FICCI

Federation of Indian Chambers of Commerce and Industry

EASE OF LIVING





EASE OF LIVING

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पीयूष गोयल
PIYUSH GOYAL

सत्यमेव जयते

रेल और वाणिज्य एवं उद्योग मंत्री
भारत सरकार
MINISTER OF
RAILWAYS AND COMMERCE & INDUSTRY
GOVERNMENT OF INDIA



Message

Hon'ble Prime Minister Shri Narendra Modi ji has set an ambitious goal of becoming a $5 trillion economy by 2024. Government is committed to not only improve the 'Ease of Doing Business' but also to improve the 'Ease of Living' for its citizens and has been steadfast in this quest. Being the oldest and largest business chambers in India, FICCI has played an apex role in promoting and developing Indian industry.

I am happy to note that the forthcoming 92nd AGM of FICCI will focus on the theme '*India: Roadmap to a 5 Trillion Dollar Economy*', which aligns well with the aspirations of the people and the goal we have set for ourselves. Over the years, FICCI has played an important role in shaping the overall industrial and economic development agenda of the nation.

I congratulate FICCI on this publication on 'Ease of Living' which will act as a useful reference for a better understanding of some of the critical socio-economic issues. I wish all success to this publication and FICCI, and am confident that it will continue empowering Indian industries and entrepreneurs.

Piyush Goyal

Ministry of Commerce & Industry : Udyog Bhavan, Rafi Marg, New Delhi-110011
Tel. No. : +91 11 23062223, 23061492, 23061008, Fax : +91 11 23062947, E-mail : cimoffice@nic.in



Foreword

India is changing at a rapid pace. Government is giving shape to a 'New India' by pursuing wide-ranging reforms on a continuous basis. The committed reforms by the government have helped us move up 79 places in the Ease of Doing Business rankings — from 142nd in 2014 to 63rd in 2020. The target has now been set to break into the top 25 in the next few years, and it looks quite achievable with a sustained focus on reforms.

Alongside improvement in the business environment, it is imperative to improve the quality of life of people at the ground level to increase their ability to contribute towards economic development. Promoting 'Ease of Living' is key to realise the aspirations of the 'New India' that is yearning for a better life. The Government has, therefore, placed an equal emphasis on improving 'Ease of Living' for its citizens.

The Ministry of Housing and Urban Affairs launched 'Ease of Living Index' in 2018. It is a major initiative that helps the cities assess their livability vis-à-vis national and global benchmarks using 78 indicators across 15 categories. Schemes such as Ujjwala Yojana, Saubhagya Yojana, Pradhan Mantri Awas Yojana and Ayushman Bharat Yojana are also geared towards this objective. Yet, there are crucial issues ranging from managing scarce water resources to modernizing food systems to improving rural livelihoods that warrant immediate attention.

The Indian farmer remains trapped in a

vicious circle of low growth in income and productivity due to the cumulative impact of small and fragmented landholdings, lack of information and scientific knowledge, inadequate access to farm inputs and financial products, disconnected value chains, fragmented markets and vulnerability to climate risks.

Further, States across the country are grappling with the crisis of air pollution. While there is considerable improvement in the creation of sanitation facilities, treatment of sewage requires urgent attention as this can have significant health costs.

Education and health are the causes of the economic development and not just the outcome. And India's performance in both these areas requires substantial improvement. Much of our education system is still based on rote learning style and this needs to change. Our teachers' training programs require modernization to meet contemporary requirements. Many students in rural areas still lack access to education. In healthcare, our focus should be on preventive healthcare and making healthcare services more cost-effective.

Further, we need to pay attention to easing the life of the taxpayers. There is an urgent need to put in place measures for avoiding harassment and tax disputes — in fact, the government's recent initiatives like faceless assessment of income tax returns to minimise discretion, are in the right direction, and must continue.

When our measures of development go beyond an inimical fixation towards higher production, our policy interventions will become more aligned with the aspects of life that citizens truly value, and society will be better served. The end goal should be to have a more just and equitable society that is economically thriving and offering citizens a better quality of life. We owe it to our youth to initiate these changes. Every small step can make an impact in improving the ease of living for all.

This book is an effort to encourage this discussion and debate. We have solicited essays from India's leading business leaders and eminent thought leaders to share their views and suggestions on this critical theme — 'Ease of Living'. The articles cover issues related to rural upliftment, farm sector reforms, administrative and tax reforms, healthcare, education, air pollution, waste management and treatment as well as specific issues across sectors like travel and hospitality, entertainment, financial services and MSMEs.

I thank all the contributors for sharing their experiences, concerns, insights and suggestions, which will surely help in formulating a long-term plan to enhance the 'Ease of Living' and in meeting the aspirations of 1.3 billion people.



Sandip Somany
President, FICCI and Vice Chairman & Managing Director, HSIL Limited

While there is much to be done, pharmaceutical innovation is being given a lot of thrust and impetus in recent times. This is most critical as innovation always plugs an unmet need and is patient-centric, whether it is about drug compliance, offering a therapy where none exists or bringing in better efficacy over an existing therapy.



1 A Patient's Perspective

Theme:
Pharmaceutical Sector

Persona:
Patient

The Indian pharmaceutical sector has come a long way from a highly import-dependent scenario of the 1950s and 1960s to an extremely growth-focussed sector that is one of the major contributors to the nation's health and economic outcomes today.

Over the decades, we have been able to eradicate the scourge of diseases like smallpox and polio. We are now waging a war on tuberculosis. Almost 60% of all vaccines globally are supplied by India. For life-threatening diseases like Hepatitis C and Leukaemia, we have been able to lower the treatment costs significantly by almost 95%. The access to

affordable AIDS treatment has seen significant improvement in recent years. One out of every 3 pills consumed by a patient in the US is made by an Indian manufacturer. Clearly, the Indian Pharmaceutical Sector has been at the forefront, playing a decisive role by making drugs accessible and offering the world's lowest-priced drugs at globally benchmarked quality standards.

While there has been a very significant role of the Indian pharmaceutical sector in contributing to the Ease of Living, let us also look at some of the other aspects from a patient's point of view, which have impacted lives.

A patient-centric approach to healthcare for a pharmaceutical company is embedded at every stage of the drug development, manufacturing process and market delivery process. The four areas which have seen marked progress over the decades are, an unrelenting focus on quality excellence, thrust on innovation, continuous improvement in supply chain and adoption of good distribution practices.

Access to safe and efficacious care begins with quality. Today, we speak of GxP guidelines as established by the US Food and Drug Administration (USFDA). The 'x' stands for the particular field, whether it's manufacturing (GMP), distribution (GDP), laboratory (GLP) and so on. The overall aim is to ensure that products that are manufactured are safe and efficacious, meeting quality standards across the entire process of production.

When we speak of an integrated supply chain management of pharmaceutical products, the entire distribution chain is at the heart of it. We have robust guidelines laid down by the Central Drugs Standard Control Organisation (CDSCO) to ensure Good Distribution Practices for pharmaceutical products. The procedures ensure a safe, transparent and secure distribution system which includes product traceability throughout the supply chain. From warehousing and storage to temperature, environment, stock control, transportation, labelling of containers, dispatch and receipt of products, handling of complaints, recalls and returns have all been addressed under the Good Distribution Practices.

