as per Usual Principal Status (UPS) approach. Labour force parameters for persons aged 15 years & above is given in Table 10.43.

Table 10.43 Labour force parameters for persons aged 15 years & above

(Percent)

Sector		UPS		
		LFPR	WPR	UR
Rural	Male	76.3	74.6	2.2
	Female	46.3	45.5	1.6
	Transgender	55.4	55.4	-
	Person	61.6	**60.3**	**2.0**
Urban	Male	64.4	63.3	1.7
	Female	12.8	12.1	5.5
	Transgender	37.6	36.0	4.4
	Person	39.7	38.8	2.3
State	**Male**	**71.4**	**69.9**	**2.0**
	Female	**33.0**	**32.2**	**2.2**
	Transgender	**46.7**	**45.9**	**1.7**
	Person	**52.7**	**51.6**	**2.1**

Source : Labour Bureau, GoI

Employment in the State Services

10.44 As on 31st March 2015 total sanctioned posts in State Government Services was 7.37 lakh and number of vacant posts were 1.65 lakh (22.5 per cent). Groupwise employees in the State Services is given in Table 10.44.

Factory Employment

10.45 Provisional results indicate that during 2014, the average daily employment in 36,803 working factories registered under Factory Act 1948 was about 20.25 lakh. This showed a decline of 4.0 per cent in number of factories and growth in employment by 0.2 per cent over corresponding figures for the year 2013. Of the total working factories in 2014, about 22 per cent had 50 or more workers. The percentage distribution of average daily factory employment in the State is given in Table 10.45. The average daily employment in different industries and working factories & factory employment in the State are given in Annexures 10.9 and 10.10.

Employment Market Information Programme

10.46 Employment Market Information Programme (EMIP) is a centrally sponsored programme implemented in the State. The main objective of EMIP is to provide information about the structure of employment in public & private sectors to monitor the changes in the level of employment. Under EMIP, data is collected on quarterly basis. The programme covers all establishments in the public sector irrespective of their size and non-agricultural establishments in the

Table 10.44 Groupwise employees in the State Service

(As on 31st March 2015) (lakh)

Group	Posts*		
	Sanctioned	Filled in	Vacant
A	0.39	0.23	0.15
B	0.67	0.51	0.16
C	4.82	3.87	0.95
D	1.50	1.10	0.39
Total	**7.37**	**5.72**	**1.65**

Note : Figures may not add up to totals due to rounding * Provisional

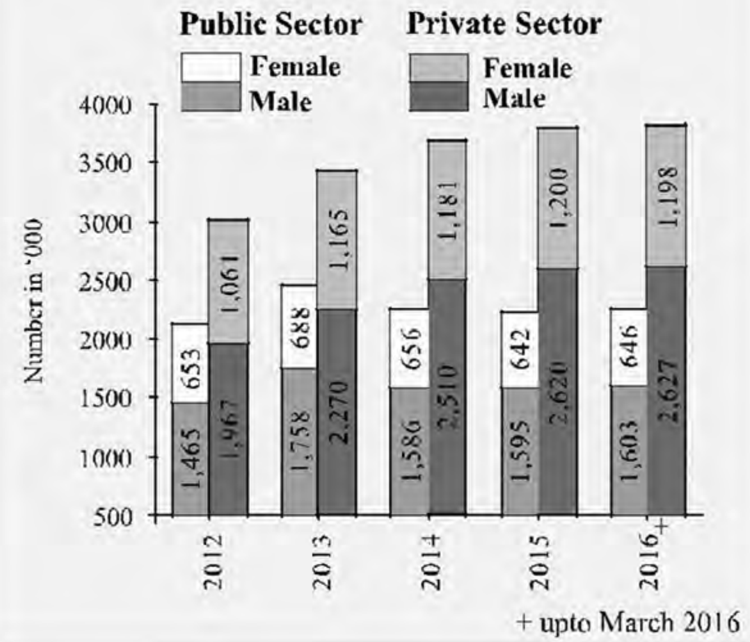
Source : DES, GoM

Table 10.45 Percentage distribution of average daily factory employment

Type of Industry	Year			
	2012	2013	2014	2015*
Consumer goods	28.5	27.8	27.9	28.3
Intermediate goods	36.6	35.6	36.2	36.5
Capital goods	27.7	28.2	27.0	26.5
Others	7.2	8.4	8.9	8.7
All	**100.0**	**100.0**	**100.0**	**100.0**

Source : Directorate of Industrial Safety and Health, GoM * Provisional

Graph 10.10 : Details of employment as per EMIP



private sector employing 10 or more persons. However, in Greater Mumbaionly those non-agricultural establishments which are employing 25 or more employees are covered. Total employment in the State, at the end of March 2016 was 60.74 lakh, of which 22.49 lakh (37.0 per cent) was in public sector. Of the total employment, 18.4 per cent were female employees.

Skill Development, Employment and Entrepreneurship Guidance Centres

10.47 Skill development, employment and entrepreneurship guidance centres have been established in each district of the State to counsel, guide & help the job seekers in the State regarding employment & self-employment. In all, 50 such centres are functioning in the State, of which, 35 are at district level, six in universities, eight for tribal candidates and one special centre for physically disabled persons.

10.47.1 The number of persons on the live register of these centres as on 31st December 2016 was 33.56 lakh. During 2016, number of persons registered with these centres was 4.60 lakh. About 1.44 lakh persons were placed against 5.76 lakh notified vacancies during 2016. Notified vacancies, placement and persons on the live register according to educational qualification are given in Annexure 10.11 and 10.12 respectively.

Programmes for promotion of employment

10.48 The following programmes are implemented by the State for promotion of employment.

- **Employment promotion programme :** On-the-Job training or other practical training toeducated unemployed persons
- **Apprenticeship training programme :** Supply of skilled manpower to industries throughapprenticeship training
- **Entrepreneurial development training programme :** Motivate and train the educatedunemployed youths for self-employment

Beneficiaries of various programmes related to promotion of employment is given in Table 10.46.

10.48.2 Maharashtra State Skill Development Society (MSSDS) is the nodal agency for implementing all skill development related programmes in the State. The State has a target of skilling 4.5 crore people by 2022, in order to improve employment rate. Currently *Pramod Mahajan Kaushalya Vikas* and *Udhojakta Abhiyan*(PMKVUA) and National Urban LivelihoodMission (NULM) schemes are implemented by MSSDS through its empanelled Vocational Training Providers.

Table 10.46 Beneficiaries of various programmes related to promotion of employment

Programmes	2014-15	2015-16	2016-17+
Employment promotion @	19,833	20,819	18,643
Apprenticeship training $	43,396	54,050	54,673
Entrepreneurial development training #	40,486	38,090	11,343

+uptoDecmber

Source : @ Directorate of Skill development, Employment, & Entrepreneurship, GoM
Directorate of Industries, GoM
$ Directorate of Vocational Education and Training, GoM

10.48.1 The State Government is organising job fairs in all districts since 2009-10 to provide employment opportunities to skilled labour and thereby to provide skilled labour to industries. Job fairs organised and employment provided are given in Table 10.47.

Table 10.47 Job fairs organised and employment provided

(no.)

Year	Job fairs	Entrepreneurs present	Unemployed youths who attended job fairs	Of which, employment provided
2014-15	156	853	50,950	15,625
2015-16	244	1226	86,194	24,742
2016-17+	172	1,172	1,16,977	29,296

Source : Directorate of skill Development, Employment and Entrepreneurship, GoM + upto December

Pramod Mahajan Kaushalya Vika and Udhojakta Abhiyan (PMKVUA)

10.48.3 Under this scheme for the year 2015-16, an expenditure of ₹ 78.79 lakh was incurred and number of beneficiaries was 18,415 whereas, for the year 2016-17 upto December, an expenditure of ₹ 1,153.48 lakh was incurred and number of beneficiaries was 73,892.

