Currently, India is the world’s fastest growing major economy. However, to stay ahead of its peers and to remain on a high growth trajectory on a sustainable basis, incremental and reactive reforms are not enough. India needs to embrace radical proactive reforms.

In the Union Budget 2017–18, “TEC India” has been outlined as the national agenda where “T” stands for transforming the quality of governance, “E” stands for energizing various sections of the society to help them unleash their true potential and “C” stands for cleansing the nation from the evils of corruption. This agenda perfectly gels with the various national programs that have been launched by the Hon’ble Prime Minister in order to improve the Indian economy on a number of parameters. The idea is to make India an attractive destination for investment, create more jobs, unlock the spirit of entrepreneurship among our people by making them competent and provide a better quality of life for the masses.

In this backdrop, the timing of the annual event of ASSOCHAM with the theme “India: transforming through radical reforms” could not have been any better. I congratulate EY for coming up with a comprehensive background paper on this theme and presenting an in-depth analysis of the various government programs that are in progress and also making suggestions on the way forward. I hope the contents of this document will provide valuable food for thought on improving the delivery mechanisms of the existing programs as well as help in conceptualizing new radical reforms that India may need.
It is indeed a great occasion that the Chamber is celebrating the 96th Annual Event in February, and the theme chosen is “India: transforming through radical reforms,” which is extremely apt and timely.

In the recent past, the Central Government has taken big ticket reforms rather than baby steps for bringing in paradigm and transformational changes in the Indian economy. Though the jury is still out on the issue of demonetization, it definitely is a bold reform for cleaning up ills such as black money and corruption, which are eating away the benefits of growth.

The GST is also set to be implemented from 1 July 2017 and would bring in immense benefits for the national economy by way of a uniform tax structure throughout the country and making it easier to do business in India.

To discuss all these issues the Chamber has engaged all policy formulators, opinion makers and stakeholders.

We at ASSOCHAM hope that the Summit will help in achieving this year’s objectives.
India has seen a wave of strong positive change in the last two and a half years under the visionary and actionable leadership of the Prime Minister of India Shri Narendra Modi. Today, our country stands tall (an economy of INR154.5 (US$2.3) trillion) on the international stage with radical reforms and evidence of sound governance by the NDA Government.

The Government’s bold measures on many fronts are helping India reach its true potential. Our fundamental economic indicators are a strong endorsement of that. Today, we have robust macroeconomic indicators such as strong GDP growth (7.6% consecutively in the last two fiscal years) and balanced inflation, fiscal deficit and current account deficit that are under control. Foreign investors now place huge trust in India, with many international leaders directing their investments in various sectors. Cumulative foreign direct investment since FY15 has been INR8,736 (US$130) billion, which is an outcome of the Government’s proactive approach to growth, including several measures to make doing business easier. India climbed to rank 130 in Ease of Doing Business 2016 from 142 in 2014.

The major reforms from the Government will continue to boost investor sentiment and India’s outlook across the world. The “Make in India” initiative aims to transform India into a hub for design, innovation and manufacturing. The “Swachh Bharat Abhiyan” focuses on making India a clean and an open defecation free nation, while the “Startup India” initiative will lead the way to make India a nation of job creators instead of job seekers.

About 843 million Indians are expected to move into cities by 2050, which leads to the vision of India becoming an urbanized nation. The Government, with its “Smart Cities” initiative, plans to create 100 sustainable and innovative smart cities to offer core infrastructure and smart solutions.

India is also poised to become a digital economy with the “Digital India” initiative, targeting to create digitally empowered citizens. Key policy actions toward the implementation of the “Goods and Services Tax” (GST), a key tax reform, are in process.

Most recently, India witnessed its boldest move in the recent past: demonetisation of INR500 and INR1,000 banknotes, ceasing their usage as a form of legal tender in India. Over the years, the move aims to reap the benefits by tackling a parallel economy, counterfeit currency in circulation and terror financing.

While the pace of India’s radical reforms may vary, the direction is firmly set toward higher growth. According to the Economic Survey 2016-17, economic growth has been pegged between 6.75% and 7.50% for FY18. The economy will continue to benefit from significant progress in trade, proactive policy actions and robust external buffers.

Amid the changing landscape of doing business in India, we have developed a guide “India: transforming through radical reforms” to give the policy formulators, opinion makers and stakeholders an overview of the key game-changing reforms. We expect this guide to help them plan and develop the next course of action.
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## Executive summary

Over the last two and a half years, the Government has launched several fast-paced reforms that have transformed India into one of the fastest growing large economies in the world. Below is a snapshot of the major reforms undertaken by the Government.

<table>
<thead>
<tr>
<th>Digital India</th>
<th>Smart Cities</th>
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<tbody>
<tr>
<td>• Aims to prepare India for a knowledge-based future with the use of technology at an outlay of INR1,130 billion</td>
<td>• Aimed at enhancing economic growth and improving the quality of life by allowing local area development and harnessing technology</td>
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<td></td>
<td>• To be operated as a centrally sponsored scheme with an allocation of INR480 billion</td>
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<tr>
<th>Make in India</th>
<th>Swachh Bharat Abhiyan</th>
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<tr>
<td>• Enhance manufacturing capabilities to make India a global design and manufacturing hub</td>
<td>• Aims to make India clean and open defecation free</td>
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<td></td>
<td>• Estimated outlay of INR620 billion to cover 10 million household toilets, 250,000 community toilets and 260,000 million public toilets by 2019</td>
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<td>• Aims to increase the share of manufacturing in GDP to 25% by 2025</td>
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<th>Skill India</th>
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<td>• Pradhan Mantri Kaushal Kendra (PMKK) to be extended to more than 600 districts</td>
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<th>24x7 – Power for All</th>
<th>Pradhan Mantri Awas Yojna</th>
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<tr>
<td>• A joint initiative between the Government of India (GoI) and state governments to provide 24x7 power supply across the country by 2019</td>
<td>• Focusing on slum rehabilitation through private developers, offering credit-linked subsidies and affordable housing in partnership</td>
</tr>
<tr>
<td></td>
<td>Targets to build 20 million houses for the urban poor by 2022</td>
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<tr>
<td></td>
<td>• Efforts made so far include: reviving coal production, recharging hydroelectric power, restarting gas plants and improving the transmission and distribution of electricity</td>
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<th>JAM Trinity</th>
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<tr>
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<td>• An initiative to link Jan Dhan accounts, mobile numbers and Aadhaar cards of Indians to plug the leakages of inefficient distribution of subsidies through direct transfer to intended beneficiaries</td>
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<th>Goods and Services Tax (GST)</th>
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<td>• GST aims to simplify the Indian tax structure by introducing one indirect tax for the entire nation, thus making India one unified common market</td>
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<td>• A four-tier GST tax structure of 5%, 12%, 18% and 28%, with lower rates for essential items proposed</td>
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<td>• Launched to build an ecosystem for nurturing innovation and startups in the country</td>
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<td>• Proposed an investment of INR100 billion over a period of four years to promote entrepreneurship</td>
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Budget snapshot

The Union Budget\(^1\) of 2017-18 focused on developing infrastructure, increasing spending in rural areas, fighting poverty and giving Indian youth the opportunities to attain the skills for better jobs. Below is a snapshot of the Budget announcements made around the key reforms covered in the report.