One of the areas in which we have made marked progress and continue to raise the bar is pharmaceutical innovation. While there is much to be done, pharmaceutical innovation is being given a lot of thrust and impetus in recent times. This is most critical as innovation always plugs an unmet need and is patient-centric, whether it is about drug compliance, offering a therapy where none exists or bringing in better efficacy over an existing therapy.

Quality of life is an important outcome for patients. While innovation with NCEs is gaining ground, there is also a wave of innovation with biologics, biosimilars and vaccines that promises to offer a better quality of life to patients. Collaboration, innovative trial design, and listening to the patient voice have led to a slew of proposals, trials and even approvals of medicines for rare and complex medical conditions.

There has been a marked trend in the acceptability of modern medicine and newer therapies like biologics and preventive medicine which have been very effective in chronic diseases. Increasing patient awareness and education will continue to impact diagnosis and treatment levels for these therapies. Vaccines are estimated to grow at over 20 per cent over the next decade, and the biologics market is also expected to grow rapidly.

In the decade ahead, we will see new technologies emerge that can help us streamline the design, development and manufacture of biologics and advanced manufacturing technologies to innovations that enhance flexibility and scalability while improving quality and throughput and controlling costs. There are vast opportunities for biologics now and even more promising ones for the future. The industry is in the midst of numerous innovations that include immunotherapies, antibody-drug conjugates, bispecific antibodies, combination therapeutics, companion diagnostics, and gene and cell therapies - all of which are setting the stage for more therapeutic targets and, ultimately, impacting patients' lives in a more positive and significant way.

Just as biologics seem to be the answer for elusive, unmet healthcare needs, biosimilars are the answer to affordable biological therapies. For

instance, a patient in India today has access to a breast cancer therapy at an affordable cost that will help her complete the cycle of treatment thanks to the biosimilars that are manufactured and marketed in India. Biosimilars go through clinical trials to provide evidence of their biosimilarity to a reference product (and, in turn, their safety and efficacy). Exemptia, the world's first biosimilar of Adalimumab launched in 2014 was a fingerprint match to the original biologic and today provides succour to millions of people in India suffering from autoimmune disorders and who had no access to this therapy until then.

From the point of view of patient-centricity, immunization is one of the most powerful health interventions that the world has ever seen. Every year, the World Health Organization (WHO) estimates, vaccines save between 2 to 3 million children from killers such as polio, measles, pneumonia, and rotavirus diarrhoea. Through national immunization programs and mass vaccination campaigns, vaccines can be delivered quickly to large numbers of people, providing widespread protection.

As we move into a new decade, it becomes imperative for us to create an innovation ecosystem to enhance innovation opportunities in India. Simplifying the regulatory environment to facilitate innovation, ramping up public spend on innovation, creating innovation hubs and attracting talent back to the country can all spur innovation and pioneering breakthroughs in the decades ahead.

In a research conducted by the Picker Institute and Harvard Medical School, eight principles of Patient-Centred Care emerged. These are the basic aspects that we need to work on including the patient's needs, comforts and interests to influence the quality of life and achieve positive clinical outcomes. Starting with access to safe and efficacious care, the survey lists out other seven principles as respect for patient's preferences, co-ordination and integration of care, patient information and education, emotional support, physical comfort, the involvement of family and friends & continuity and transition.

We must assure that a relationship based upon care, trust, open commu-

nication, cooperation, and mutual decision-making is established and maintained. In this relationship, the patient's welfare is paramount. Caring for the patient's welfare by all healthcare providers - the doctors, caregivers and pharmacists starts when they leverage all their professional knowledge and skills on the patient's behalf.

Technology is a great enabler today and helps in quickly storing and retrieving a patient's general health and activity status, past medical history, medication history, social history, diet and exercise history, history of present illnesses, medical charts and reports and insurer details, within no time. It is possible to organise data in a timely and accurate manner which is a great boon. However, it is a fact that healthcare systems are under growing pressure to deliver complex value-based programmes and meet higher patient expectations. But as we prepare ourselves for a new era of healthcare - we will have to keep in mind that without a humane, patient-centred approach, technology and digitalisation alone will not suffice.

I believe that a Patient First approach is not about proficiency; it's about continuous improvements that lead us to better patient experiences each day, in small, inexplicable ways. We need to keep evolving as the patient's needs, preferences and health conditions change. Each day, we are discovering new ways to cure diseases and alleviate suffering. This will also bring in changes in the way we approach patients and caregivers with therapies. That is why we need to embrace continuous change and improvement in our Patient First approach as well.

Whether it's small steps or a complex change, it's a continuous process of improvement within existing processes and pathways that leads to measurable improvements for patients, leading to an Ease of Living. It begins with putting the patient at the heart of every element of change, setting the context for cultural change amongst the people who make this possible, look at continuous improvement through small steps of incremental change, constantly mapping the patient pathway to find new opportunities that we can plug, encouraging people and empowering them to look at out-of-the-box solutions and

redesign processes and most importantly champion an ecosystem that enables listening to patient voices and scout for new possibilities that emerge from this feedback.

With the Hon'ble Prime Minister of India, Shri Narendra Modiji, clearly stating that the goal of the government is to improve the Ease of Living of the people, it's a clarion call to create a "new India, a modern India", with people's development at the heart of it. For the Indian pharmaceutical sector which has since Independence been improving and enhancing the quality of life by improving the health parameters, the journey continues with making innovative drugs accessible and affordable to millions of people in India and across the world.



Pankaj R. Patel
Chairman, Zydus Cadila

The Media and Entertainment (M&E) industry plays an essential role in catalyzing the development and well-being of the Indian society. It churns out content that is entertaining, informative and inspirational for hundreds of millions of Indians. This content is often a breath of fresh air, sparking our imagination and touching upon important social themes.



2 Ease of Entertainment

Theme:
Entertainment

Persona:
Filmmaker

Our shared vision of India's future embraces an improvement in 'Ease of Living' for every citizen. Living should no longer imply mere survival; it should be about thriving. The Hon'ble Prime Minister recently announced an admirable vision of shifting national priorities from the fulfilment of needs to the fulfilment of dreams and desires. These changing paradigms raise questions about how the industry can help Indians prosper.

For its part, the Media and Entertainment (M&E) industry plays an essential role in catalyzing the development and well-being of the Indian society. It churns out content

that is entertaining, informative and inspirational for hundreds of millions of Indians. This content is often a breath of fresh air, sparking our imagination and touching upon important social themes. M&E has also been seminal in nurturing a sports and fitness-centric ethos, by making the connection with cricket closer while also creating new touchpoints with kabaddi, football and other sports. In order to drive this massive content engine, the industry, directly and indirectly, employs around 4 million people, which include not just the creative community, but also the likes of technicians, support staff, administrative staff, engineers, and entrepreneurs.

The ongoing digital revolution has monumentally changed M&E's ability to impact lives. With half a billion people across urban and rural India connected to the internet, M&E can directly inspire previously inaccessible audiences. Those who could not afford expensive TV sets can now watch content on their mobile devices. The technological shift has democratized the M&E sector.

Ensuring that M&E is continually able to educate, inform and inspire consumers requires support from the government in the form of coherent policy and regulatory certainty. A combination of efforts by industry and policymakers alike will help us grab the opportunity that lies ahead. Learnings from successful industry-regulator partnerships in the past can guide us towards an optimistic future. A fine example is the development of the video over-the-top (OTT) platform ecosystem. Just four years ago, India did not have a single video OTT platform of its own. Now, there are close to 25, largely driven by 'animal spirits' of industry and a regulatory approach that involved minimum governance and maximum facilitation.