Employment generation and poverty alleviation programmes

10.49 Poverty reduction has been an important goal of development policy. To achieve inclusive development, several poverty alleviation and employment generation programmes are being implemented by GoI as well as GoM. Information of some of these programmes is given below.

Mahatma Gandhi National Rural Employment Guarantee Act

10.49.1 Maharashtra Rural Employment Guarantee Act 1977 (Amendment 2006) is being implemented in rural areas of 34 districts in the State. The performance of MGNREGA is shown in Table 10.48 while the categorywise number of works and expenditure incurred is given in Annexure 10.13.

National Rural Livelihood Mission

10.49.2 The State has initiated Maharashtra State Rural Livelihood Mission (MSRLM) since 2011 under National Rural Livelihood Mission (NRLM). The mission aims towards poverty eradication by building strong institutions for the poor so that the poor get enhanced opportunities for self-employment and skill based livelihood, resulting in income generation in a sustainable manner. During 2016-17 upto December, total credit linkage of ₹ 581.69 crore was disbursed to 41,126 Self Help Groups. The performance of the mission is given in Table 10.49.

Deendayal Antyodaya Yojana- National Urban Livelihood Mission

10.49.3 DeendayalAntyodayaYojana - National Urban Livelihood Mission (NULM) is being implemented in the State since August 2014. NULM is a centrally sponsored scheme on 60:40 basis. In which, 53 Urban local bodies of the State have been included. The GoI has made available an amount of ₹ 128 crore during 2015-16, whereas GoM has disbursed ₹ 41.57 crore under this programme. During 2016-17 upto December, under skill training & placement programme number of beneficiaries was 43,593 against the target of 60,683 incurring an expenditure of ₹ 13.11 crore. Under self-employment programme number of beneficiaries was 3,100 against the target of 9,100 incurring an expenditure of ₹ 0.35 crore.

Table 10.49 Performance of NRLM in the State

(percent)

Particulars	2015-16	2016-17+
SHGs provided with assistance (no.)	37,738	41,126
Total members of SHGs (no.)	4,77,499	4,23,467
Total grants (₹crore)	201.05	162.55
Total loan (₹crore)	627.15	581.69
Total expenditure (₹crore)	161.91	103.18

Source: Rural Development Department, GoM. + upto December

Table 10.43 Labour force parameters for persons aged 15 years & above

(percent)

Particulars	2014-15	2015-16	2016-17+
No. of households provided employment (lakh)	11.60	12.75	12.46
Total expenditure incurred (₹crore)	1,608.35	1,847.11	1,771.88
Number of works completed	1,48,894	1,05,143	1,24,796
Person days generated (crore)	6.14	7.63	5.47
Average employment per household (days)	53	60	44
Percentage share in employment of			
(i) Scheduled Caste	10.1	9.2	9.0
(ii) Scheduled Tribe	18.7	19.3	17.5
(iii) Women	43.5	44.5	45.0
Cost of generating one day of employment (₹)	262	242	324

Source: Planning Department, (Employment Guarantee Scheme) GoM. + As on 9th January

Prime Minister's Employment Generation Programme

10.49.4 Prime Minister's Employment Generation Programme is a centrally sponsored programme being implemented in the State. The main objectives of this programme are :

- To generate employment opportunities through setting up of new self-employment ventures of traditional artisans / unemployed youths to reduce migration to urban areas
- To increase employment opportunities by increasing wage earning capacity of artisans

In 2015-16, total margin money of ₹ 48.73 crore was disbursed to 2,343 projects, thereby generating employment of 19,053 whereas, during 2016-17 upto December, total margin money of ₹ 18.14 crore was disbursed to 776 projects, thereby generating employment of 5,479.

Seed Money Scheme

10.50 This scheme is being implemented by GoM to encourage unemployed youth to take up self-employment ventures through industry, service and business by providing soft loans from institutional finance to meet part of the margin money. Local unemployed person or a group of persons of age 18 to 50 years who have passed standard VII are eligible under the scheme. During 2015-16 seed money amounting to ₹ 17.05 crore was disbursed to 2,102 projects whereas, during 2016-17 upto December, seed money amounting to ₹ 8.36 crore was disbursed to 986 projects.

Industrial Relations

10.51 During 2016, number of work stoppages (strikes and lockouts) was 144, which affected 72,508 employees against 215 work stoppages affecting 1,19,598 employees in the previous year. The number of person-days lost due to work stoppages during 2016 was 21.29 lakh as against 30.10 lakh during 2015. The industrial disputes in the State are given in Annexure 10.14.

POVERTY

10.52 The erstwhile Planning Commission periodically estimated poverty lines and poverty ratios on the basis of large sample surveys on 'Household Consumer Expenditure' conducted quinquennially by the NSSO, GoI. Based on NSS 68th round data of 'Household Consumer Expenditure' survey, poverty estimates for the year 2011-12 have been estimated as per recommendations of Tendulkar Committee.

10.52.1 For 2011-12, the national poverty line is estimated at ₹ 816 per capita per month for rural areas and ₹ 1,000 per capita per month in urban areas. For Maharashtra, poverty line is estimated at ₹ 967 per capita per month in rural areas and ₹ 1,126 per capita per month for urbanareas. Proportion of population below poverty line is 24.20 per cent for rural areas and 9.1 per cent for urban areas.

10.52.2 Statewise poverty line and headcount ratio of selected States for 2011-12 are given in Table 10.50.

SOCIAL JUSTICE

10.96 Justice exercised by the society for giving fair treatment and share of social benefits to all, especially to Scheduled Castes (SC), Scheduled

Table 10.50 Statewise poverty line and headcount ratio of selected States for 2011-12#

State	Poverty line (₹)		Headcount ratio
	Rural	Urban	
Andhra Pradesh	860	1,009	9.2
Bihar	778	923	33.7
Gujarat	932	1,152	16.6
Karnataka	902	1,089	20.9
Kerala	1,018	987	7.1
Madhya Pradesh	771	897	31.7
Maharashtra	**967**	**1,126**	**17.4**
Punjab	1,054	1,155	8.3
Rajasthan	905	1,002	14.7
Tamil Nadu	880	937	11.3
Uttar Pradesh	768	941	29.4
West BengaL	783	981	20.0
All- India	**816**	**1,000**	**21.9**

Source : Planning Commission, GoI

As per recommendations of Tendulkar Committee

Tribes (ST), VimuktaJati Nomadic Tribes (VJNT), Other Backward Classes (OBC), minorities, persons with disabilities and senior citizens, etc. is termed as Social Justice. Social Justice is a principle that lays down the foundation of a society based on equality, liberty and fraternity. The directive principles of State Policy are inducted in the Constitution of India and accordingly various development programs have been taken up for equalisation of the weaker sections with other sections. GoM formulates two separate sub-plans viz. Scheduled Caste Sub-Plan (SCSP) for SC and Tribal Sub-Plan (TSP) for ST. Under SCSP & TSP, the funds are provided to respective communities in proportion to their population over & above those made available through General Plan. As per Population Census 2011 the proportion of Scheduled Castes is 11.8 per cent, Scheduled Tribes 9.3 per cent and Minorities 19.9 per cent in the total population of Maharashtra.

Scheduled Caste Sub-Plan

10.97 The outlay earmarked for SCSP under XIIth FYP (2012-17) is ₹ 28,050 crore, which is 10.2 per cent of the State's total outlay. The outlay provided for SCSP for 2016-17 is ₹ 6,725.65 crore, of which ₹ 4,325.65 crore (64.3 per cent) is for state level schemes and2,400 crore (35.7 per cent) for district level schemes. The major share of these plan expenditure is on 'Social and Community Services sector' (86.5 per cent). Under SCSP, in all 205 schemes (119 state level and 86 district level) were implemented in 2015-16 and 222 schemes (127 state level and 95 district level) are being implemented in 2016-17. The outlay and expenditure of development sectors under SCSP are given in Table 10.70.