Digital India

- Cash transactions limited to INR300,000
- A target of 25 billion digital transactions for 2017-18 through UPI, USSD, Aadhaar Pay, IMPS and debit cards
- Exemption of BCD, Excise/CV duty and SAD on miniaturized POS card reader, micro ATM, and fingerprint reader and scanners
- Allocation of INR100 billion to the Bharat Net project for 2017-18; high speed broadband connectivity on optical fibre to be available in over 1,50,000 gram panchayats
- A DigiGaon initiative to be launched to provide tele-medicine, education and skills through digital technology

Skill India

- An innovation fund focusing on 3,479 educationally backward blocks for secondary education to be created to encourage local innovation
- Launched SWAYAM platform with at least 350 courses, for virtual trainings
- Pradhan Mantri Kaushal Kendras (PMKK) to be extended to more than 600 districts across the country
- 100 India International Skill Centers to be established to offer advanced training and courses in foreign languages
- Launched the Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) program at a cost of INR40 billion
- The next phase of Skill Strengthening for Industrial Value Enhancement (STRIVE) to be launched at a cost of INR22 billion to provide vocational training and strengthen the apprenticeship program

Demonetisation

- Black money Special Investigation Team (SIT) has suggested to disallow cash transactions above INR300,000
- Maximum cash donation limit for a political party from an individual to be set at INR2,000

24x7 – Power for All

- A proposal to feed 7,000 railway stations with solar power in the medium term; work will be taken up for 2,000 railway stations as part of the 1,000 MW solar mission
- 100% village electrification by 1 May 2018; an increased allocation of INR48.1 billion proposed under the Deendayal Upadhyaya Yojna in 2017-18

Startup India

- The profit-linked tax deduction available to start-ups for 3 years out of 5 years changed to 3 years out of 7 years.

Pradhan Mantri Awas Yojna

- Affordable housing to be given infrastructure status
- 10 million houses for poor by 2019, allocation of INR230 billion for the Pradhan Mantri Awas Yojna - Gramin
- National Housing Bank to refinance INR200 billion loans in FY18

Swachh Bharat Abhiyan

- Sanitation coverage in rural India increased from 42% in October 2014 to about 60%
- Priority to be given to open defecation free villages for piped water supply
- Proposal to provide safe drinking water to over 28,000 arsenic and fluoride affected habitations in the next four years
- SMS based “Clean My Coach Service” has been started

\(^1\) Uttar Pradesh
India: transforming through radical reforms

1 India’s macroeconomic snapshot
Gross domestic product

The Indian economy has been growing steadily on account of strong domestic demand and major reforms by the Government. According to the Economic Survey 2016–17, economic growth has been pegged at 6.5% for the current fiscal before it rebounds to 6.75%–7.5% in FY18.

India’s industrial production rose by 5.7% in November 2016, it’s fastest in 13 months, driven by a positive base effect, compared to a contraction of 1.8% the previous month. While manufacturing grew at 5.5% against a contraction of 4.6% in October, mining output and electricity generation grew at 3.9% and 8.9%, respectively.

16 industry groups out of 22 in the manufacturing sector registered a positive growth in the month of November 2016.

Inflation

In August 2016, India adopted an inflation target of 4% for the next five years, with an upper tolerance level of 6% and a lower limit of 2%, to focus on macroeconomic stability and boost growth while keeping prices in check.

Inflation reduced to a 13-month low of 4.3% in September 2016. Inflation in India is expected to average 4.8% in the January–March quarter of 2017, below the RBI’s near-term target, giving the Central Bank an advantage to further cut interest rates in 2017.

Foreign direct investment

The Government’s favorable policy regime – including liberalization of the FDI policy framework and launch of major national development programs including Make in India and Digital India – along with a robust business environment have ensured the inflow of foreign capital into the country.

According to the Department of Industrial Policy and Promotion (DIPP), the total FDI investments in India during April 2016–September 2016 grew by 30% year-on-year, indicating the positive effects of the GoI’s effort to improve ease of doing business and the relaxation in FDI norms.
India: transforming through radical reforms

Foreign exchange reserves

India’s foreign exchange reserves grew by 5.4% to reach INR24,205 (US$360.2) billion at the end of FY16, due to an increase in foreign currency assets and a record high FDI inflows. According to RBI, the forex reserves stood at around INR24,245 (US$360.8) billion on 20 January 2017.

Fiscal and current account balances

Investment Information and Credit Rating Agency of India (ICRA) expects India’s current account deficit (CAD) to be curtailed under INR1,340 (US$20) billion in FY17, lower than the approximate INR1,474 (US$22) billion in FY16. According to Moody’s, a lower energy import bill and policy measures to contain gold imports are contributing in keeping the trade deficit at moderate levels.

Fiscal deficit, the gap between expenditure and revenue for the entire fiscal, has been pegged at INR5,330 billion, or 3.5% of GDP, in FY17. According to a Goldman Sachs report, the GoI is likely to meet its budget deficit target of GDP for FY17 due to better-than-expected tax revenue growth and higher duties from petroleum products.
India: transforming through radical reforms
Transforming India through radical reforms
Make in India
Transforming India into a manufacturing magnet

**Intent:** The Make in India initiative aims to transform India into a global design and manufacturing hub.

- Increase share of manufacturing in GDP to 25% by 2025 (16% currently)
- Create 100 million additional jobs in the manufacturing sector by 2022
Brief

Manufacturing sector is the core driver of economic growth for any country, and the Government has shown strong intent to make India a global manufacturing hub through the “Make in India” initiative launched in 2014. The initiative aims to build best-in-class manufacturing infrastructure by enabling investments, boosting innovation, encouraging skill development and strengthening intellectual property protection.

Key highlights

Favorable policies

- Income tax for companies with annual turnover up to INR500 million reduced to 25% in Budget 2017-18. About 96% of micro small and medium enterprises (MSME) will benefit from lower taxation.
- Clarification on provisions relating to “indirect transfer” of assets to reduce potential tax disputes
- GST—single tax framework, expected to be implemented by July 2017
- Reduction of the tax withholding rate on payments for use of technology to 10% for non-residents
- Time required for the incorporation of a company reduced to 1 day instead of 10 days
- Number of mandatory documents required by customs for import and export of goods reduced to 3

Relaxed FDI norms

- As per Budget 2017-18, a proposal to phase out the Foreign Investment and Promotion Board (FIPB) has been passed
- FDI norms eased in 15 major sectors, such as defense, construction and real estate, and aviation, in November 2015; further changes to the FDI policy made in June 2016, including:
  - Amended the foreign investment policy for the defense sector, with FDI above 49% now allowed through the government approval route
  - Allowed 100% FDI in trading, including through e-commerce, teleports, DTH, mobile TV and brownfield aviation projects
- Allowed 100% FDI in the telecom services sector, single-brand retail, asset reconstruction and real estate and construction

Developing industrial infrastructure

- The total allocation for infrastructure development for the current year stands at INR3,961 billion, as per Budget 2017-18
- 5 industrial corridors being developed across the country to promote advanced practices in manufacturing
- National Industrial Corridor Development Authority being created to coordinate, integrate, monitor and supervise the development of all industrial corridors
- Approval accorded to 22 industrial projects under the Modified Industrial Infrastructure Upgradation Scheme (MIIUS)

Ease of doing business

The Indian Government has committed itself to improving its Doing Business ranking by steadily implementing reforms across all 10 indicators, including starting a business, dealing with construction permits, getting electricity, registering property and paying taxes.

- Starting a business: Days required to start a new business in India reduced to 26 in 2016 (33 days in 2014)
- Getting electricity: Time to get electricity connections for businesses reduced to 45 days in 2016 (138 days in 2014)
India: transforming through radical reforms

Defense and aviation
- Defence offset policy presents opportunities worth 30% of the deal value on the procurement of defence equipment in excess of INR20 billion (US$307.7 million) to local manufacturers.
- Strong government policy is promoting self-reliance, indigenization, technology upgrade and development of capabilities for exports in the defence sector.
- The Airport Authority of India (AAI) plans to invest INR201 (US$3) billion in non-metro projects during 2016–20.
- The Indian aviation sector is likely to see investments totalling INR102 billion during 2016–20.