Supporting Creativity

The Government's recent moves to facilitate ease of filming is likely to bring great gains to the country. Films are an important source of soft power. As such, they have a direct bearing on tourism. For instance, New Zealand witnessed an almost 50 per cent increase in tourist arrivals

after the release of the first part of the Lord of the Rings trilogy in 2001[1] . Shortly thereafter, the Government of New Zealand came out with a comprehensive film policy to encourage more shoots in the country. This included financial incentives in the form of grants and regional sales tax breaks. Such friendly policies and regulations incentivize the creation of local content, generate employment and help attract foreign investors.

The flipside of regulation and policy, however, is that they can also create disincentives for investment and impediments to content creation. Well-meaning regulatory interventions can have unintended but disastrous consequences for stakeholders. For instance, content for children is an important but woefully underserved area. Often, this is because of socio-economic considerations and people lacking awareness of the benefits of quality media content on a child's development. Creating high-quality television shows, books, and comics could serve as a positive influence on the lives of our children and keep them away from dangerous elements online. However, certain economic regulations discourage investment in niche content segments by restricting their commercial feasibility. Regulators and policymakers should note that changes are necessary to ensure the welfare of the country's youth.

It falls upon both industry and Government to work together to harmonize internal considerations to achieve a state of equilibrium that allows for better outcomes for everyone. A careful balance must be struck to ensure that contemporary enterprises are not constrained and legacy businesses can continue to subsist. It is also important to consider how the frequency of regulatory intervention might impact investor sentiments.

Given the importance of sports, the Government must consider ways to continuously stimulate investment in sporting ecosystems. Further, it must examine such mechanisms which threaten the growth of sporting industries in India and move to remove these impediments expeditiously.

An open sky policy for digital satel-

[1] http://www.cactus-journal-of-tourism.ase.ro/Pdf/vol12/Student_Gabriela_Tudor.pdf

lites can enable the country to continue reaping digital dividends. Benefits include the easier availability of digital facilities, content, and information in remote rural areas that are considered unfeasible for cable or optical-fibre connections.

Entertainment for the People

In the spirit of bringing more content and information to the masses, the Government should also consider ways to increase theatre screen density in the country. A key consideration here is the burden of complex taxation schemes that make it difficult for smaller, regional theatres to operate.

Conversely, the industry needs to work closely with the Government on matters concerning public interest. It is their social responsibility to help the Government achieve important policy goals, such as improving 'Ease of Living' for all Indians.

A bright future of the M&E industry would create both tangible and intangible value for the country and its people. In the last three decades, media & entertainment has grown almost 100 times. When the energy and drive of the industry gets the stimulus and support of the Government, the sky is the limit!



Uday Shankar
President, APAC, The Walt Disney Company & Chairman, Star and Disney India

We need our education system to excite our students to explore and discover and most importantly, create. They must be encouraged to think out of the box.



3 Education for Constant Learning

Theme:
Education

Persona:
Teacher

"Education is the most powerful weapon, which you can use to change the world."

Nelson Mandela

Education is fundamental to the growth and well being of any country or society. Thus, it is ever-evolving and develops and changes to adapt to the needs of the time. If you apply this to the Indian education system, the gap will be evident. We need a paradigm shift in how we educate our young so that they have the opportunity to take the centre on the world stage.

Much of our education system is still a prisoner to the rote learning style, which is no longer is in sync with the skills required to succeed in the 21st century. We need our education system to excite our students to explore and discover and most importantly, create. They must be encouraged to think out of the box.

We are still unable to reach a large number of students in rural areas, to ensure their access to even basic education. We need to set in place a system that ensures that every school has the necessary infrastructure and faculty, and that the faculty is accountable. With so much technology available this should be more than possible. We need to make Block and District Education Officers accountable and ensure adequate supervision to make this possible. Initiatives like Tinkering Labs by the Niti Aayog are a move in the right direction.

This leads to the curriculum. We need a dynamic curriculum, flexible enough to cater to the needs of children with differing aspirations. The curriculum MUST trigger curiosity in the students and have a strong research element, which will encourage them to discover and explore on their own. The mindset of an entrepreneur must be sown in their minds so that risk taking does not scare them. Fundamentally, our curriculum must be turned on its head. The content should be carefully examined, as we should not throw the baby out with the bathwater. It is the manner in which it is delivered, and making the expected outcome clear to the teachers, that will be critical. We need to leverage technology to improve learning outcomes and to scale this process across the length and breadth of the country. Ideas like Flipped Classrooms and Blended Teaching and Assistive Devices should be examined.

The success of all that we have spoken about depends on the training of the teachers. Our teacher training programs are inadequate and not in tune with what is required. The training programs need to be regularly updated. In-service training is essential, but not in a routine manner. One should keep teachers updated on all the new strategies and other information from across the world. The training must help the teacher trainees by making clear the difference between forma-

tive and summative assessments of students. The teachers need to realize that in the context of the 21st century, their roles are that of facilitators. The chalk and talk teacher belongs to yester-years. They need to be tech savvy to keep abreast of the aspirations of their students. Teacher training must acquaint teachers with the flexibility to choose between varying teaching styles such as project based learning, personalised learning, team building in learning, citizenship etc.

Education has to be planned in a way that links each phase of a student's life. Most current approaches look at schools and higher education through separate lenses. Similarly, the approach for higher education and skilling is not always synchronized. The effort to create employability and ensuring that each student graduates with life skills is often not at the root of education policies.

India needs a plan where early childhood education can be linked to the skills required to be a productive citizen of the country. Policies must factor in life skills in a way that constant learning is embedded in their approach. In the era of the fourth industrial revolution and automation, students have to be ready for continuous learning even when they graduate.

It is a tall order, but we owe it to our youth to initiate these changes. The most potent investment for any country is investing in the young. It is possible through education.

"Education is not preparation for Life; Education is Life itself."

John Dewey



Gowri Ishwaran
CEO, The Global Education & Leadership Foundation (tGELF)

Innovative business models, enabling policy frameworks, empowerment of farmers by handholding them with a portfolio of integrated solutions will make farming more remunerative and attractive and contribute to unlocking larger value in the agri-sector.



4 Empowering Farmers

Theme:
Agro-Processing Sector

Persona:
Farmer

Redefining the Future for the Indian Farmer

Agriculture is the lifeline of India's economy, employing more than 50% of the country's workforce. Enhancing livelihood opportunities and raising farmer incomes by moving to the next horizon of agri sector growth is one of the most important prerequisites to ensure a heightened 'Ease of Living'. This will also undoubtedly trigger a virtuous demand-consumption-investment led cycle that can accelerate economic growth. Undoubtedly, India has made significant progress in the agriculture sector, particularly from the trying times of severe food

shortage. The first Green Revolution not only made the country food secure but made India one of the largest exporters of grains globally. However, farmer incomes remain a fraction of the national average. A new paradigm of agricultural growth, powered by contemporary consumption trends, climate-smart innovations and productivity growth, is key to the farmers' future and to forging a new destiny for India's farm sector.