SantRohidas Leather Industries and *Charmakar* Development Corporation Ltd.

10.98 *SantRohidas* Leather Industries and *Charmakar* Development Corporation Ltd. (SRLICDC) is set up for the welfare of *charmakar* community and is authorised as State's channelising agency to implement various schemes of National Scheduled Castes Finance and Development Corporation (NSFDC). The main functions of the Corporation are to arrange procurement and supply of raw material for those engaged in the leather industries and to make necessary arrangements for

Table 10.70 Outlay and expenditure of development sectors under SCSP

(₹ crore)

Sector	2014-15		2015-16		2016-17	
	Outlay	Expenditure	Outlay	Expenditure	Outlay	Expenditure+
A) State level schemes	**4,044.00**	**1,720.00**	**4,090.00**	**1,557.76**	**4,325.65**	**1,046.84**
Agriculture & allied activities	64.28	27.13	61.30	54.86	128.40	11.12
Rural development	13.68	0	20.00	14.56	69.56	25.33
Industry & minerals	21.26	10.07	30.03	30.00	50.02	6.65
General economic services	60.00	33.53	0	0	23.37	4.63
Social & community services	3,875.04	1,648.01	3,978.66	1,458.32	4,054.29	999.11
General services	10.00	1.73	0	0	0	0
B) District level schemes	**2,000.00**	**1,862.82**	**2,400.00**	**2,298.56**	**2,400.00**	**1,519.18**
Agriculture & allied activities	270.69	269.19	293.98	79.75	305.20	184.58
Rural development	0	0	0	0	73.28	73.28
Energy	74.97	0	76.68	212.32	92.56	0
Industry & minerals	11.56	11.00	11.99	11.43	12.22	4.13
Transport	32.25	25.99	55.59	47.64	54.95	35.73
Social & community services	1,610.52	1,556.64	1,961.73	1,947.39	1,861.79	1,221.46
Total (A + B)	**6,044.26**	**3,583.29**	**6,490.00**	**3,856.32**	**6,725.65**	**2,566.02**

Figures may not add up due to rounding. + upto December

Source : Department of Social Justice and Special Assistance, GoM production of their products, to act as an agent for sale of finished products in domestic as well as international markets and to provide training facilities regarding production and marketing. The authorised share capital of this Corporation is ₹ 73.21 crore and paid up capital is ₹ 306.21 crore (100 per cent share of GoM). The performance of some major schemes implemented by this Corporation is given in Table 10.71.

Sahityaratna Lokshahir Annabhau Sathe Development Corporation Ltd.

10.99 The GoM has established *Sahityaratna Lokshahir Annabhau Sathe* Development Corporation Ltd. (SLASDC), for economic, educational and social development of 12 sub-castes in *Matang* community. The authorised share capital of this Corporation is₹300 crore and paid upcapital is ₹ 394.60 crore, of which 51 per cent share is of GoM and rest is of GoI. SLASDC also works as State's channelising agency of NSFDC. The performance of some major schemes implemented by this Corporation is given in Table 10.72.

Mahatma Phule Backward Class Development Corporation Ltd.

10.100 Mahatma Phule Backward Class Development Corporation Ltd. (MPBCDC) is set up by GoM for the economic development of SC and Nav-Buddha communities.

Table 10.71 Performance of some major schemes implemented by SRLICDC

(₹ lakh)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed
Twenty per cent seed	162	15.10	169	16.00	126	12.30
money						
Term loan	470	38.50	325	26.50	45	4.00
Fifty per cent	353	35.25	304	30.40	158	15.78
subsidy						
Micro finance	301	30.10	279	27.90	1,162	116.20
MahilaSamruddhi	571	57.10	371	37.10	221	22.10
MahilaKisan	38	3.20	11	0.70	19	1.10
Training Scheme	726	10.13	778	31.79	713	47.62

Source : SRLICDC + upto December

Table 10.72 Performance of some major schemes implemented by SLASDC

(₹ lakh)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed
Seed Money	626	822.76	278	460.54	278	783.05
Subsidy	1,401	140.10	3,202	320.20	628	62.80
NSFDC's Schemes	956	924.26	6	16.40	64	251.20
Micro finance	8	1.70	0	0	0	0
MahilaSamruddhi	3,421	1,367.00	0	0	0	0
Education loan	3	4.66	1	16.40	1	6.50

Source : SRLICDC + upto December

At present, authorised share capital of this Corporation is ₹ 500 crore and paid up capital is ₹ 632.64 crore, of which 51 per cent share is of GoM and rest is of GoI. The Corporation also works as State's channelising agency of NSFDC & National SafaiKarmachari Finance and Development Corporation (NSKFDC). The performance of some major schemes implemented by this Corporation is given in Table 10.73.

Tribal Sub-Plan

10.101 The tribal population in the State is mostly concentrated in the western hilly districts viz. Dhule, Nandurbar, Jalgaon, Nashik, Palghar, Thane (Sahyadri region) and in the eastern forest districts viz. Chandrapur, Gadchiroli, Bhandara, Gondia, Amravati, Yavatmal (Gondwana region). Based on concentration of tribal population, 29 Integrated Tribal Development Projects (ITDP), 43 Modified Area Development Approach (MADA) and 24 mini-MADA have been formed as per directives of GoI. Under TSP various infrastructure and socio-economic facilities are provided to the tribals living in the ITDP, MADA and mini-MADA pockets as well as outside the tribal areas.

10.102 The outlay earmarked for TSP under XIIth FYP is ₹ 24,475 crore, which is 8.9 per cent of the State's total

Table 10.73 Performance of some major schemes implemented by MPBCDC

(₹ lakh)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed
Seed money	2,225	1,080.21	2,325	1,275.69	1,090	652.76
Fifty per cent subsidy	4,438	702.03	6,798	720.45	2,673	280.46
NSFDC's Term loan	2	3.74	0	0	0	0##
NSFDC's Education loan	14	11.56	0	3.11#	0	0##
NSKFDC's Term loan	467	1,977.75	81	345.76	0	0##
NSKFDC's Education loan	1	14.07	1	3.24	0	0##

Source: MPBCDC# Part payment of previous year.

Funds not received from NSFDC & NSKFDC + upto December

Table 10.70 Outlay and expenditure of development sectors under SCSP

(₹ crore)

Sector	2014-15		2015-16		2016-17	
	Outlay	Expenditure	Outlay	Expenditure	Outlay	Expenditure+
Agriculture & allied activities	299.69	321.65	316.75	311.06	251.26	103.23
Rural development	211.61	189.25	457.54	436.24	639.14	401.68
Irrigation & flood control	268.09	138.19	210.12	150.55	187.10	33.19
Energy	95.53	111.63	130.32	124.62	102.47	46.69
Industry & minerals	1.07	0.94	1.45	1.20	1.50	0.35
Transport	506.46	660.31	545.14	535.02	531.27	71.43
General economic services	17.73	9.93	17.22	13.97	2.15	0
Social & community services	3,414.74	2,600.78	3,409.68	2,954.69	3,507.47	1,036.05
Others Programmes	0	0	81.78	35.20	135.36	8.83
Total	**4,814.92**	**4,032.68**		**5,170.00**	**5,357.72**	**1,701.45**

Source : Tribal Development Department, GoM + upto December outlay. The outlay provided for TSP for 2016-17 is ₹ 5,357.72 crore, of which2,410.82 crore (45 per cent) is for state level schemes and ₹ 2,946.90 crore (55 per cent) for district level schemes. Under TSP, 320 schemes (84 State level, 189 District level & 47 Central sponsored schemes) are being implemented in 2016-17 and in all 311 schemes were implemented in 2015-16 out of which 105 state level, 205 district level & one scheme on both levels. The major share of expenditure incurred for the year 2016-17 upto December is on social and community services (61 per cent), followed by rural development (24 per cent) and agriculture & allied activities (6 per cent) of the total expenditure of development under TSP. The outlay and expenditure under TSP are given in Table 10.74.