Road ahead

Automobile and automobile components
- Manufacturing and imports in the automobile sector have been exempt from licensing and approvals.
- National Electric Mobility Mission Plan 2020 targets 6 million electric and hybrid vehicles per year on the road by 2020.
- There is strong government support in setting up National Automotive Testing and R&D Infrastructure Project (NATRiP) centers.
- There is presence of enabling infrastructure such as automotive training institutes and auto design centers, special auto parks and virtual SEZs for auto components.
- Increased global OEMs sourcing from India and indigenization of these OEMs are making India a preferred designing and manufacturing base.

Journey so far

1. Make in India Week 2016
The Make in India week kicked off in Mumbai on 13 February 2016 to create avenues for showcasing, connecting and collaborating for manufacturing in India.

Highlights—Make in India Week 2016
- 11,000+ companies participated
- Investment commitment of over INR15,200 billion
- 2,606 MoUs signed by Maharashtra Government

2. Growing FDI
- Highest ever FDI inflow for a financial year in 2015-16
- FDI equity inflow increased 44% during June 2014–February 2016 over the preceding 21 months.

3. Signed MoUs with investment promotion agencies of the US, the UK, Italy, Japan, France, South Korea, Republic of Kazakhstan, Saudi Arabia and Mauritius
Renewable energy

- The Government targets to add 175 GW of renewable power in India by 2022, which includes: 60 GW from wind power, 100 GW from solar power, 10 GW from biomass power and 5 GW from small hydro power
- India’s installed solar capacity increased from 20 MW in 2011 to 8 GW as of July 2016.
- Suryamitra Scheme for skill development of the workforce to create 50,000 trained personnel between 2015–20.

Pharmaceuticals

- Revenues in the sector are expected to reach INR3,024 (US$45) billion at a CAGR of 12.1% during 2012–20.
- About INR13 trillion (US$200 billion) is expected to be spent on medical infrastructure in the next decade.
- The patient pool in India is expected to grow to over 20% in the next 10 years, driven by growth in population.
- India is the largest provider of generic medicines in the world, accounting for 20% of global exports in terms of volume.
Startup India
An ecosystem for promoting entrepreneurship

Intent: The Startup India initiative aims to fill gaps in the economy for the growth and development of startups and also boost digital entrepreneurship at the grassroots.
Brief

The Startup India campaign was launched in January 2016 with an objective of building a strong ecosystem for nurturing innovation and startups in the country that will drive sustainable economic growth and generate large-scale employment opportunities. The Government has proposed an investment of INR100 billion over a period of four years for the initiative.

Key highlights

**Action plan simplification and handholding**
- Compliance regime based on self-certification, thereby allowing startups to focus on their core business and keep compliance cost low
- Mobile app and portal rolled out for startups to interact with the Government and regulatory institutions
- Startup India Hub, a single point of contact for the entire startup ecosystem and enable knowledge exchange and access to funding
- Legal support and fast-tracking patent examination at lower costs to facilitate high quality intellectual property services
- Relaxed norms of public procurement for startups will provide an equal platform to startups (in the manufacturing sector) vis-à-vis the experienced entrepreneurs/companies in public procurement
- Faster exit for startups to make it easier to wind up operations

**Support and incentives**
- In the Budget 2017-18, the profit linked tax deduction available for startups changed to 3 years out of 7 years (from 3 years out of 5 years)
- Credit guarantee fund for startups to catalyze innovation by providing credit across all sections of the society
- Tax exemption on capital gains to promote investments by mobilizing gains arising from the sale of capital assets

**Industry–academia partnership and incubation**
- Organizing startup fests for showcasing innovation and providing a collaboration platform
- Launch of the Atal Innovation Mission (AIM) with the Self-Employment and Talent Utilization (SETU) program
- Harnessing private sector expertise for incubator setup
- Setting up of 7 new research parks modeled on the research park setup at IIT Madras

**Stand up India**
It is targeted to uplift the SCs, STs and women entrepreneurs by providing them with finances in the range of INR1 million - INR10 million to establish new businesses.
India: transforming through radical reforms

1. Queries and applications received
   - Startup India Hub has handled about 27,000 queries from startups through telephone, e-mails and Twitter.
   - Out of 1,425 applications received, 522 have been recognized as startups by the Department of Industrial Policy and Promotion (DIPP).

2. Facilitators constituted for IP applications
   - A panel of 422 facilitators for patents and designs and 669 facilitators for trademark application has been constituted for assistance in filing intellectual property (IP) applications.
   - Out of 108 patent applications filed, 104 received the benefit of 80% rebate in patent fees.

3. Proposals by NEAC
   - 7 proposals for research parks, 15 proposals for technology business incubators and 14 proposals for startup centers have been recommended by the National Expert Advisory Committee (NEAC) formed by Ministry of Human Resource Development (MHRD).

4. Rise of incubators in India
   - With a 10%-12% y-o-y growth, the Government is going aggressive in its startup agenda; more than 13 states and UTs have already established startup policies.
   - The number of incubators and accelerators witnessed a 40% y-o-y growth in 2016, with 35 new additions under the Startup India initiative.
   - 66% new incubators established in tier2/tier 3 cities.

Road ahead

Tech start-up location

- India the 3rd largest technology startup location
- The initiative provides an enormous opportunity for tech startups and entrepreneurs.
- The number of technology startups in India is expected to grow by 2.2x to 10,500 by 2020.

Promote entrepreneurship in biotechnology

- The Department of Biotechnology plans to increase the number of startups in the sector by nurturing approximately 300-500 new companies each year.
- 5 new bio clusters, 50 new bio incubators, 150 technology transfer offices and 20 bio connect offices will be established though the Biotechnology Research Assistance Council.
Skill India
Preparing the workforce of tomorrow

Intent: The initiative aims to provide the Indian workforce with the required skill sets and knowledge to enable them to contribute substantially towards the economic growth of India.
India: transforming through radical reforms

Revitalizing the landscape of Industrial Training Institutes (ITIs) across the nation

- Approved in December 2014, with a project outlay of INR3 billion and an implementation period of three years, the policy works on a 70:30 funding pattern between the Center and states.
- Formed to upgrade the existing government ITIs in states to model ITIs through Institute Management Committees (IMCs) with a representative from the industry as the chairperson.

National Skills Qualification Framework (NSQF)

- Responsible for safeguarding the consistency in the outcome of skills training.
- Over 1,660 qualifications from both National Skills Development Corporation (NSDC) and ITI ecosystems have been aligned in the last 2 years.

Reformed the Apprenticeship Act to scale up apprenticeship training

- Enables employers to engage 2.5%–10% of their total workforce as apprentices, and companies employing five or more to admit apprentices with the wages of semi-skilled industrial workers and make work time and leave benefits similar to those of regular workers from the organized sector.

National Skill Development Corporation (NSDC)

- Established to catalyze private sector involvement in the area of skill development and runs industry-driven courses of high quality with focus on employability.

Pradhan Mantri Yuva Yojna (PMYY)

- Launched in November 2016 with a project outlay of INR4.9 billion to provide entrepreneurship training and education to over 0.7 million students in 5 years through 3,050 institutes.