The reasons for such low farmer incomes are well known - small and fragmented landholdings, lack of information and scientific knowledge, inadequate access to farm inputs and financial products, disconnected value chains, vulnerability to climate risks, and less evolved links to output markets. Multiple levels of intermediation lead to a much smaller share of consumer spend reaching the farmer. Agri wastage is rampant, estimated at Rs 92,000 cr annually, which adds to farmers' loss. The cumulative impact is that Indian farmers remain trapped in a vicious circle of low growth in income and productivity. The challenge today is exacerbated by the fact that food-fibre-fodder security needs to be enhanced to meet the rise of population in India, which at 1.5 billion will surpass that of China in 2027.

In such challenging circumstances, the Government of India's vision to double farmer incomes is laudable and provides an opportunity to improve the lives of half of India's workforce. Multiplication of farmer incomes will require a refocus on three important areas that currently constrain. One, agricultural productivity needs to be raised manifold, even as 54% of the country is water-stressed. Second, natural resources will have to be replenished on a large-scale to address climate risks, and third, a much stronger market connect must be enabled to align farm production with evolving consumer demand. Farmers must also reap the benefits of the digital revolution to move to a new orbit of next-generation agriculture.

To exemplify some of the opportunities in the agricultural sector, I am taking the liberty to illustrate through some on-ground experiences at ITC.

ITC e-Choupal Ecosystem - Empowering 4 Million Farmers

ITC's integrated approach to empow-

ering farmers is inspired by its vision to serve national priorities and draws strength from its century-old engagement with farmers. At the core is the globally celebrated ITC e-Choupal initiative that has empowered 4 million farmers. The programme addresses key farmer challenges by providing services aimed at enhancing crop productivity, natural resource augmentation and efficient market connect. Promoting climate-smart agriculture, the Company focusses on natural resource replenishment, introduction of improved varieties, crop diversification and increasing crop intensity besides providing a wide spectrum of extension services to impart knowledge, best practices and know-how to farmers supplemented by the Choupal Pradarshan Khets (Demonstration Farms).

Leveraging the knowledge gained over the years, ITC launched 'Baareh Mahine Hariyali', a pilot programme at scale inspired by the Prime Minister's clarion call to double farmer incomes, to implement a package of agri best practices. Of the 2,00,000 farmers in the pilot, over 50,000 who adopted most practices reported doubling of incomes, with the rest generating an increase of 30 to 75%. This programme introduced high yielding varieties of wheat and short-duration paddy to enhance productivity. Climate-smart agricultural practices, like zero tillage, not only improved productivity and enabled timely sowing but also minimised environmental pollution by eliminating the burning of residue. This is progressively being expanded to 1 million farmers and in collaboration with NITI Aayog the plan is to reach out to 2 million farmers in 27 Aspirational Districts.

Farmers are the most vulnerable to the vagaries of climate change. Water stress is certainly the biggest challenge threatening farmers. ITC's large-scale Integrated Watershed Development initiative, which helps strengthen the availability of water resources, so critical for agriculture, today cumulatively covers over 1 million acres in 16 states, generating around 6 million person-days of employment. The experience of implementing this large-scale programme demonstrates water challenges can be constructively addressed by public-private-people partnerships at the local level through an institutional framework of local community user groups. In addition, a pilot project at scale

aligned to the PM's 'More Crop per Drop' mission, to promote water use efficiency in agriculture has led to water savings of 20% to 45% in crops like wheat, rice, sugarcane and banana in a short period of time. This achievement underscores the immense potential to make agriculture more productive and remunerative.

Creating Next Generation Farmers and Agripreneurs

One of the lessons gathered from our extensive engagement with farmers suggests that although substantial information, services and inputs are available, given the Government's interventions over the years, farmers need an orchestrator to integrate all these services and provide proactive handholding. Over time, extreme variations in weather, increasing sophistication of farming practices, rising complexity of risk management instruments, among others, have accentuated the challenges faced by farmers. To make farming profitable, specific services need to be offered to ameliorate these challenges. These include real-time and hyperlocal information, cutting edge and personalized knowledge, farm-inputs, financial products, and farm management services and access to output markets through efficient price discovery and logistics. The need today is to scale up such services extensively across every region of the country. Village level agri services entrepreneurs - 'agripreneurs' - can play an important role by handholding farmers with a portfolio of services and integrated solutions. To meet the varied requirements of 120 million farmers across the country, it is estimated that opportunities can be created for 3 million agripreneurs. Such agripreneurs can be empowered with a digital backbone that will provide basic information and know-how and can progressively leverage smart technologies that enable high-yielding, early-warning, waste-mitigating agriculture through The Internet of Things, image recognition, predictive analytics etc. to transform agri-extension services. While earning income from sellers of products and services, agripreneurs can also aid agri exports by sourcing attribute-specific and value-added crops. Such agripreneurs need to be supported by the Government with start-up funding to provide seed capital as well as funds for skill development in digital technologies and provision of services.

Promoting Food Processing

The food processing sector, uniquely positioned at the intersection of agriculture and manufacturing, can drive competitive agri value chains by significantly adding value to crops, promoting sustainable agriculture, combating agri-wastage, enhancing rural incomes and generating sustainable livelihoods. By linking farmers to value-added markets, it enables better transmission of market signals, helping align agri-production to consumer demand, securing sustained returns for farmers. Distributed manufacturing of food products creates local employment and livelihoods. Food processing can also contribute to managing inflation better given the opportunity to better manage price volatility through value-added processing. For example, there is currently a significant concern on the price volatility in onion. Value-added dehydrated onions is an example of food processing that can not only provide year-long price stability, ensure returns to farmers but even reduce oil consumption in cooking leading to a win-win scenario for farmers and consumers, whilst managing food inflation.

Emerging consumer demand for high quality, safe, hygienic and convenient branded food products opens up new opportunities for the farm sector. Such demand-driven value chains can bring enormous benefits to the farmers if they are able to align production to market signals. Significant investments are required for creating an entire eco-system spanning agri sourcing, infrastructure for post-harvest logistics, food processing, packaging, retailing and brand building. Larger corporate participation can bring in such investments to create a win-win opportunity as well as enhance farmer incomes.

Wood-based Value Chain

Another means of creating large-scale livelihoods and rural prosperity lies in the wood-based value chain. India currently imports a significant part of its demand for wood and wood-based products, given a low duty regime in wood. Such a policy regime makes imported wood far more competitive than growing trees in India, thereby exporting jobs to other countries. Wood-based industries have tremendous economic potential apart from being an employment multiplier – from the

construction industry to fibre for the paper industry to furniture, sports goods, home & office interiors, etc. A similar example is India's Agarbatti industry which is significantly import-dependent. By growing bamboo in India, the country can not only create employment but achieve substantial import-substitution. I must take this opportunity to compliment the Government for the proactive measures taken to encourage bamboo cultivation in the country by amendment of the Forest Act to exclude bamboo from the definition of a tree. The restrictions imposed on the import of raw battis is indeed a welcome step that will spur rural livelihoods and create new employment opportunities.

Our own experience in ITC of a largescale afforestation programme points to enormous potential. By supporting small farmers and tribals to grow plantations, ITC has greened over 7,50,000 acres to date generating over 135 million person-days of employment.