10.102.1 ***Bharatratna Dr. A.P.J. Abdul KalamAmrutAhharYojna*** - In the tribal areas, the percentage of babies with low weight at birth, anaemia and malnutrition amongst children is high. The State has launched this scheme for pregnant women and lactating mothers. Under this scheme, 1.27 lakh beneficiaries were benefited and an expenditure of ₹ 101.68 crore has been incurred during 2016-17 upto December.

10.102.2 **To provide education to scheduled tribe students in renownedresidential english medium schools -** Under this scheme total 17,442 and 19,594 tribal students were admitted in 114 and 132 renowned english medium schools during 2015-16 and 2016-17 respectively. An expenditure of ₹ 129.54 crore has been incurred in 2015-16 while during 2016-17 upto December, an expenditure of ₹ 166.71 crore has been incurred. Students in Tribal division are given in Table 10.75.

Table 10.75 Students in Tribal division

Division	No. of Students	
	2015-16	2016-17
Nashik	5,782	5,830
Thane	3,167	4,853
Amaravati	3,911	5,220
Nagpur	4,582	3,691
Total	**17,442**	**19,594**

Source : Tribal Development Department, GoM

10.102.3 **Sports academy and sports related benefits for scheduled tribe students**-The sports academy has been started at Nashik. Under this scheme 66 students wereselected from Government, Government aided ashram schools and *Eklavya*english medium schools and an expenditure of ₹ 13.19 lakh has been incurred during 2016-17 upto December.

Shabari Aadiwasi Vitta Va Vikas Mahamandal Maryadit

10.103 *Shabari Aadiwasi Vitta Va Vikas Mahamandal Maryadit* (SAVVM) is established by GoM for economic welfare of tribal community. At present, authorised share capital of this Corporation is ₹ 200 crore and paid up capital is ₹ 77.11 crore, of which 51 per cent share is of GoM and rest is of GoI. This Corporation works as the State's channelising agency of National Scheduled Tribes Finance and Development Corporation (NSTFDC). The performance of some major schemes implemented by this Corporation is given in Table 10.76.

Welfare of Vimukta Jati & Nomadic Tribes, Other Backward Classes and Special Backward Classes

10.104 GoM has established separate Directorate for the welfare of the people belonging to VimuktaJati& Nomadic Tribes (VJNT), OBCs and SBCs. Various development programmes arebeing implemented for upliftment of the weaker sections of these communities. During 2015-16, an expenditure of ₹ 193 crore was incurred against an outlay of

Table 10.76 Performance of some major schemes implemented by SAVVM

(₹ lakh)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed
Term Loan	289	527.35	247	307.15	18	64.36
Mahila Sabalikaran	284	142.00	243	145.54	5	2.50

Source : SAVVM + upto December

₹ 345.54 crore. During 2016-17, an outlay of ₹ 345.54 crore has been provided and an expenditure of ₹ 151.79 crore has been incurred upto December.

Vasantrao Naik Vimukta Jati & Nomadic Tribes Development Corporation Ltd.

10.105 *VasantraoNaikVimuktaJati*& Nomadic Tribes Development Corporation Ltd. (VNVJNTDC) has been established for upliftment of VJNT and SBC communities. This Corporation is authorised as the State's channelising agency of National Backward Classes Finance & Development Corporation (NBCFDC). The authorised share capital of this Corporation is 200 crore and paid up capital is ₹ 189.23 crore (100 per cent share of GoM). The performance of some major schemes implemented by this Corporation is given in Table 10.77.

Maharashtra State Other Backward Class Finance and Development Corporation Ltd.

10.106 Maharashtra State Other Backward Class Finance and Development Corporation Ltd. (MSOBCFDC) has been established for the welfare of OBC people in the State. At present, authorised share capital of this Corporation is ₹ 250 crore and paid up capital is ₹ 85.46 crore (100 per cent share of GoM). This Corporation works as the State's channelising agency of NBCFDC. The performance of some major schemes implemented by this Corporation is given in Table 10.78.

Welfare of persons with disability

10.107 Various schemes for persons with disabilities are being implemented by GoM to identify their potentials, develop their skills, give them equal opportunities, protect their rights so as to empower & involve them in the main stream of the society. Three per cent seats are reserved for them in recruitment and in-service promotion in group C and

Table 10.77 Performance of some major schemes implemented by VNVJNTDC

(₹ lakh)

Name of the Scheme	2014-15		2015-16	
	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed
Direct Loan	945	236.25	882	220.50
Seed money	729	780.75	530	661.50
Term loan	0	0	5,050	1,000.00

Source : VNVJNTDC No beneficiaries has been benefited under above schemes during 2016-17 uptoDecember .

Table 10.78 Performance of some major schemes implemented by MSOBCFDC

(₹ lakh)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed
Twenty per cent seed money	427	205.02	382	190.82	173	90.42
Direct Loan	0	0	632	157.05	604	151.00
Term loan	404	600.59	215	215.28	2	1.71
Margin money	19	35.77	14	27.10	5	10.51
MahilaSamruddhi	10	2.25	20	4.75	0	0#
Swarnima	35	20.75	13	9.26	0	0#
Education loan	395	134.47	397	136.54	289	100.77

Source: MSOBCFDC # funds not received from NBCFDC + upto December

D. The qualifying upper age limit is relaxed upto 45 years for appointment in the Government service. During 2015-16, an expenditure of ₹ 9.19 crore was incurred against an outlay of ₹ 11.26 crore. During 2016-17, an outlay of ₹ 14.14 crore has been provided and an expenditure of ₹ 4.71 crore has been incurred uptoDecember.

Maharashtra State Handicapped Finance and Development Corporation Ltd.

10.108 Maharashtra State Handicapped Finance and Development Corporation Ltd. (MSHFDC) is established for the welfare of disabled persons. Corporation works as State's channelising agency of National Handicapped Finance and Development Corporation (NHFDC). At present, the authorised share capital of this Corporation is ₹ 50 crore and paid up capital is ₹ 47.51 crore (100 per cent share of GoM). The performance of some major schemes implemented by this Corporation is given in Table 10.79.

Annasaheb Patil Aarthik Magas Vikas Mahamandal Ltd.

10.109 *Annasaheb Patil Aarthik Magas Vikas Mahamandal Ltd.* is established by the State to provide employment and self-employment opportunities to educated unemployed youth from economically backward community. The authorised share capital of corporation is ₹ 50 crore and paid up capital is ₹ 50 crore (100 per cent share of GoM). During 2015-16, there were 75 beneficiaries to whom an amount of ₹ 104.39 lakh was disbursed while during 2016-17 upto December, for 89 beneficiaries an amount of ₹ 116.49 lakh was disbursed.

Minority Development

10.110 The State has separate Minority Development Department for the development of minority community. In the XIIth FYP an outlay of ₹ 1,685 crore is earmarked. During 2015-16, an expenditure of ₹ 335.65 crore was incurred against an outlay of ₹ 430.45 crore. During 2016-17, an outlay of ₹ 405.05 crore has been provided and an expenditure of ₹ 144.46 crore has been incurred upto December.

Maulana Aazad Alpasankhyank Aarthik Vikas Mahamandal Ltd.