Sector Skills Councils (SSCs)

- Funded by NSDC, SSCs are an industry-led initiative that create National Occupation Standards (NOS).
- 11 new SSCs added and 40 Sector Skill Councils have been approved by NSDC since November 2014.

Brief

The skill gap study by the National Skill Development Corporation (NSDC) during 2010–14 reports that by 2022, over 109.7 million additional skilled manpower will be required across different sectors in India. The Government has taken a host of initiatives to channelize the efforts and provide impetus to the skill development ecosystem. The Ministry of Skill Development and Entrepreneurship (MSDE) was created in November 2014 to drive the Skill India agenda in mission mode. In the last two years, the number of trained Indians grew by 36.8%, to reach 10.4 million in FY16.

Key highlights

According to Budget 2017-18:

- An innovation fund focusing on 3,479 educationally backward blocks for secondary education to be created to encourage local innovation.
- Launched Study Webs of Active Learning for Young Aspiring Minds (SWAYAM) platform with at least 350 courses, for virtual trainings.
- Pradhan Mantri Kaushal Kendras (PMKK) to be extended to more than 600 districts across the country.
- 100 India International Skills Centers to be established to offer advanced training and courses in foreign languages.
- Launched the Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) program at a cost of INR40 billion.
- The next phase of Skill Strengthening for Industrial Value Enhancement (STRIVE) to be launched at a cost of INR22 billion to provide vocational training and strengthen the apprenticeship program.

MSDE has launched policy initiatives to support the skilling India mandate.

Pradhan Mantri Kaushal Vikas Yojna (PMKVY)

- Launched in 2015 with the mission statement “Kaushal Bharat Kushal Bharat,” PMKVY is the flagship scheme aimed to benefit 10 million youth.
- A new version of the scheme launched in July 2016 with a target to skill 10 million people over four years (2016–20) at an outlay of INR120 billion.

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Journey so far

1. Pradhan Mantri Kaushal Vikas Yojna
   - A total of 1.98 million candidates, including 1.78 million in fresh training and 0.20 million under Recognition of Prior Learning (RPL), were enrolled.
   - 1.79 million candidates have been trained and 1.19 million have been certified, of which 0.7 million candidates have been trained in manufacturing jobs.

2. Industrial Training Institute
   - The number of ITIs increased from 10,750 in May 2014 to over 13,105 in May 2016. 1,141 new ITIs and 0.17 million seats were added between May 2015 and May 2016.

3. National Skills Development Corporation
   - NSDC partners skilled 2.49 million people and placed about 1.20 million people in FY2014-15.
   - Candidates trained in Jammu and Kashmir (J&K) increased from 3,062 in May 2014 to 10,810 in May 2016, under “Udaan” – an initiative focusing on enhancing the employability in J&K.
   - 15,000 instructors have been trained by Central Institutes of Directorate General of Training (DGT) and over 18,000 trainers have been trained through the distance learning infrastructure.

4. Pradhan Mantri Yuva Yojna
   - Institutes under the Yojna include 2,200 institutes of higher learning, 300 schools, 500 ITIs and 50 entrepreneurship development centers offering massive open online courses (MOOCs).

5. Focus on skilling and empowering women
   - 30% of seats for all courses are reserved in all Government and private ITIs.
   - 5 new regional vocational training institutes (RVTIs) for women were established during FY16.
   - As of October 2016, 155,236 women candidates had been trained and 54,456 women were placed by NSDC training partners.

Road ahead

Infrastructural development
- There are plans to open 3 new RVTIs for women in FY17.
- The target is to set up 426 Pradhan Mantri Kaushal Kendras (PMKKs) across 409 districts. Currently, the country has 33 PMKKs.

Planning and policy developments
- The program looks to offer a passage for overseas employment through special programs mapped to global job requirements and benchmarked to international standards.
- The program will also help in maintaining a national database, known as the Labour Market Information System (LMIS), which will match the demand and supply of skilled workforce in the country.
Swachh Bharat Abhiyan
Attaining the goal of cleanliness and an open defecation free nation

**Intent:** The Swachh Bharat Abhiyan aims to clean India’s cities and villages, thus ensuring hygiene, waste management and sanitation across the nation. The initiative comprises of eliminating open defecation, converting insanitary toilets to pour flush toilets, eradicating manual scavenging, facilitation of municipal solid waste management (MSWM) and creating public awareness about the need for proper sanitation facilities.
Brief

The Swachh Bharat Abhiyan (Clean India Mission), launched in October 2014, aims to provide every family with sanitation facilities (including toilets, solid and liquid waste disposal systems and village cleanliness) and safe and drinking water supply by 2019, on Mahatma Gandhi’s 150th birth anniversary. The mission is split into two sub-missions: Swachh Bharat Mission (Gramin) and Swachh Bharat Mission (Urban). The Union Ministry of Drinking Water and Sanitation is the nodal agency for the rural mission, while the Ministry of Urban Development will take care of the budgetary concerns of the urban component.

Key highlights

- Under the Budget 2017-18, SMS-based Clean My Coach Service has been started and all coaches of Indian Railways will be fitted with bio toilets by 2019
- Projected cost of INR620 billion, of which INR146.2 billion will be contributed by the Union Government, while the remaining will come from states and urban local bodies (ULBs)
- Aims to provide sanitation and household toilet facilities in all 4,041 statutory towns
- Targets to cover 10 million household toilets, 250,000 community toilets and 260,000 public toilets by 2019
- The Government launched the Swachh Vidyalaya initiative in August 2014 to provide toilets to schools without any toilet facility, as well as operate non-functional toilets; also launched the Bal Swachhta Mission in October 2014 to offer clean food, drinking water and sanitation facilities to children
- The Government collected INR39 billion in FY2015-16 from a Swachh Bharat cess of 0.5% imposed on all taxable services
- The amount used in FY2015-16 under Swachh Bharat Mission (Gramin) was INR24 billion and under Swachh Bharat Mission (Urban), INR1.6 billion
Journey so far

1. Urban and rural statistics
   - As of January 2017, Sikkim, Himachal Pradesh and Kerala have achieved the open defecation free status.

   ## Urban statistics
   - 2,918,669 household toilets built
   - 110,665 community and public toilets built
   - 39,995 wards with 100% door-to-door collection (SWM)

   ## Rural statistics
   - 32,038,346 household toilets built
   - 146,836 open defecation free villages
   - 82 open defecation free districts

2. Swachh Vidyalaya Initiative
   - 420,000 toilets have been constructed in 260,000 schools.
   - More than 64 public sector units and 11 private firms took the initiative of building toilets in schools.

3. Loan support
   - World Bank approved an INR 100.8 (US$1.5) billion loan in December 2015 to support India’s Swachh Bharat Mission Support Operation Project.

   “This project, aimed at strengthening the implementation of the Swachh Bharat Initiative of the Government, will result in significant health benefits for the poor and vulnerable, especially those living in rural areas ... Incentivizing good performance by states and the focus on behavioral changes are two important components of this project.”

   — Onno Ruhl
   Country Director for India, World Bank

4. Digital initiative
   - The Ministry of Tourism of India developed a Swachh Parayatan mobile App in February 2016 for citizens to flag issues related to cleanliness in and around tourist sites.
   - The Government launched a Swachhata app in August 2016 to draw the attention of ULBs to civic issues.
Waste management

- Solid waste management forms an important component of Swachh Bharat Abhiyan as India generates 140,000 tonnes garbage every day.
- The Indian waste management industry, which is expected to reach INR873.6 (US$13) billion by 2025, offers opportunities in terms of building waste management plants and waste-to-energy plants, and alternate sources of fuel production.