In Conclusion

Innovative business models, enabling policy frameworks, empowerment of farmers by handholding them with a portfolio of integrated solutions including the provision of the right kind of information and knowhow as well as a quantum leap in the growth of the food processing sector will indeed make farming more remunerative and attractive and contribute to unlocking larger value in the agri-sector. Such measures will make a meaningful contribution to raising rural incomes and enabling 'ease of living' for farmers. As farmers prosper, so will the country. It is to that future that we must work towards collectively.



Sanjiv Puri
Chairman and Managing Director, ITC Limited

> Entrepreneurship in Fintech would stimulate not just savings but also borrowing, insuring, and investing, which, when combined, can improve household incomes.



5 Freedom for Fintech

Theme:
Business environment for start-ups

Persona:
New entrepreneur

Fintech is key to financial inclusion in India. In 2017, it was reported that 80% of India's population reportedly had bank accounts, the most basic financial product required to be part of the regulated financial ecosystem. However, more needs to be done to encourage active usage of those savings accounts.

ENTREPRENEURSHIP IN FINTECH IS AS IMPORTANT AS PROTECTING THE RIGHTS, INTERESTS AND DATA OF USERS.

This would stimulate not just savings but also borrowing, insuring, and investing, which, when combined,

can improve household incomes. India now has more than a billion cellphone connections and Aadhaar members.

With deepening penetration of high-speed internet and the presence of nearly 900 million people under the age of 35, more Indians are turning to the internet to meet their financial needs. And this is where fintech will continue to have a role to play in enabling access to financial products via the internet. Let's take a look at where the fintech industry currently is, and what its demands are from the government.

Flow of Venture Capital & Private Equity into Fintech

As per a recent report from KPMG, funding worth $3.6 billion was provided to fintech start-ups during H1 2019 in the Asia Pacific - largely in Singapore, China, India, and Australia - in 102 deals. This is a sharp correction compared to the flow of funds in 2018 when $18.4 billion was invested in the same period and $25.5 billion for 2018 overall. This trend isn't unique to India. The slowdown was seen across the world. However, here at home in India, fintechs are continuing to account for a large share of the available funding. As per another media analysis, 57 fintechs accounted for the largest share of the total of 360 fundings that happened in the first half of 2019. Another positive trend we see is the rise in late-stage VC funding in the Asia Pacific. The median venture financing size increased around 50% to $35.4 million, even while the corresponding number for angel and seed funding remained stagnant. Overall, geopolitics, economic pressures, and local complexities have played their part in slowing down fintech funding in Asia. How long the slowdown persists remains to be seen.

Rapid Consumer Adoption Continues

As internet penetration deepens in India, an increasing number of consumers are going online to buy credit, insurance, mutual funds and other financial products. The growth patterns are stronger in non-metros. The trend corresponds with BankBazaar's data. We observed a 63% increase in non-metro visitors to the website in FY19 as compared to

FY18. Of these, more than 54% are new visitors. BankBazaar.com was accessed from more than 1300 cities across India. The total increase in visitors in the last financial year, including metros, stood at 35.7%. As more and more first-time internet users log on to buy financial products online, BankBazaar noted a 92% year-on-year increase in non-metro visitors from South India. Cities like Mangaluru (271%), Kozhikode (259%), and Coimbatore (245%) showed the highest increase in the number of visitors in South India. East India showed a 62% increase in non-metro visitors followed by North India at 58% and West India at 51%. Some of the fastest growing cities in these regions are Agartala at 240%, Meerut at 244% and Surat at 220%.

The Availability of Aadhaar & India Stack

Talking of absolute financial inclusion, Aadhaar is certainly an undeniable link, which enabled the kick-starting of digital financial inclusion in India. Before Aadhaar, there existed no true way to digitally enable financial inclusion, especially for the sub-urban and rural population, which often lacks authentic identity papers required for KYC compliance. Aadhaar being a reliable and established identity document aided this marginalized population to open bank accounts, the first step in the process of financial inclusion. Also, the maturing India Stack, along with growing API-based data availability, has fundamentally transformed every step of the credit value chain. Near end-to-end digital MSME lending has become a reality, with loan approval turnaround times as short as one day.

We Need RBI Regulations Around Video KYC

With the increasing penetration of data and smartphones in India, it is now feasible for a customer to connect to a Regulated Entity (RE) remotely via a video call or a live photo. In a world where 100% authentic equivalent e-documents are issued from source or DigiLocker, there is no longer a need for certification of a copy against the original document of the user by an authorized officer of the RE. The recent PML Rules amendment also supports this by laying out that for a customer

providing equivalent e-document, an additional live photo (as opposed to complete digital KYC verification process) is sufficient to complete onboarding. Such a photo taken remotely via video call would yield the same results as one where an officer of the RE (regulated entity) clicks a live photo of the user in physical proximity. The photo captured via video call can be verified by an officer of the RE against the equivalent e-document and PAN of the user. This will make the process of completion of KYC fully remote and digital with a clear audit trail.

Caps Need to be Raised and Cards to be Sold via E-KYC

Permitting e-KYC via OTP covering all assets products and credit cards with no Rupee limits shall increase the digital reach without increasing risk. More banks need to start using Aadhaar OTP-based e-KYC to enable instant account openings, and the RBI also needs to evaluate an increase in currently allowable limits (currently Rs. 60,000 for loans and Rs. 1 lakh for savings). If the RBI considers savings and deposits as higher risk accounts, then to begin with the limits may be increased for asset products, including credit cards to enable mass adoption with lower risk as compared to opening a savings bank account using this feature. And with the prescribed window to complete full KYC under this process, the video IPV process or digital KYC process are logical enablers. The same logic also extends to PPI wallets, where e-KYC can be made available again in line with previously existing regulations.

Aadhaar OTP e-KYC to give low ticket instant loans has been successful, especially in immediate evaluation and sanction process. The obligation of the banks and financial institutions to complete full KYC within the prescribed 12 months period following the transaction for all practical purposes is being done within 15-20 days to complete loan document signing process including cheque or standing instruction mandate pick-up. Increasing the limits would not increase the risk as envisaged. Rather the limits are too low to make this model viable.

We Need a Single KYC Database

Sharing of records through CKYC registry would enable greater effi-

ciency across the financial services ecosystem. A single, robust CKYC registry can be leveraged by other entities for paperless and presence-less disbursal of financial products. The CKYC registry, currently with 100 million customers and 3000 entities, can be seen as an alternative to, and reduce the reliance of REs on, Aadhaar-based e-KYC. The benefits of the CKYC registry across FIs ranges from de-duplication of KYC processes through its inter-usability, cost optimisation for FIs, and unification of KYC data across all financial sector regulators.

It is important for all banks and financial institutions to adopt the CKYC registry, and fulfil their obligations under the statute to update their customers' KYC records on the CKYC registry to ensure data uniformity. Moreover, full optimisation of the CKYC registry will enable FIs to focus on their core businesses, and reduce compliance costs and additional due diligence processes towards customer onboarding.

For making it easier for fintech players, our suggestion is that the CKYC registry should ideally be dealt as a basic infrastructure issue and seamless confirmations from a central registry should be enough to complete due diligence and onboard customers.

The success of the CKYC registry is necessary for the creation of an alternative ecosystem for KYC verification of customers. Moreover, if the original verification documents of customers are updated on the CKYC Registry by each bank and financial institution as per the KYC Master Directions, the CKYC registry can be leveraged as Full KYC for verifying the identity of a customer. This will, in turn, make it easier for the government to enable paperless and presence-less onboarding of customers for financial products.