10.111 *Maulana Aazad Alpasankhyank Aarthik Vikas Mahamandal Ltd.* (MAAAVM) has been set up for the welfare of minority community in the State. The authorised share capital of this Corporation is ₹ 500 crore and paid up capital is ₹ 375.69

Table 10.79 Performance of some major schemes implemented by MSHFDC

(₹ lakh)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed
Direct Loan	251	50.20	1,526	305.20	12	2.40
Term loan	856	1,319.32	787	1,656.19	740	1,580.65

Source: MSHFDC + upto December

Table 10.80 Performance of some major schemes implemented by MAAAVM

(₹ lakh)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed	No. of beneficiaries	Amount disbursed
Direct loan	11,036	4,414.40	2,837	1,134.40	42	18.97
Education loan	2,861	2,045.00	2,141	1,615.64	2,190	1,821.12
Other loans (SHG)	265	506.00	154	293.20	0	0
Term Loan	0	0	368	347.99	37	35.15

Source: MAAAVM + upto December

crore (100 per cent share of GoM). This Corporation works as State's channelising agency of National Minority Development & Finance Corporation (NMDFC). The performance of some major schemes implemented by this Corporation is given in Table 10.80.

Important Schemes for Social Security

10.112 The State implements various schemes for social security. Beneficiaries & expenditure incurred on important social security schemes are given in Table 10.81.

Important Schemes for Social Security

10.112 The State implements various schemes for social security. Beneficiaries & expenditure incurred on important social security schemes are given in Table 10.81.

Table 10.81 Beneficiaries & expenditure incurred on important social security schemes

(₹ crore)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	No. of beneficiaries (in lakh)	Expenditure	No. of beneficiaries (in lakh)	Expenditure	No. of beneficiaries (in lakh)	Expenditure
Sanjay Gandhi Niradhar Anudan	7.82	591.37	8.60	638.07	9.05	525.45
ShravanbalSevaRajya Nivruttivetan	18.25	983.11	19.29	1,091.11	19.82	855.00
Indira Gandhi National Old Age Pension	12.03	283.14	11.93	290.92	11.70	207.78
Indira Gandhi National Widow Pension	0.44	9.26	0.48	11.26	0.51	9.56
Indira Gandhi National Disability Pension	0.07	1.72	0.07	1.56	0.07	1.23
National Family Benefit	0.15	29.88	0.18	36.18	0.09	20.80
AamAadmiBima	53.00	39.09	52.34	25.35	52.34	0[#]

no expenditure incurred upto December 2016 + upto December

Source : Department of Social Justice and Special Assistance, GoM

Table 10.82 Outlay & expenditure of some major schemes of wasti/area development

(₹)

Name of the Scheme	2014-15		2015-16		2016-17 +	
	Outlay	Expenditure	Outlay	Expenditure	Outlay	Expenditure [+]
Dalit WastiSudhar[++]	621.58	621.58	753.46	753.46	756.45	626.16
Tanda/WastiSudhar[++]	21.00	15.53	21.00	14.69	25.00	12.54
Nagari Dalit WastiSudhar[@]	358.13	358.13	467.76	443.99	472.66	341.41
NagariAdiwasiWastiSudhar[@]	6.00	3.50			7.00	0
ThakkarBappaAdiwasiWasti SudharanaEkatmikKaryakram[#]	261.49	247.50	255.65	219.65	212.30	5.03
Area Development Schemes in Minority Concentrated Urban Areas	15.00	4.87	62.50	32.12	25.00	5.25
Area Development Schemes in Minority Concentrated Rural Areas$	40.00	16.56	62.50	49.88	35.55	10.72

+ upto December

Source : ++ Social Justice and Special Assistance Department, @ Urban Development Department,
Tribal Development Department, $ Minority Development Department

ANNEXURE 10.8

ECONOMIC CLASSIFICATION OF WORKERS AS PER POPULATION CENSUS 2011

(thousand)

	Class of workers	Main/ Marginal/ Total	Maharashtra			India#		
			Males	Females	Total	Males	Females	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(A)	Workers							
1.	Cultivators	Main	7,181	4,297	11,478	73,018	22,823	95,841
		Marginal	411	680	1,091	9,689	13,163	22,851
		Total	7,592	4,977	12,569	82,707	35,986	1,18,692
2.	Agricultural labourers	Main	5,847	5,222	11,069	55,255	30,912	86,167
		Marginal	928	1,489	2,417	27,485	30,678	58,163
		Total	6,775	6,711	13,486	82,740	61,590	1,44,330
3.	In Household Industries	Main	607	385	991	7,540	4,791	12,331
		Marginal	84	150	234	2,236	3,769	6,005
		Total	691	535	1,225	9,776	8,560	18,336
4.	Other	Main	16,355	3,870	20,225	1,37,336	30,771	1,68,107
		Marginal	1,204	718	1,922	19,307	12,971	32,278
		Total	17,559	4,588	22,147	1,56,643	43,742	2,00,385
	Total (A)	Main	29,989	13,774	43,763	2,73,149	89,297	3,62,446
		Marginal	2,628	3,037	5,665	58,717	60,580	1,19,297
		Total	32,617	16,811	49,428	3,31,866	1,49,877	4,81,743
(B)	Non-Workers	Total	25,626	37,320	62,946	2,91,256	4,37,570	7,28,826
	Total (A+B)		**58,243**	**54,131**	**1,12,374**	**6,23,122**	**5,87,447**	**12,10,569**

Source - Registrar General and Census Commissioner, GoI

Excludes Mao-Maram, Paomata and Purul sub-divisions of Senapati district of Manipur

state Note - Figures may not add up to totals due to rounding

ANNEXURE 10.9

AVERAGE DAILY EMPLOYMENT IN DIFFERENT INDUSTRIES IN MAHARASHTRA

(hundred)

Sr. No	Industry Group	Average daily employment								
		1971	1981	1991	2001	2011	2012	2013	2014	2015*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(A)	**Consumer Goods Industries**	**5,020**	**5,168**	**4,535**	**4,533**	**5,164**	**5,939**	**5,615**	**5,651**	**5,772**
1	Food products, beverages and tobacco products	921	965	1,330	1,662	1,991	2,348	2,186	2,344	2,410
2	Textiles (including wearing apparels)	3,516	3,554	2,527	2,167	2,182	2,509	2,426	2,284	2,299
3	Wood and wood product	75	75	152	154	217	216	216	212	223
4	Paper, paper products, printing and publishing, etc.	494	549	491	525	736	816	741	760	785
5	Tanning and dressing of leather and leather products	14	25	35	25	38	50	47	51	55
(B)	**Intermediate goods Industries**	**2,435**	**3,193**	**3,421**	**3,462**	**6,648**	**7,313**	**7,201**	**7,325**	**7,453**
6	Chemicals and chemical products	760	1,059	1,215	1,299	1,802	2,014	1,994	1,999	1,963
7	Petroleum, rubber, plastic products	349	421	482	535	1,087	1,144	1,119	1,222	1,207
8	Non-metallic mineral products	402	403	423	317	465	538	532	561	483
9	Basic metals, metal products	924	1,310	1,301	1,311	3,294	3,617	3,556	3,544	3,800
(C)	**Capital goods Industries**	**2,110**	**2,898**	**2,712**	**3,140**	**5,033**	**5,827**	**5,696**	**5,468**	**5,418**
10	Machinery and equipments (other than transport equipments)	1,322	1,786	1,614	1,720	2,407	2,667	2,603	2,533	2,530
11	Transport equipments	608	903	867	1,025	1,785	2,139	2,112	1,983	1,974
12	Other manufacturing industries	180	209	231	395	841	1,021	981	953	914
(D)	**Others**	412	663	1,016	870	1,301	1,485	1,711	1,801	1,782
	Total	**9,977**	**11,922**	**11,684**	**12,005**	**18,146**	**20,564**	**20,222**	**20,245**	**20,424**