Tourism

- Tourism generates nearly 6.5% of India’s total GDP, and over 40 million Indians derive their income from this sector.
- Cleanliness is observed as the main hurdle in promoting tourism in India. The Swachh Bharat Abhiyan will boost employment through tourism, which in turn will give a push to India’s GDP. The Government has planned to clean 100 tourist destinations, of which 10 spots had been decided as of 2016.
Smart Cities Mission

Smarter move toward urban planning

**Intent:** The Smart Cities Mission aims to promote cities that offer core infrastructure and a decent quality of life to its citizens, a clean and sustainable environment and the application of “smart” solutions.
India: transforming through radical reforms

Brief

Launched in June 2015, the Smart Cities Mission aims to enhance economic growth and improve the quality of life by allowing local area development and harnessing technology. The key features of a smart city include adequate water supply, assured electricity supply, sanitation, efficient urban mobility and public transport, affordable housing, robust IT connectivity and digitization, good governance (especially e-governance and citizen participation), sustainable environment, safety and security of citizens, as well as health and education.

Key highlights

- Operated as a Centrally Sponsored Scheme (CSS) with an allotted budget of INR480 billion from FY16-20; states/ULBs to contribute a similar amount
- To cover 100 Indian cities, distributed on an equitable criteria among the states and the UTs
- Both area-based development schemes – including city improvement (retrofitting), city renewal (redevelopment) and city extension (Greenfield development) – as well as pan-city solutions (application of smart solutions to existing city-wide infrastructure) constitute the strategic components of the mission
- Part of an extended plan by the Government to develop industrial corridors between India’s large metropolitan cities, including the Delhi–Mumbai Industrial Corridor, the Chennai–Bangalore Industrial Corridor and the Bangalore–Mumbai Economic Corridor
- The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) aims to provide basic services including water supply, sewerage and urban transport to households, and shares complementarity with the Smart Cities Mission in attaining urban transformation; AMRUT follows a project-based approach, while the Smart Cities Mission follows an area-based strategy
Journey so far

1. Cities coverage
   - Under the mission, 60 cities have been chosen as of 2016, and the remaining will be taken up by 2018.
   - The total investment proposed by the 60 cities chosen amounts to INR1.4 trillion.

2. Loan support
   - Asian Development Bank has agreed to provide a loan of INR67.2 billion, while the World Bank has agreed to provide a loan of INR33.6 billion for implementing the Smart City Mission.
   - BRICS Development Bank is also willing to provide support to smart city projects.

3. Digital initiative
   - Launched in June 2016, SmartNet is an interactive web portal with a database of global, national and local solutions to help city officials adopt best practices for implementing smart city projects.

4. Foreign collaborations
   - The Smart Cities Mission has garnered support from countries across the world in its efforts toward urban development and technology utilization.

- The US inked an MoU for Vishakhapatnam, Allahabad and Ajmer.
- The UK would collaborate with Indore, Pune and Amravati to support urban development.
- Germany has agreed to partner with India to develop Coimbatore, Kochi and Bhubaneswar as smart cities.
- Japan has agreed to assist India to develop Chennai, Ahmedabad and Varanasi as smart cities.
- Spain submitted a draft MoU for smart cities cooperation and proposed to develop Delhi as a smart city.
- France signed a pact to assist Nagpur, Chandigarh and Oulgaret.
- The Government of Gujarat has signed an MoU with China to construct a new smart city in Gujarat.
- Singapore is working with the Government of Rajasthan to prepare concept plans for townships in Udaipur and Jodhpur.
Road ahead

Increase in GDP contribution by urban areas

According to Census 2011, cities harbor about 31% of India’s population and contribute 63% to GDP. By 2030, urban areas are expected to harbor 40% of India’s population and contribute to 75% of GDP.

Smart governance

Investments of about INR80.6 trillion needed in the next 20 years in transportation, energy and security to build smart cities in India

- Projects for smart city to generate 10%-15% growth in employment.
- A PPP-based approach to be incorporated to upgrade infrastructure in 500 urban areas.
- The Delhi Mumbai Industrial Corridor Development Corporation Ltd (DMICDC) has planned 7 smart cities with a total investment of INR6.7 trillion.

Smart energy and environment

Implementation of 8 smart grid pilot projects with an investment of INR672 million

- The Ministry of New and Renewable Energy plans to add capacity of 30,000 MW till FY17.
- The Ministry of Water Resources has planned to spend INR3.4 trillion in the water sector in the coming years.
- The Government of India and the World Bank have inked an INR33.6 billion credit for the Rural Water Supply and Sanitation (RWSS) project in Assam, Bihar, Jharkhand and Uttar Pradesh.

Smart transportation

India’s 1st monorail project at Mumbai to cost about INR33.6 billion

- The Government has approved an INR277.5 billion plan to promote electric and hybrid vehicle production by targeting 6 million vehicles by 2020.
- There are planned investment of over INR1.3 trillion in metro rail projects in the coming years.
- A 534 km Mumbai-Ahmedabad high speed rail project has been proposed at an investment of around INR705.6 billion.

Smart buildings

India to be the 3rd largest construction market in the world by 2020

- The intelligent building management systems (IBMS) market in India is projected to grow at a CAGR of 28.1% to reach INR292 billion by 2021.
- Smart buildings will lead to:
  - 30% savings in water usage and 40% in energy usage
  - Reduction of building maintenance costs by 10%-30%
Pradhan Mantri Awas Yojana
Launchpad for affordable housing

**Intent:** The Pradhan Mantri Awas Yojana (Housing for All) aims to provide “pucca” houses with water facility, sanitation and electricity supply to all eligible families/beneficiaries by 2022. The initiative focuses on slum rehabilitation through private developers, offering credit-linked subsidies, affordable housing in partnership and subsidy for beneficiary-led individual house construction/enhancement.
Brief

The Pradhan Mantri Awas Yojana scheme has two components: Urban and Rural (“Grameen”). The urban scheme was launched in June 2015 to provide affordable housing to every urban household by 2022. It targets 20 million houses to be built for the urban poor by 2022. On the other hand, the rural scheme, launched in November 2016, aims to provide an environmentally safe and secure “pucca” house to every rural household by 2022. Under the scheme, 30 million houses will be built for poor in rural areas by 2022.

Key highlights

As per the Budget 2017-18, infrastructure status will be awarded to affordable housing sector

**Pradhan Mantri Awas Yojana (Urban) scheme**

- Will be implemented as a CSS except for the component of credit-linked subsidy, which will be implemented as a Central Sector Scheme
- Will cover 4,041 statutory towns with focus on 500 class I cities, which will be covered in the following phases:
  - Phase I (April 2015-March 2017) to cover 100 cities
  - Phase II (April 2017-March 2019) to cover 200 cities
  - Phase III (April 2019-March 2022) to cover the remaining cities
- Under slum rehabilitation, the Central Government will grant INR100,000 per house on average
- The economically weaker section (EWS)/lower income group (LIG) categories to benefit from an interest subsidy of 6.5% on housing loans availed up to a tenure of 15 years under the credit-linked interest subsidy component
- A Central Government assistance of INR150,000 per house to be provided for the EWS category under affordable housing in partnership and beneficiary-led individual house construction or enhancement

**Pradhan Mantri Awas Yojana (Grameen) scheme**

- INR819.7 billion to be expended for constructing 10 million houses from till 2019
- Financial assistance of INR120,000 in plain areas and INR130,000 in hilly areas and for those in the grip of Maoist insurgency
- To provide mason training to 500,000 people by 2019
Journey so far

1. Pradhan Mantri Awas Yojana (Urban)
   - 3,888 cities have been selected under the scheme.
   - A memorandum of agreement (MoA) has been signed between states and the Housing Ministry.
   - State-level nodal agencies have been established by states and union territories.
   - State-level sanctioning and monitoring committees have been formed across states and union territories.