Adhil Shetty
CEO, Bank Bazaar

Reducing the avoidable deaths and diseases from this major environmental risk depends on the rapid deployment of effective policies throughout India and fortunately, we see positive steps in this direction.



6 Gasping for Life

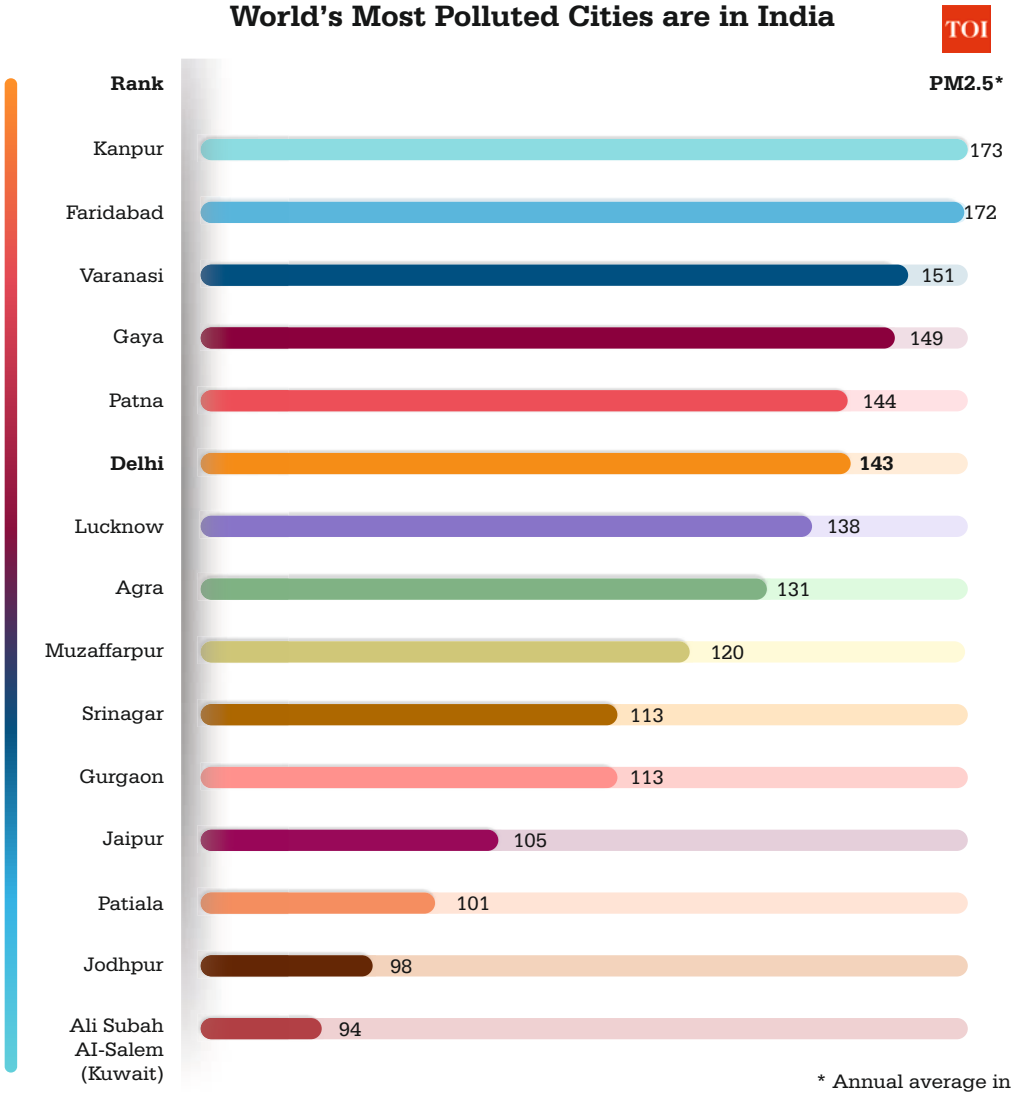
Theme:
Clean Air

Persona:
Common Man

A study titled 'State of Global Air 2019' produced by the Health Effects Institute and the Institute for Health Metrics and Evaluation (IHME) at the University of Washington reports that the life of a South Asian child growing up in the current high levels of air pollution will, on average, be shortened by two years and six months. Another analysis by the Global Burden of Disease 2017 suggests that every three minutes, an Indian child dies from inhaling toxic pollutants in the air.

Exposure to outdoor and indoor air pollution contributed to one in eight deaths in India, i.e. over 1.2 million deaths, in 2017. Equally tellingly, according to the World Health

Organisation (WHO), India plays host to 14 of the 15 most polluted cities in the world in terms of PM 2.5 concentrations.



* Annual average in 2016
Source: WHO & The Times of India Graphic

While there has been a building body of environmental jurisprudence around the duty of the state to preserve and protect a clean environment for its citizens, particularly after the Bhopal gas tragedy (includ-

ing seminal court cases like M.C Mehta v. Union of India in the Taj trapezium case, Subhash Kumar v. State of Bihar in the right to enjoyment of pollution-free air for full enjoyment of life as a part of the right to life under Article 21 and M.C Mehta v. Union of India in the closure of non-compliant air polluting industries), perhaps time has come for a broader discussion on clean air as a fundamental human right of citizens of India.

To make meaningful progress on this requires an understanding of the causes of air pollution.

Curbing the Causes

The main sources of air pollution are common to all Indian cities - vehicle exhaust, pollution caused by heavy industry including power generation, pollution generated by small scale industries including brick kilns, resuspended dust on roads due to vehicle movement and construction activities, open waste burning, combustion of various fuels for cooking, lighting, and heating, and particulate matter emitted by diesel generator sets. Additionally, seasonal influences from dust storms, forest fires, open field fires during harvest season, and sea salt near coastal areas contribute to this problem.

Reducing the avoidable deaths and diseases from this major environmental risk depends on the rapid deployment of effective policies throughout India and fortunately, we are seeing positive steps in this direction.

Inaction to Action

For the automobile sector, the central government advanced the date for adoption of stricter fuel and emission norms to 2020 as one of the first steps towards curbing air pollution. Bharat Stage VI (BS-VI) is the new emission standard that all vehicles in the country will have to adhere to from April 1, 2020, and the sale of more polluting BS-IV vehicles will cease from this day. BS-V was entirely skipped in order to have a more stringent standard to curb pollution levels. The government is also promoting electric vehicles in its bid to reduce vehicular pollution. Parallelly, steps are being taken across the country for enabling and incentivising mobility based on sustainable fuels, especially for some forms of public and private transportation in cities, and these could prove to be particularly important for rural mobility where some of these fuels could be sourced locally.

The government has also provided cooking gas cylinders to more than

75 million poor households through the Pradhan Mantri Ujjwala Yojana to try to reduce the use of highly polluting and unsafe biomass cooking fuels. However, a 2018 survey of more than 9,000 rural households across India by the Council on Energy, Environment and Water (CEEW), in collaboration with the National University of Singapore and the Initiative for Sustainable Energy Policy, found that while the proportion of rural households with an LPG connection increased two-fold, from 22% to 58% in 2018, 81% of households continued to use biomass for cooking; hopefully, the affordability challenge, which is still a barrier to the sustained use of LPG, will be solved soon.