Source - Directorate of Industrial Safety and Health, GoM

* Provisional

Note - (1) Details may not add up to totals due to rounding

(2) Bidi factories are covered under separate Act from 1974

ANNEXURE 10.10

WORKING FACTORIES AND FACTORY EMPLOYMENT IN MAHARASHTRA

Employment (thousand)

Year	Item **	Section 2m (i)			Section 2m (ii) & Section 85			All Factories		
		Employing less than 50 workers	Employing 50 or more workers	Total	Employing less than 50 workers	Employing 50 or more workers	Total	Employing less than 50 workers	Employing 50 or more workers	Total all factories
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1971	Factories	6,341	2,701	9,042	856	343	1,199	7,197	3,044	10,241
	Employment	123	824	947	15	36	51	138	860	998
1981	Factories	10,238	3,132	13,370	3,154	70	3,224	13,392	3,202	16,594
	Employment	183	983	1,166	20	6	26	203	989	1,192
1991	Factories	13,139	3,199	16,338	7,743	38	7,781	20,882	3,237	24,119
	Employment	215	910	1,124	40	4	44	254	914	1,169
2001	Factories	15,977	3,929	19,906	8,393	25	8,418	24,370	3,954	28,324
	Employment	266	891	1,157	42	2	44	308	893	1,201
2009	Factories	18,668	6,112	24,780	9,263	17	9,280	27,931	6,129	34,060
	Employment	345	1,103	1,448	50	2	52	395	1,105	1,500
2010	Factories	19,173	6,517	25,690	9,183	15	9,198	28,356	6,532	34,888
	Employment	363	1,231	1,594	52	1	53	415	1,233	1,647
2011	Factories	19,410	7,373	26,783	9,067	26	9,093	28,477	7,399	35,876
	Employment	367	1,394	1,761	51	3	54	418	1,397	1,815
2012	Factories	19,818	8,664	28,482	8,816	41	8,857	28,634	8,705	37,339
	Employment	399	1,599	1,998	54	4	58	453	1,603	2,056
2013	Factories	21,224	8,345	29,569	8,728	29	8,757	29,952	8,374	38,326
	Employment	406	1,595	1,971	48	3	51	454	1,568	2,022
2014	Factories	18,126	8,015	26,141	10,634	28	10,662	28,760	8,043	36,803
	Employment	402	1,563	1,965	57	3	59	459	1,566	2,025
2015*	Factories	20,435	7,882	28,317	7,856	88	7,944	28,291	7,970	36,261
	Employment	419	1,568	1,987	45	10	55	464	1,579	2,042

Source - Directorate of Industrial Safety and Health, GoM

* Provisional

Note - (1) Employment includes estimated average daily employment of factories not submitting returns

(2) Figures pertain to the factories registered under the Factories Act, 1948

(3) Details may not add up to totals due to rounding in respect of employment

** Factories - Number of working factories Employment - Average Daily Employment

Bidi factories are deregistered and covered under separate Act from 1974

ANNEXURE 10.11

REGISTRATIONS IN THE EMPLOYMENT AND SELF EMPLOYMENT GUIDANCE CENTRES IN THE STATE, THE VACANCIES NOTIFIED AND PLACEMENTS EFFECTED

('000)

Year (1)	Number of Registrations during reference Year (2)	Number of vacancies notified (3)	Number of placements during reference year (4)	Number of persons on live register at the end of the year (5)
1991	591.8	64.8	30.3	3,159.8
1992	596.6	55.9	29.1	3,320.5
1993	599.7	55.4	24.1	3,349.6
1994	635.8	52.1	24.7	3,439.2
1995	720.1	49.7	18.7	3,634.3
1996	688.7	53.7	22.6	3,787.2
1997	692.8	47.4	22.9	3,933.1
1998	729.3	37.9	16.8	4,109.6
1999	861.1	50.9	16.2	4,183.8
2000	750.8	43.9	18.1	4,348.8
2001	623.2	32.3	12.5	4,419.7
2002	622.7	30.9	9.5	4,203.3
2003	819.1	59.6	16.4	4,044.1
2004	880.3	43.4	15.1	4,105.7
2005	645.2	44.2	13.9	4,000.3
2006	608.1	68.3	14.8	3,608.5
2007	616.7	97.5	9.2	3,213.8
2008	721.5	99.2	11.8	3,007.2
2009	698.3	176.6	17.2	2,875.9
2010	892.9	378.8	353.9	2,682.4
2011	747.5	346.2	191.0	2,596.2
2012	612.3	259.2	134.2	2,404.0
2013	630.3	118.9	114.6	3,034.8
2014	536.4	841.1	84.7	3,571.5
2015	461.9	571.4	70.4	3,401.5
2016	460.0	576.8	144.0	3,356.7

Source - Directorate of Skill Development, Employment and Entrepreneurship, GoM

ANNEXURE 10.12

NUMBER OF PERSONS ON THE LIVE REGISTER OF EMPLOYMENT AND SELF-EMPLOYMENT GUIDANCE CENTRES AS ON 31st DECEMBER 2016

Sr. No.	Educational Qualification	Total	Persons Of which, females	Percentage of females	Percentage of persons to grand total
(1)	(2)	(3)	(4)	(5)	(6)
1.	Below S.S.C. (including illiterates)	2,72,936	62,777	23	7.64
2.	S.S.C. Passed	10,64,291	2,28,823	21.50	29.78
3.	H.S.C. Passed	10,47,889	2,61,972	25	29.33
4.	I.T.I. trained and Apprentices	2,19,871	21,987	10	6.15
5.	Diploma holder				
	5.1 Engineering/Technology	67,953	16,309	24	1.90
	5.2 Medicine, DMLT and Pharmacy	17,866	6,610	37	0.50
	5.3 Others	1,36,035	62,576	46	3.81
	Total (5.1 to 5.3)	**2,21,854**	**85,495**	**38.53**	**6.21**
6.	Graduate				
	6.1 Engineering/Technology	62,276	16,815	27	1.74
	6.2 Medicine	2,730	1,259	46.10	0.08
	6.3 Others	5,77,669	1,96,407	34	16.17
	Total (6.1 to 6.3)	**6,42,675**	**2,14,481**	**33**	**17.99**
7.	Post-Graduate				
	7.1 Engineering/Technology	3,360	913	32	0.09
	7.2 Medicine	321	137	38.5	0.01
	7.3 Others	1,00,058	45,499	44	2.80
	Total (7.1 to 7.3)	**1,03,739**	**46,549**	**44**	**2.90**
	Grand Total	**35,73,255**	**9,22,084**	**25.45**	**100.0**

Source - Directorate of Skill Development, Employment and Entrepreneurship, GoM

Note - In above, job seeker's having more than one qualification are counted in each respective qualification.