2. Pradhan Mantri Awas Yojana (Grameen)
   - 3,463,015 houses under construction
   - 1,652,737 houses completed
   - 65.6% target achieved
   - 72.5% funds utilized

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21 states
Project proposals considered: 2,630
Project cost: INR693.6 billion
Central assistance released: INR41.2 billion
Houses completed: 9,435

8 NE states
Project proposals considered: 58
Project cost: INR26.3 billion
Central assistance released: INR3.4 billion
Houses involved (EWS): 99,854

7 union territories (UTs)
Project proposals considered: 3
Project cost: INR319 million
Houses involved (EWS): 768
Economic impact and growth in employment and connected sectors

- According to a report by India Ratings, the Housing for All scheme can provide an INR15 trillion boost to GDP by FY22.
- The success of the scheme rests on ramping up the existing urban infrastructure, fast-tracking the approval process and targeting the actual beneficiary.

“The ‘Housing for All’ scheme will increase employment opportunities and boost growth of the services sector. Sectors supplying crucial inputs to the construction sector, such as cement and iron and steel, will also grow. The growth of other sectors will depend on the strength of the forward and backward linkages of the construction sector, with the rest of the economy. As the output of sectors supplying inputs to the construction sector increases, it will increase the demand for goods and services in the economy, due to higher income generation. The biggest beneficiary of the scheme will be Uttar Pradesh, followed by Maharashtra and West Bengal. These are the top three states in terms of housing shortage and increased construction activities will help these states’ economies to grow.”

— Dr. Devendra Kumar Pant, Chief Economist, India Ratings & Research
24x7 Power for All
Uninterrupted, affordable and clean power for all

Intent: The initiative aims to provide 24x7 power supply across the country by 2019. The Ministry of Power is working jointly with state governments to create state-specific action plans to implement this initiative.
Brief

24X7 – Power for All (PFA), a joint initiative of the Government of India and the state governments, has an objective of providing 24x7 power to all households, industry, commercial businesses, agriculture farm holdings, and any other electricity consuming entity by 2018-19. The program covers the entire spectrum of the power sector, including generation, transmission, distribution, renewables, energy conservation and customer initiatives.

Key highlights

Under the aegis of the 24x7 PFA initiative, the Ministry of Power has included the following objectives and taken the following measures:

- Initiated Deendayal Upadhyaya Gram Jyoti Yojna and Integrated Power Development Scheme, worth INR430.3 billion, to boost the transmission and distribution network.

- According to budget 2017-18, 100% village electrification to be achieved by 1 May 2018. An increased allocation of INR48.1 billion has been proposed under the Deendayal Upadhyaya Yojna in 2017-18.

- Appointed a committee to draft the National Electricity Plan; the committee includes 11 sub-committees to deal with different aspects of the sector.

- According to Budget 2017-18, a proposal to feed 7,000 railway stations with solar power in the medium term, works will be taken up for 2,000 railway stations as part of 1000 MW solar mission

- Plans to achieve capacity addition of 118,537 MW (conventional: 88,537 MW and renewable: 30,000 MW), construction of 107,440 circuit km (ckm) transmission lines and setting up of 282,740 MVA transformation capacity during the 12th Plan, i.e., 2012-17

- Set a target of 10,000 MW of wind power installation per year

- The National Renewable Energy Bill, 2015 was prepared to expedite speedy growth of renewable energy power generation in the country.

- Announced the installation of 100 GW of solar power generating capacity by 2019, of which 60,000 MW to be contributed by large and medium-scale grid-connected solar power projects and 40,000 MW each from roof-top and distributed generation projects.

- The Coal Mines Special Provisions Bill, 2015 was passed to allocate coal blocks to state entities and private companies through auctioning

- The Ministry of Power launched UDAY (Ujwal DISCOM Assurance Yojna) to deal with over INR416.6 (US$6.2) billion loans of power distribution companies (discoms) to reduce their liabilities
Journey so far

1. Coal: from pithead to powerhouse
   - Transparent e-auction of 31 coal blocks and allotment of 43 coal blocks were done.
   - The coal stock in major power plants increased from less than 7 days in 2014 to more than 25 days in 2016.
   - The Coal Allocation Monitoring System (CAMS) portal was launched to promote transparency by giving information regarding coal price etc.

2. Recharging hydroelectric power
   - The 1,200MW Teesta Hydro project was revived through financial restructuring to ensure clean power for North East India.
   - Distribution licensees have been allowed to extend long-term power purchase agreements (PPAs) beyond 35 years by a further period of 15 years.

3. Gas plants revived
   - Stranded plants of 11,717MW capacity were revived with supply of re-gasified liquefied natural gas (RLNG) through e-auction in 2015.
   - The states of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana and Puducherry will benefit from increased generation from gas-based plants.

4. Transmission: one nation, one grid, one price
   - 50,215 ckm transmission lines laid in 2014-16
   - 128,403 MVA increased in sub-station capacity in 2014-16
   - 71% increase in transmission capacity to South India
   - Power Grid commissioned projects worth around INR303 billion
Road ahead

1

Bharat Uday

- The scheme aims to bring in budgetary discipline and smart infrastructure for DISCOMs, thus ensuring financial efficiency, operational efficiency and lower cost of power.
- UDAY bonds worth about INR1,000 billion were issued in 2015-16.
- 8 states and 1 union territory have agreed to join the mission of collaborative development of power infrastructure.

2

Deen Dayal Uphadyaya Gram Jyoti Yojna (DDUGJY) for Gramoday se Bharat Uday

- It aims to electrify the remaining 18,542 un-electrified villages.
- Feeder segregation will be done for 24x7 power to rural homes and micro, small and cottage industries.
- New transformers will be installed and last-mile infrastructure will be upgraded.
- Remote villages will be covered with off-grids and micro-grids.
- Solar installations will be done by DISCOMs to promote clean energy.

3

Integrated Power Development Scheme (IPDS) for smart infrastructure in cities

- Smart metering and tamper proof meters will be installed at homes.
- Infrastructure in urban areas will be upgraded, including comprehensive sub-transmission and distribution.
- Densely populated areas will have underground cabling and gas-insulated sub-stations.
- Solar installations such as rooftop solar panels and IT implementation will be done for better customer service
Digital India
Achieving the status of a digitally empowered and knowledge economy

Intent: The Digital India initiative aims to build capabilities across information and communication technology (ICT) infrastructure and software delivery platforms and promote IT skill sets and job creation.

The initiative targets to create digital infrastructure as a utility for Indians, take digital literacy to a higher level and ensure seamless integration across departments and availability of services in real time from online and mobile platforms.
Launched in July 2015, the Digital India program aims to prepare India for a knowledge-based future with the use of technology as an enabler of change. It is an umbrella program that runs across multiple Government ministries and departments, and will combine several existing schemes that would be restructured, re-focused on and implemented in a synchronized manner.

**Key highlights**

- Planned to be implemented in phases till 2018 and expected to cost approximately INR1,130 billion, which includes around INR1,000 billion in ongoing schemes of the Department of Electronics and Information Technology (DeiTY) and the Department of Telecommunications (DoT) and around INR130 billion for new schemes and activities.

The nine pillars of the initiative are described below:

- **Broadband highways**: With an estimated capex of INR476.9 billion, this pillar seeks to address the objectives of broadband for all rural and urban areas in the country, as well as create a National Information Infrastructure by March 2017.
  - According to Budget 2017-18, allocation of INR100 billion to the Bharat Net project for 2017-18; high speed broadband connectivity in over 150,000 gram panchayats.

