

BUDGET WISHLIST

Focusing on growth

Jobs, farming, healthcare and education matter

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The CII expects Budget 2018-19 to focus on four key areas: investment revival, job creation, agricultural growth and the social sectors of education and healthcare.

A key determinant of investments is the corporate tax structure. Indian industry bears a high burden of taxation, including Minimum Alternate Tax and Dividend Distribution Tax. As many countries are moving towards a lower tax regime, companies in India are at risk of losing competitiveness, especially compared to other emerging economies. CII has calculated that a corporate tax rate of 18 per cent with minimal exemptions can best work for industry. In the last Budget, the Finance Minister slashed rates for smaller enterprises to 25 per cent, and we hope that the upcoming Budget would extend this to all enterprises as a beginning.

While the government's strong push to spending on infrastructure is a big positive, investment revival will gain from greater certainty in public-private partnerships to balance risks of long-term capital outlay. Plug-and-play project models with all clearances in place would build confidence for private players. Dispute resolution has emerged as a key challenge too, as many investments are held up due to delayed judicial processes. Both judicial and regulatory bodies should have low-cost time-bound processes for resolving disputes so that funds are not held up. Hopefully, the Insolvency and Bankruptcy Code and bank recapitalisation steps will shore up credit offtake.

With land acquisition a significant constraint on investments, CII has called for development of land banks by identifying and agglomerating large tracts available with different arms of the govern-

ments and offering these to the private sector.

Employment generation has rapidly emerged as a policy imperative. An earlier Budget offered to contribute to employee pension schemes for new employees and this could be extended. It is important to strengthen social security for informal workers, while increasing flexibility for employers. Another way to encourage job creation would be to fast-track coastal employment zones as outlined by NITI Aayog.

The Government has pledged to double incomes for farmers in the next three years, and this would require a strong push to agri infrastructure including irrigation and water management, cold storage, and logistics. Stable price support and export-import policies would also help rural households. Participation of corporates, farmer producer organisations and food processing linkages can be incentivised through enabling contract farming and land leasing which would protect the ownership rights to land for farmers.

The 2017 National Health Policy pledges to increase public spending on healthcare to 2.5 per cent of the GDP by 2022 from the current 1.5 per cent, and the Budget must work towards this target. Construction of AIIMS-like hospitals and women's health require special focus. India comes in at near the bottom on health index for women in the 2017 global gender gap report.

India needs to build up government expenditure on education from 3.2 per cent of GDP to 6 per cent over the next few years and fill vacancies in teaching posts across schools and universities while ensuring good attendance. Capacity building and training of teachers requires special attention in the Budget.

The writer is Director General, CII