ANNEXURE 10.13

CATEGORYWISE NUMBER OF WORKS COMPLETED AND EXPENDITURE INCURRED THEREON UNDER THE MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA) IN MAHARASHTRA

(` lakh)

Sr. No.	Category of work	2012-13		2013-14		2014-15		2015-16		2016-17+	
		works	Expen-diture	works	Expen-diture	works	Expen-diture	works	Expen-diture	works	Expen-diture
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	Rural Connectivity	4,876	19,120.71	2,867	9,486.74	3,680	15,832.81	5,346	16,359.55	5,970	8,331.24
2.	Flood Control and Protection	105	288.93	213	849.79	179	1,263.63	276	2,542.24	514	1,976.34
3.	Water Conservation and Water Harvesting	27,413	22,217.45	10,646	7,980.60	14,844	12,887.3	18,824	22,224.08	18,675	9,573.73
4.	Drought Proofing	16,230	14,291.46	14,751	5,914.65	10,598	4,580.67	15,175	8,152.6	20,911	862.31
5.	Micro Irrigation Works	816	347.73	538	282.63	530	366.05	428	699.81	307	147.82
6.	Provision of Irrigation facility to SC/ST Land Owners	12,482	14,788.05	11,765	8,897.50	18,970	15,346.46	33,808	27,892.85	32,934	14,162.26
7.	Renovation of Traditional Water Bodies	6,027	3,375.19	2,341	1,785.14	1,817	1,514.19	2,434	4,175.71	2,924	2,235.36
8.	Land Development	4,160	2,360.32	2,900	1,798.50	1,514	2,013.09	3,893	4,436.33	6,548	2,470.35
9.	Rajiv Gandhi Seva Kendra	38	291.11	72	201.37	74	319.27	117	127.17	146	156.80
10.	Other works	4,937	600.27	33,514	2,385.64	96,688	5,876.40	24,842	1,764.23	35,867	2,476.45
	Total	**77,084**	**77,681.22**	**78,807**	**3,956.96**	**1,48,894**	**59,999.87**	**1,05,143**	**88,374.57**	**1,24,796**	**42,392.66**

Source - Planning Department, (EGS) GoM

+ As on 9th January 2017

ANNEXURE 10.14

INDUSTRIAL DISPUTES IN MAHARASHTRA**

(Workers participated in '00 and person days lost in lakh)

Item	1981	1991	2001	2011	2012	2013	2014	2015	2016
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Textile mills —									
(*a*) No. of strikes and lockouts	66	10	12	7	5	15	8	4	18
(*b*) Workers participated	564	61	86	26	19	52	24	89	70
(*c*) Person days lost	47.36	2.37	4.53	1.73	2.43	1.38	0.63	2.32	1.80
2. Engineering factories —									
(*a*) No. of strikes and lockouts	119	59	28	8	8	42	35	51	60
(*b*) Workers participated	412	110	65	71	47	469	437	438	148
(*c*) Person days lost	16.21	14.46	25.79	12.90	12.57	12.17	11.36	10.75	3.81
3. Miscellaneous —									
(*a*) No. of strikes and lockouts	451	148	19	18	14	133	149	160	66
(*b*) Workers participated	1,031	423	85	38	35	440	498	669	508
(*c*) Person days lost	31.49	29.66	15.90	7.80	8.45	11.24	13.00	17.03	15.67
4. Total —									
(*a*) No. of strikes and lockouts	636	217	59	33	27	193	192	215	144
(*b*) Workers participated	2,007	594	237	135	100	962	959	1,196	7,250
(*c*) Person days lost.	95.05	46.49	52.31	22.43	23.45	24.78	24.99	30.10	21.29

Source - Commissioner of Labour, GoM

Note - (1) Figures against item No. 4 (b) and 4 (c) may not tally against actual totals due to rounding

(2) ** Under State Industrial Relations Machinery

(3) Information January to December

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So here is our cofounder Mr.Rupesh Gosavi waiting to hear from you on rupesh@ablifree.com or ring him on +91-9028787726 for any assistance related to profile completion, app downloads and business related queries.

56th Annual General Meeting of MEDC

The MEDC President Cdr. Dipak Naik formally welcomed all the invitees on 30th November 2017 for the Annual General Meeting.The President briefed the distinguished audience about the Annual Report of MEDC for the financial year 2016-17. Along with the Annual Report, he also discussed in some detail about the multifarious activities carried out by the MEDC in the year 2016-17.

Cdr. Naik touched upon the following key points:

1. The Digest :

Calling it MEDC's flagship publication, Cdr. Naik said that concrete steps were being taken to continually improve the quality of the Digest. The quality of the authors giving articles to the Digest has been steadily rising over time and the magazine is now being circulated to all government official departments in Mantralaya, State Government bodies, Chief Ministers of all states, apart from all the Members of the MEDC.

There is a special feature column in every issue of the Digest which is written by Consulate Generals of different countries, to provide information about business opportunities in their respective country. It has improved the MEDC's relationship with all the Consulate Generals, as well as enlightened their members about the manifold opportunities available all over the world today.

The readership and viewership of the Digest has increased worldwide. The subscriber base is now not only in India, but also in Europe, North America, and Africa. The Digest also attracts the attention of e-readers from all over the world.

MEDC received the highly prestigious International Standard Serial Number (ISSN) for its Digest on December 1, 2016.

2. Events held by the MEDC:

- The 12th D. R. Gadgil Memorial Lecture held in the MEDC on 2nd April 2016. The lecture was delivered by Prof. Abhijit Banerjee, Ford Foundation International Professor of Economics at Massachusetts Institute of Technology (MIT), Boston. The Chairman of the occasion was Dr. Vinay Sahasrabuddhe, a noted researcher in Political Science.

- 7th Annual MSME Conference on 17th October 2016 at IES Management Institute, Mumbai. The theme of the event was New Opportunities for Start Ups in Make in India. The President elaborated on the new initiatives undertaken by the Central Government through 'Make in India' and opportunities for the growth of MSME industries through various government schemes. More than 200 people attended this highly successful Conference.

- A new initiative of MEDC called Finance for MSME was explained. In this initiative, information was given regarding capital availability for the MSMEs through the Mudra Yojana scheme and from other schemes of various financial institutions.

- MEDC's involvement as an organizer in Central Asia's Biggest Agriculture based Exhibition titled AGROVISION. MEDC helped in the successful holding of this mega-event through publishing a special issue related to agriculture and its allied sectors, which helped to the visitors to seek more knowledge about this vitally important area.

- MEDC's association with Mazagon Dock Shipbuilders Limited (MDL) for the Vendors development programme on 14th February 2017, wherein MDL availed 20% of their procurement from MSME and Start up holders. More than 100 MSMEs and startups attended this programme.

- An event to deliberate on the forthcoming Budget was organized by MEDC at the Y B Chavan Centre on February 1, 2016. The discussions revolved around the expectations from the Union Government Budget 2017-18 and how they could be realized.

  Cdr. Naik also highlighted the creative participation of various MEDC staff members in the events of other organizations as guest lecturers, and the positive feedback they received from it.

3. Projects:

A Smart City Development initiative has been undertaken by MEDC under the project of Samruddhi Corridor from Nagpur to Mumbai. In this initiative, the government plans to set up 24 hubs for the development of these cities along with various economic activities.

Ashtavinayaka Project :

The President explained the MEDC's initiative for the building a development circuit through all eight Ganapati places and equipping them with the latest infrastructure facilities. That will go a long way in generating employment for people of that area. A proposal to that effect has already made to MTDC and Tourism Minister Shri Jaykumar Rawal. Several meetings have been held in this context, and a follow up is going on. The Minister himself is keenly looking forward for the development of the project.

4. Meet up with foreign delegations:

The Wisconsin Economic Development Corporation

The President briefed the gathering about the visit of the delegates of the Wisconsin Economic Development Council to the MEDC office and their interaction with MEDC members. The visiting delegates talked about the business opportunities in their countries and mutually beneficial trade opportunities that could open up in different sectors of the economy.

The Fujairah Chamber of Commerce and Industry

Mr. Sultan Saif Sultan, Ex Member of Parliament, Fujairah Chamber of Commerce and Industry, UAE visited MEDC on 2nd September 2016. Mr. Sultan explained the process of setting up businesses in UAE in general and in Fujairah in particular. He also expressed the view that he is keen to help MEDC members to set up a wide range of businesses in Fujairah.

5. Research:

Cdr. Naik explained about the MEDC's new initiatives for connecting academic institutes with industry in the field of business and research. The meet was organised on 22nd November 2016 by inviting the leading institutions and Universities. MEDC believes that there is difference between practical and theoretical knowledge and so the Council is working towards closing the gap between industry and academia. MEDC is planning collect projects from the industry and it will let academic institute know about them and get involved with them.