- **Universal access to mobile connectivity**: With an estimated capex of INR160 billion, this pillar seeks to increase network penetration and cover current gaps in mobile connectivity. It aims to cover the remaining 42,300 villages by FY18.
  - According to budget 2017-18, a DigiGaon initiative to be launched to provide tele-medicine, education and skills through digital technology. Two new schemes to promote the usage of Bharat Interface for Money app were launched (referral bonus scheme for individuals and a cashback scheme for merchants) to increase the number of users from the current 12.5 million.

- **Public Internet Access Programme**: With an estimated capex of INR47.5 billion, it will cater to the objectives of National Rural Internet Mission and have common service centers in 250,000 villages by March 2017. It also aims to develop 150,000 post offices as multi-service centers in the country.

- **E-governance**: With this initiative, the Government seeks to undergo a business process re-engineering using IT to improve its transactions. It aims to simplify forms, create online repositories for school certificates and IDs, integrate services and platforms (such as Aadhaar and payment gateways) and automate government workflow and public grievance redressal processes.

- **e-Kranti**: This pillar aims to involve technology for delivery of services in multiple facets such as e-education through broadband, free Wi-Fi and online courses; e-health care through online consultation, records and medicine supply; online banking, cash, loans and real-time price information for farmers; financial inclusion; and cyber security.

- **Information for all**: This includes online hosting of information and documents, use of social media by the Government to proactively engage with the citizens and online messaging on special occasions or programs.

- **Electronic manufacturing**: This initiative seeks to fine-tune multiple ongoing programs to develop the electronics manufacturing ecosystem in the country. It has a specific focus on semiconductor fabrication plants, fab-less design, set-top boxes, mobiles, consumer and medical electronics, smart energy meters, smart cards and micro-ATMs.
  - Budget 2017-18 provides exemption of Basic Customs Duty (BCD), Excise/Countervailing Duty (CVD) and Special Additional Duty (SAD) on miniaturized POS card readers, micro ATMs and finger print readers and scanners.

- **IT for jobs**: With an estimated cost of INR2 billion, this initiative seeks to train 10 million people in towns and villages for IT sector jobs in five years. It also aims to train 300,000 agents to run viable businesses delivering IT services. Additionally, the project involves training of 500,000 rural IT workforce in five years and setting up of BPOs in each North Eastern state.

- **Early harvest programs**: The Digital India program houses several early harvest programs, which are under various phases of implementation. These include programs to cover cities with a population of more than 1 million and tourist centers with public Wi-Fi hotspots, an INR7.9 billion project to provide Wi-Fi in all universities and an INR980 million project to have secure e-mail for use within government systems.
Journey so far

1. MyGov platform

Platform for citizens to exchange ideas and suggestions with the Government through a discuss, do and disseminate approach

- 1.9 million registered users, 43 groups, 38 ministries
- 2.6 million comments, 100,000 task submissions
- 541 discussions, 417 tasks, 205 blogs

2. DigiLocker

Cloud-based platform to issue, store, verify and access all legal documents

- A step toward paperless governance
- 200,000 e-signed documents, and 1.1 million registered users
- 2.2 million documents uploaded by individuals and 8 million documents issued by organizations

3. BharatNet

High-speed broadband connectivity for rural India for services including e-health and e-entertainment

- 112,871 km of optical fiber cable laid under BharatNet for high-speed connectivity
- 48,199 gram panchayats equipped with optical fiber connectivity

4. Indian Post going digital

Department of Post providing banking services such as deposits, remittances and direct bank transfers and boosting e-commerce services

- 24.9 million Kisan Vikas Patras sold
- INR130 billion MNREGA wages disbursed through Post Office savings bank accounts
- E-commerce worth INR13 billion by post offices
- 950+ mail vans fitted with GPS devices for online mail monitoring

Road ahead

Impact of Digital India by 2019

India gaining leadership in the adoption and manufacturing of IT products and services

- India will be a leader in IT use in services – health, education and banking
- E-governance and e-services to be implemented across government offices
- Net zero imports by 2020

Providing internet access to all

- Broadband in 250,000 villages, universal phone connectivity
- 400,000 public internet access points
- Wi-Fi in 250,000 schools, all universities; public Wi-Fi hotspots for citizens

Empowering citizens with digital inclusion and job opportunities

- Digitally empowered citizens – public cloud and internet access
- Digital inclusion: 17 million trained for IT, telecom and electronic jobs
- Job creation: 17 million direct and at least 85 million indirect
Economic impact

- “Telecom gear makers are expecting INR67.2 (US$1) billion revenue opportunity in the high-speed broadband services on the 4G LTE technology alone across the country.”— India Brand Equity Foundation (IBEF)

PPP

According to industry estimates, India will have 526 million internet users and about 1.5 billion connected devices by 2018

- Private players, with their expertise in next generation technologies and experience in implementing these solutions, can collaborate with the Government to roll out technology-based solutions.

Mobile connectivity

- The Government has initiated a comprehensive development plan for the North East, providing mobile coverage to uncovered villages.
- The Department of Telecommunications will be the nodal department and the estimated cost will be INR160 billion till FY18.

IT training for jobs

- The Government aims to train around 10 million students from small towns and villages for the IT sector by 2020.
- Setting up of BPOs in North Eastern states is also a part of the initiative.
- 300,000 service delivery agents will be trained as part of skill development to run businesses providing IT services.
JAM (Jan Dhan, Aadhaar, Mobile) Trinity

Boosting financial inclusion across the nation

**Intent:** JAM Trinity aims to directly transfer subsidies to the intended beneficiaries and eliminate intermediaries and leakages.
Brief

The JAM Trinity initiative aims to implement direct benefit transfer (DBT) schemes, including subsidies, minimum wage payments for various government schemes and other payments. It consolidates three critical policies – the Prime Minister Jan Dhan Yojana (PMJDY), Aadhaar and mobile connectivity (JAM) with an objective to drive financial inclusion in India.

Key highlights

- Launched in August 2014, the Jan Dhan scheme aims to provide universal access to banking facilities; aims for each household to have at least one basic banking account, access to credit, and insurance and pension facility
- Beneficiaries to get RuPay debit cards with an accident insurance cover of INR100,000
- Identification (of beneficiary by the Government), transfer (of fund to beneficiary by the Government) and access (of fund by beneficiary) are the key components of the JAM Trinity
- According to Budget 2017-18:
  - Aadhaar-based Smart Cards containing health details of senior citizens to be introduced. The pilot to be conducted in 15 districts during 2017-18.
  - Aadhaar pay, a merchant version of Aadhaar Enabled Payment System, will be launched.
  - A target of 25 billion digital transactions for 2017-18 through Unified Payment Interface (UPI), Unstructured Supplementary Service Data (USSD), Aadhaar Pay, Immediate Payment Service (IMPS) and debit cards.
  - The Government will take steps to link individual demat accounts with Aadhaar.

Demonetisation:

The move unveiled by the Government in November 2016, centered on ceasing the use of INR500 and INR1,000 banknotes as form of legal tender in India and aims to tackle a parallel economy, counterfeit currency in circulation and terror financing. The move is expected to have a positive long term impact on the economy through:

- Better tax compliance, increase the tax to GDP ratio and higher tax collections
- Ceasing of major proportion of unaccounted currency would reduce the government liabilities and add to its finances
- The surplus liquidity in the banking system will lower borrowing costs and increase the access to credit

Demonetisation has led to widespread adoption of online payment, and digital wallet options have suddenly gained traction. Overall, the JAM Trinity initiative will spur the growth of payment service providers and the telecommunication, ICT and other technology-related sectors, paving the way for digitalization of the economy.