There has also been an ambitious push by the government to expand renewable energy capacity, including solar power, to help meet rapidly growing power demand, and reduce the dependency on fossil fuels, the bulk of which is imported with significant foreign exchange implications. A target of 175 GW of renewable energy has been announced for 2022, and increased investment has made renewable energy India's second-largest source of electricity. Yet, more needs to be done, with India's 246 coal-fired power plants - many of them inefficient and highly polluting - still accounting for around 60% of India's total electricity production, with a combined capacity of 188 GW, and polluting coal likely to dominate the country's energy mix for decades to come.

In January 2019, the government launched the National Clean Air Program (NCAP), a time-bound national strategy to bring down levels of deadly particulate air pollution (PM2.5 and PM10) by 20-30% by 2024 (compared to 2017 levels). This does need more work, with the National Green Tribunal asking the Environment ministry to modify its plan, but at least a start has been made. Indeed, the Tribunal is taking an active approach towards dealing with the problem of air pollution by questioning the government and taking polluters to task through penalties and closure orders. However, administrative woes and the poor implementation of some of its orders continue to worry the Tribunal.

Right to Clean Air

Although India is making the right noises on the international stage - whether on aligning with the Paris Climate Agreement or promoting the use of electric vehicles - the political narrative in the form of election manifestos continues to ignore the

crisis of air pollution which states across the country are grappling with. The recent dilution of air pollution standards for thermal power plants by the government in May 2019 to increase the emission limit of nitrogen oxides from 300 mg/Nm^3 to 450 mg/Nm^3 and the continuing dependence on coal as the most significant part of the total energy mix in India also merit serious discussion. The time has certainly come for increased pressure from voters to include environmental issues as a top priority in the agendas of politicians, as one has seen with the 'green wave' in the recent European elections.

Crop residue and stubble burning continue to remain a contentious issue amongst the northern states of India. Although the government has put in place schemes to provide the appropriate farm implements to farmers to deal with in-situ management of stubble, these measures have proven to be inefficient in decomposing the waste fast enough to free land for the new crops to be planted. What is really needed is a long-term sustainable market based mechanism which will provide returns to all the stakeholders in the entire value chain. The current practice inevitably leads farmers to burn the waste, ensuring that the pollution problem continues, with no end in sight. Better alternatives are required to encourage farmers to not burn the waste anymore, and collaboration between all the affected states is the need of the hour for improving breathing conditions. Enablers that encourage the judicious management of stubble through a combination of reuse and efficiency measures, including the creation of biomass depots, a market for crop residues, incentivising entrepreneurship in the entire value chain, and creation of business models that provide returns to farmers, entrepreneurs and investors, could bring significant impact.

While stopgap measures like the odd-even car rule or the Diwali laser show (instead of firecrackers) by the Delhi government provide some temporary relief, its signing the C40 Clean Air Cities Declaration which is a target based vision document to fight air pollution is a first of its kind by any state government and a step in the right direction. Delhi has already proven its commitment by bringing down the average annual PM2.5 levels by 25 per cent through 2016-18, as compared to the baseline of 2012-14. However, more holistic efforts from all state governments are needed as the air does not respect state and city boundaries, and only

collaborative efforts between all the states can bring about a long term, sustainable change.

Social Equaliser

While the central and state governments are vested with the regulatory responsibility of cleaning our air, the corporates that contribute to the problem of air pollution also have a responsibility towards society, which gives them the social license to operate. We are already seeing public consciousness being ignited, with independent activists, the judiciary, a vigilant media, and the scrutiny of social media networks, all playing their role in calling out non-compliant companies. Similarly, customers increasingly seek to reward socially conscious companies with both mind-share and share of the wallet if they have demonstrated measures to ensure they are a neighbour of choice for the local community.

Clean air is the responsibility of all stakeholders, and the average citizen is also expected to make a contribution. They can make proactive lifestyle changes as we have already seen happening with the ban on smoking in public spaces. More can also be done through dietary modifications, use of more public transport, use of fuel-efficient cars, being conscious consumers or planting more trees; every small step can make an impact in improving the ease of living for all.

While pollution is a great leveller, it is sadly the poorer sections of society and the people who spend most of their time outdoors who are affected the worst. Richer households, by contrast, can afford air conditioning, better nutrition and better healthcare, all of which insulate them, to some extent, from dirty air. Similarly, it is the rich who reap the benefits from most of the activities that lead to air pollution, leaving the less privileged common citizens to bear most of the human health costs.

Clean air is crucial in ensuring Ease of Living for the common citizen and urgent action is needed before we are all left gasping for air.



Mukund Govind Rajan
Chairman, ECube Investment Advisors Private Limited

> The regulatory burden and the cost of compliance need to be reduced and made comparable with other competitive locations in other countries. This transition is envisaged in the goal of "minimum government and maximum governance".



7 Governing for the Citizens

Theme:
Administrative Reforms

Persona:
Civil Servant

The need for administrative reforms has always been felt. The Indian citizen still feels alienated by the government. The fundamental structure of governance is based on the colonial mindset of distrust: a mindset of a government that it has to control rather than support its people.

From an average citizen's perspective, deep administrative reforms are required in several areas of the government.

Two high-powered Administrative Reform Commissions have been appointed over the last fifty years. The general perception, however, is that not much has actually been done

to implement their recommendations. Political leaders always have many pressing priorities and need to deliver results. As a result specific measures of administrative reforms are undertaken to the extent these seem essential for some larger objective of the political leadership. Ease of Doing Business has become a high priority objective now. This is a welcome development. Reforms required for this do get attention and see action. The results these can give would make all the difference to India's future.

Business enterprises create jobs, wealth, GDP growth and provide revenues to government. They need to succeed for India to achieve its full potential. The administration needs to see its responsibilities and duties in this perspective. The legacy of colonial rule, however, was that those who worked in government saw themselves as rulers. In the decades of the 'socialist' phase of development after independence till 1991, business enterprises had to be controlled and directed. So the prevailing mindset and attitude towards business enterprises did not undergo any fundamental transformation. The mythical stereotype of business that emerged was of one who did profiteering, exploited labour, cheated customers and evaded taxes. Though economic policy has been getting more market oriented since 1991, the corresponding change in mindsets and world view of those who work in the administration is still a work in progress. It is also a work in progress with the political class. Both, often, still see business with suspicion. This process of changing attitudes needs to be accelerated and completed at the earliest. Government and businesses have to have trust in each other and work in real partnership to take India forward.

In addition to the legacy of attitudes and perceptions, the problem gets exacerbated from the understandable motivation that government can and should get people, both as citizens as well as economic agents, to do only the right things. This leads to over-regulation. India is still an over regulated economy. This is like accelerating the economy with the hand brake on. Getting the right balance requires thinking through the prism of, what is now being described as, Regulatory Impact Assessment. This means weighing

the costs of a particular regulation vis-a-vis its benefits. This needs to become the normal way of thinking about new legislation, rules, regulations and guidelines.

A continuing zero based budgeting exercise needs to be undertaken through a transparent consultative process with all stakeholders to reduce, rationalise and simplify the existing stock of laws and regulation. Many dated and irrelevant laws have been taken off the statute book. A good ongoing example is the effort to convert the over forty labour laws into four codes. These laws imposed huge costs of record keeping and compliance. These costs are seen as being too high by many micro and small enterprises and therefore act as a deterrent to their growing into larger enterprises in the formal organised sector of the economy.

