

Tax cut to benefit just 0.7% companies: Sinha

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Pune: Former Union finance minister **Yashwant Sinha** said on Monday that the Centre's move to slash corporate tax would benefit barely 0.7% companies with an annual turnover of over Rs400crore each.

"As a long-term measure, the move appears to be prudent, but it won't provide any immediate advantage or relief to the country's prevailing economy," he said, while speaking on 'Economic slowdown: Structural or cyclic' at the Gokhale Institute of Politics and Economics.

He wondered if the big corporates, who represent 0.7% beneficiaries, will come forward to revive the economy by re-investing in market. Referring to Union finance minister Nirmala Sitharaman's budget announcements on July 5, Sinha said 99.3% companies, with an annual turnover of up to Rs 400 crore, are paying 25% corporate tax. This effectively leaves 0.7% corporates to benefit from tax cut of September 20.

He said the government would have done better had it emulated the decision taken by

the then A B Vajpayee-led NDA government to invest big time in infrastructure projects, which would have created demand for investment goods like cement, steel and generated employment, thereby raising the earning capacity of the workforce.

Sinha said the economic crisis first started with the agriculture sector. "The growth rate of rural wages dropped to 3% in 2018-19 from 28% in 2013-14 because the farmers did not get adequate purchase price for their produce," he said.



Similarly, a slump in the construction sector saw the number of jobs going down to 10 lakh over the last six years from 50.3 lakh in 2011-12, he said. "Civil construction contributes nearly 45% of India's GDP and takes care of 94% jobs in the unorganised sector. Loss of jobs leads to remigration of labour to villages, but the states are now complaining of not getting adequate funds for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) projects," he said.

Sinha said the 'Make in India' initiative has remained a mere slogan, while observing that Indians have forgotten to protest out of fear of being branded 'anti-nationals'.