Journey so far

1. Jan Dhan accounts and Aadhaar numbers
   - 165 million rural and 107 million urban accounts have been opened with INR673.2 billion balance in accounts.
   - 213 million RuPay cards have been issued.
   - >1 billion Aadhaar numbers have been generated.

2. Aadhaar-based cashless payments app
   - BHIM is a digital payments solution app based on the Unified Payments Interface (UPI).
   - 12.5 million people have adopted the app.
   - The Government has integrated BHIM app with Unique Identification Number (UID) for making payments using Aadhaar number.

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Goods and Services Tax (GST)

Changing India’s indirect tax landscape

**Intent:** GST aims to simplify the Indian tax structure by introducing one indirect tax for the entire nation, aimed at making India one unified common market.
Brief

GST is a single tax levied on the supply of goods and services from the manufacturer to the consumer. The Constitution Amendment Bill for GST has been approved by the President of India following its passage in the Parliament (Rajya Sabha on 3 August 2016 and Lok Sabha on 8 August 2016) and consent by over 50% of state legislatures. GST will be a game-changing reform for the Indian economy as it will create a common Indian market, thus reducing the cascading effect of tax on the cost of goods and services. It will impact the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilization and reporting, leading to a complete overhaul of the current indirect tax system. In 2016, the Finance Ministry released the Model GST Law, which outlined the construct of the proposed legislation and provided further insights on the proposed GST mechanics.

Key highlights

- To be levied concurrently by the Center (CGST) and the states (SGST)
- The power to make laws in respect of supplies in the course of inter-state trade or commerce to be vested only with the Union Government; states to have the right to levy GST on intra-state transactions, including on services
- The Center to levy integrated GST (IGST) on inter-state supply of goods and services; import of goods to be subject to basic customs duty and IGST
- The Government to provide 100% compensation to states for any loss of revenue resulting from GST, for a period of five years
- A four-tier GST tax structure decided: 5%, 12%, 18% and 28%, with lower rates for essential items and the highest for luxury and de-merits goods
- Essential items including food, which currently constitute roughly half of the consumer inflation basket, to be taxed at zero rate
- The lowest rate of 5% fixed for common use items, while the highest tax slab applicable to items that are currently taxed at 30%-31% (excise duty plus VAT)
- Goods and Services Tax Network (GSTN) established for solely providing IT infrastructure and services to the Central Government and state governments, taxpayers and other stakeholders in connection with the implementation and administration of GST

Current tax structure in India

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Description</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service tax</td>
<td>Levied on provision of services at an approximate rate of 15%</td>
<td></td>
</tr>
<tr>
<td>Customs duty</td>
<td>Levied on import of goods at an approximate rate of 29.44%</td>
<td></td>
</tr>
<tr>
<td>Excise duty</td>
<td>Levied on manufacture of goods at an approximate rate of 12.50%</td>
<td></td>
</tr>
<tr>
<td>Value Added Tax (VAT)</td>
<td>Levied on sale of goods within the state at an approximate rate of 5%/12.50%/14.50%</td>
<td></td>
</tr>
<tr>
<td>Central Sales Tax (CST)</td>
<td>Levied on inter-state sale of goods at an approximate rate of 2% if goods are for resale, else at VAT rate</td>
<td></td>
</tr>
<tr>
<td>Entry tax/octroi/local body tax</td>
<td>Levied on entry of goods within state/local limits (tax rate depends on the nature of goods)</td>
<td></td>
</tr>
</tbody>
</table>

All these taxes (except customs duty) to be subsumed in the proposed GST
India: transforming through radical reforms

Centralized supply chain models

- The GST will allow companies an opportunity to create centralized supply chain models, thus resulting in substantial savings in logistics and distribution costs.
- Under the current regime, companies have adopted a decentralized supply chain model whereby multiple warehouses located in different states in India have been operated to avoid tax leakage from the direct inter-state sale of goods.

GST framework and rollout

- GST is expected to be rolled out in July 2017.
- The new GST framework will help in developing a common Indian marketplace, reducing the cascading effect of multiple layers of taxes on customers and bringing efficiency in product costs.
India is set on a growth trajectory that promises all-round development, economic welfare and strong macroeconomic indicators. All these radical reforms are acting as enablers for boosting the domestic environment which in turn is improving the country’s stature globally.

The Make in India initiative has provided robust support to India’s manufacturing sector, backed by domestic demand and many regulatory reforms. It has helped India become the sixth largest manufacturing economy in the world in 2016. The government needs to continuously invest in improving the ease of doing business environment, develop sound infrastructure, and ensure availability of trained workforce. Reforms like “Power for All”, “Smart Cities”, “Skill India” and “Startup India” are expected to work in tandem with “Make in India” to help the country achieve the goal of becoming a manufacturing hub.

GST which is expected to be rolled out by July 2017, will further boost the economy by simplifying the indirect tax structure, and eliminating the cascading effect of taxes on customers and make doing business easier in the country.

The Government of India is also promoting innovation and entrepreneurship through reforms like Startup India and Skill India, thereby equipping ourselves to the changing global economic environment and technological disruption. The “Startup India” initiative has given Indian entrepreneurs a supporting hand to take risks and innovate. This initiative is expected to add approximately 250,000 tech jobs over the next five years, giving a boost to the economy. The Government is also putting strong emphasis on promoting skill development and creating 100 million jobs in India by 2020.

Demonetising 85% of the Indian currency to curb black money, terror financing and fake currency circulating in the economy was a major step taken by the Government to strengthen India’s proposition of becoming a transparent economy. Combining demonetisation with Digital India and Pradhan Mantri Jan Dhan Yojna will ensure transparency in financial transactions. Transfer of subsidies through bank accounts opened under the scheme has removed the middlemen, thus eliminating one of the biggest contributors to corruption. Digital India initiative was allocated with INR100 billion to increase broadband penetration in the rural areas of the country.

Improved governance, favourable conditions to conduct business, transparency in government procedures and responsive policy making with an immediate focus on effective implementation of government reforms will continue to evolve India into a preferred destination for foreign investment.
References


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**About ASSOCHAM**

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ASSOCHAM initiated its endeavour of value creation for Indian industry in 1920. Having in its fold more than 400 Chambers and Trade Associations, and serving more than 4,50,000 members from all over India, it has witnessed upswings as well as upheavals of Indian Economy, and contributed significantly by playing a catalytic role in shaping up the Trade, Commerce and Industrial environment of the country.

Today, ASSOCHAM has emerged as the fountainhead of knowledge for Indian industry, which is all set to redefine the dynamics of growth and development in the technology driven cyber age of 'Knowledge Based Economy'. ASSOCHAM is seen as a forceful, proactive, forward looking institution equipping itself to meet the aspirations of corporate India in the new world of business.

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**Vision**

Empower Indian enterprise by inculcating knowledge that will be the catalyst of growth in the barrierless technology driven global market and help them upscale, align and emerge as formidable player in respective business segments.

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As a representative organ of Corporate India, ASSOCHAM articulates the genuine, legitimate needs and interests of its members. Its mission is to impact the policy and legislative environment so as to foster balanced economic, industrial and social development. We believe education, IT, BT, Health, Corporate Social responsibility and environment to be the critical success factors.

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**Insight Into ‘New Business Models’**

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Together, we can make a significant difference to the burden that our nation carries and bring in a bright, new tomorrow for our nation.

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