MEDC's future plans

The President announced the following upcoming projects of the MEDC involving its office bearers:

Blue Economy:

MEDC and CIDCO are together conducting a National Level Conference on the Blue Economy in the coming year. The President briefed the audience about the potential of the blue economy. He said that it meant different things to different people. As far as MEDC is concerned, the Blue Economy Conference will focus on the opportunities in the coastal regions of India, setting up of an Oceanic Studies University and exploring effective uses of the inland water resources of country for the sustainable growth of the economy. The development of fisheries will be given special importance. Hon'ble Union Minister Shri Nitin Gadkari is himself keen to start this project and to make it a grand success.

Alliance with Training:

MEDC is organising a GST training programme in the month of December 2017. The focus of the programme is to explain the complete details about the GST norms and students need only their laptops to participate effectively in it. The course is certified both by the government of India and by the GST Seva Kendra.

Mr. Anil Gachke, Chairman – Industries Committee spoke about the MEDC's recent event on National Conference of Urban Co-operative Banks which was held on 7th October 2017 at Y B Chavan Centre. The event was well attended by the 350 people from all over the nation. MEDC invited many eminent personalities from the Co-operative Banking sector to talk about the opportunities of co-op banks and challenges and hurdles faced by co-op banks.

Further, it was resolved that the current office bearers of the MEDC are to continue for the year 2017-18. Apart from the current Vice-Presidents of the Council, Mrs. Meenal Mohadikar and Mr. Ravindra Boratkar, it was also decided to induct Mr. Mukund Kulkarni into the MEDC in a similar capacity.

The vote of thanks was proposed by Mrs. Meenal Mohadikar.

9th AGROVISION - Central India's biggest Agri Expo at Nagpur

MEDC being the co-organiser of the 9th AGROVISION held at Reshimbagh, Nagpur from 10-13th November 2017 has participated actively. Agrovision is an Annual Summit of agriculture and farmers held under the guidance of Shri Nitin Gadkari, Hon'ble Union Minister for Road Transport, Highways & Shipping and Chief Patron, Agrovision, Dr. C. D. Mayee, Chairman – Advisory Council – Agrovision, Shri Girish Gandhi, Convener, Shri Ramesh Mankar and Shri Ravi Boratkar, both Organising Secretary.

This Summit aims to train the farmers about the new technologies and innovative methods to increase the farm yield, bridge the knowledge gap and empower them through enhanced income. Grassroot level innovations added a new dimension to the exhibition for the visitors. Lakhs of farmers along with many industrialists visited the summit from Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh, Punjab, and Haryana.

The main attraction of the Summit was a special focus on our special publication "Essentials of Life" based on topics like Animal Husbandry, Agriculture, Horticulture, and Allied Businesses which got inaugurated by Shri Nitin Gadkari and all the eminent personalities present on dais.

MEDC joins hands with BMC as a Co-organiser for the Kala Ghoda Fest Exhibition to be held every Sunday in Mumbai

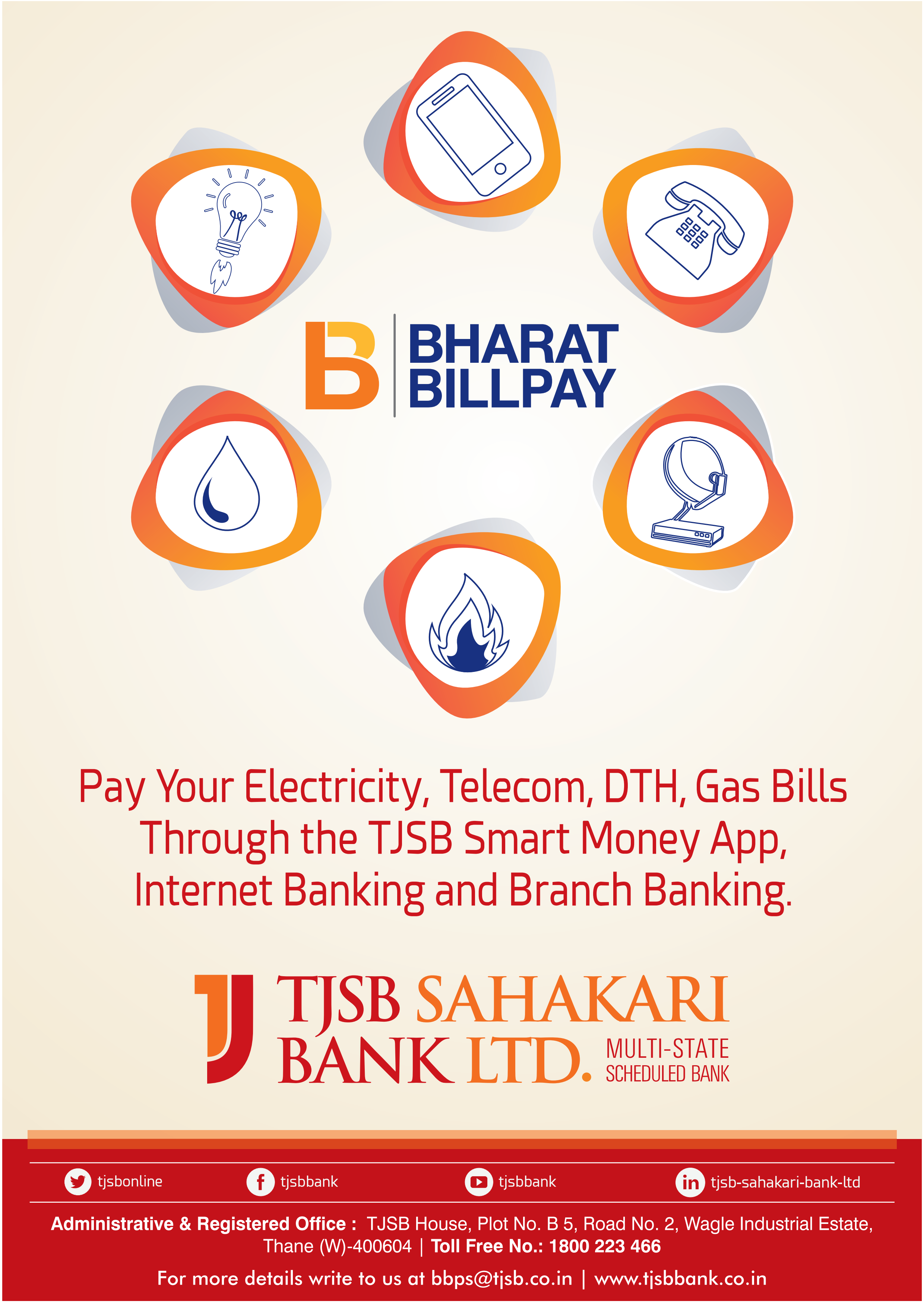
MEDC in association with BMC has organised a Talent Street every Sunday at the Kala Ghoda Festival in Mumbai. The objective of the exhibition is to showcase and promote the artisans, folk dances of Maharashtra, and a caricature of the MSME entrepreneurs behind them. The Exhibition was inaugurated by many eminent designated of BMC, MTDC & MEDC.

Meeting of Shri Nitin Gadkari ji and Cdr. Dipak Naik

MEDC believes that for effective growth and welfare of our people we have to look towards the many facets of ocean and river based economy. The current focus of development and growth dependent on land based resources. India in general and coastal states in particular has to pay focused attention to water based economic growth. There are many verticals of marine trade, transportation and industry.

Thus, with this concept in mind Cdr. Dipak Naik, President – MEDC met Shri Nitin Gadkariji, Minister for Road Transport & Highways, Shipping and Water Resources and explained him, his idea about the Blue Economy Conclave.

The concept of blue economy is much broader and encompasses all water borne / oceanic activities such as shipping services, fishing, food processing, mining, Oil and natural gas, tourism and skill development to meet the needs of these specialized skills. MEDC is initiating this concept under the guidance of Shri Gadkariji.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