If this approach of weighing costs against benefits had been adopted when the new Company Law was being discussed some years back, the view that it should not have any provisions whose breach is a criminal offence may have been considered and debated seriously. The criminal provisions in the Company Law have added greatly to the risks of doing business and so dampened " animal spirits" needed for faster growth. Then the default response when something goes seriously wrong has been to make penalties more stringent through legislative changes. The result is, often, layer upon layer of penal provisions.

India presents a strange contrast between what is prescribed, and the extent of actual compliance which is really poor. This needs to change at the earliest and a culture of full compliance should be the norm. Market perception of full compliance being the norm would improve considerably the marketability of what is made in India, both in the domestic market as well as in markets overseas, especially for small and medium enterprises.

The regulatory burden and the cost of compliance need to be reduced and made comparable with other competitive locations in other countries. This transition is envisaged in the goal of " minimum government and maximum governance". This reform process needs to be accelerated. One major way of improving compliance is to introduce third party certification. Foreign buyers of garments have been using it suc-

cessfully. A good beginning has also been made with third party certification in boilers. Third party certification with real time digital records with credible oversight over the accredited certifying agency would be a far-reaching administrative reform. This would take India to the top of actual ease of doing business as experienced by those who are in business. Creating a system of third party certification across the board is a huge task. This needs to be done systematically and gradually and would require coordinated and sustained effort. An institution like the Quality Council of India could be a good partner for the government for this effort.

This gap between what is prescribed under the law and its compliance creates considerable space for corruption. Credible third party certification and digital interaction with government would go a long way in reducing corruption. However, corruption is a very deep rooted malaise in administration. One new idea, first advocated by the then Chief Economic Advisor, Kaushik Basu, is to change the law and make corruption a criminal offence for the bribe taker only and not for the bribe giver as is the case at present. The benefit would be that the bribe giver could, after the event, cooperate with the law enforcement agencies to punish the bribe taker. The presumption is that the bribe taker has such power that the cost to the bribe giver of not giving a bribe is so high that he has no option but to give the bribe. Then, law enforcement agencies could be more productive, if in addition to looking at procedural and other lapses on files in cases, they also looked at assets disproportionate to means of those on whom there is some needle of suspicion. Contemporary technology makes it easier to do so.

It may also be recalled that the employees of the East India Company were very corrupt. The Indian Civil Service was created with a very high salary structure to make it easier to expect and to ensure honesty. The ICS could afford to live as well as the bigger Zamindars. They actually lived up to the expectation of being honest. Similarly, present day Singapore gives the Secretaries to government salaries which are indexed to the mean of the pay of CEOs of its top companies. India needs to seriously consider

moving in this direction. To do so and to be able to afford it would not be easy. But the issue needs to be on the table as a key administrative reform measure.

The administration has too many employees with too little productivity in the lower rungs. There are fewer competent persons in the middle. Peons and lower division clerks are a good example. In the Police, more and better paid inspectors who investigate crimes and get convictions are needed. If conviction is seen as likely, crime rates would come down drastically. Fewer constables and armed police units may then be needed. The British ruled India with a far lower policemen to population ratio. The hollowing out in the middle has been taking place as demands on government keep rising but the numbers in the mid level have not seen commensurate increases, thereby weakening government capacity. This trend needs to be reversed. With the right kind of well planned gradual downsizing, government would be able to afford to pay its senior management much better. At the lower end it, in any case, pays better than the private sector now .

Administrative reforms, as outlined above, though not easy, are implementable. These would make India one of the best places in the world to do business. This should, in turn, enable India to create enough productive well paying jobs for its young, grow at 8-10% for the next two decades, eliminate poverty and achieve its rightful place in the global economy.



Ajay Shankar
Ex-Secretary, Industries, Government of India

It is every citizen's right to have access to water, drinking water and sanitation. But even as government steps up its part in provision of these public services, it is for each one of us to act responsibly, conserve scarce resources and help with behaviour change people movements to ensure the preservation and delivery of these services.



8 Life Flows with Water

Theme:
Clean Water

Persona:
Common Man

Water: Jal Shakti Abhiyan and Jal Jeevan Mission

The creation of the Jal Shakti Ministry to look at the management of water resources and water supply in an integrated manner and also sanitation is a welcome step. Working with States to provide piped water connections to each rural household by 2024 is ambitious. But then we felt the same way when the country embarked on the Swachch Bharat mission to achieve an ODF India whose success has demonstrated that through a citizen's movement on behaviour change, provision of infrastructure and alignment of the administrative machinery ambitious goals can be

well achieved. Indeed, the creation of local infrastructure for source sustainability like rainwater harvesting, groundwater recharge and management of household wastewater for reuse in agriculture is an exciting framework for implementation.

JJM is to give access to piped potable water to every rural household by 2024. Historically, only 35 million Indian rural households were given functional tap-water. We have a total of 185 million households, thereby requiring the country to cover four times more households in the next five years. Moreover, Prime Minister Modi has stressed upon source sustainability. So, we need plans for sustainable use of surface water and groundwater. Besides, after supplying the water, we need to plan for the reuse of the greywater or discharged water. Both these would have to be taken care of through the convergence of different schemes taken up by the Central and State governments.

Water ATMs

The Hindu carried an article in May last year on Water ATMs which read "in a country where an estimated 63 million people lack access to safe drinking water and half the groundwater is contaminated with fluoride, nitrate and heavy metals, safe and affordable water at the press of a button can sound like a fount of hope." For anything from 25 paise to Rs 5 per litre, individuals can buy water from such 24/7 dispensing machines in several parts of the country. The Haryana government has even announced a policy that aims to provide clean drinking water to people at public places in cities, through 'water ATMs' at every 400 metres.

Moreover, some companies have pioneered setting up these machines throughout the length and breadth of the country, and people are paying for these services. However, there are two major areas of concern that merit redressal on priority before the initiative can be upscaled further: one is regarding the source sustainability as most of these operators use groundwater as their source material, which is already scarce and often contaminated by salinity, arsenic, fluoride, iron, nitrate and heavy metals beyond the permissible limits of Bureau of India Standards; and two, the affordability , as the cost may go up as demand soars.

There are voices that these ATMs are an abdication of responsibility by the State to supply free water to every home - over time a minimum amount of free water with a geometric scale of payment on usage may be the right answer. However, access to this basic need today is critical.

As UNICEF rightly puts it, water, sanitation and hygiene are interdependent. Without safe and sustainable sanitation, water gets polluted, and the sources thereof become scarce. Without safe water, basic hygiene cannot become a reality. For a healthy, productive population, every citizen needs access to clean water and proper sanitation.

The 'Treatment' Paradigm in India's Sanitation Programme

The promotion of hygiene and prevention of disease by the maintenance of sanitary conditions as by removal of sewage and trash is how Merriam Webster chooses to define sanitation. In India, until recently, however, sanitation was generally conceived as being free of "open defecation", the practice whereby people go out in fields, bushes, forests, open bodies of water, or other open spaces rather than using the toilet to defecate. When viewed against the daunting task that the nation faced, at the launch of Swachh Bharat Mission (SBM) in October 2014, of building over a 100 million toilets within five years, besides generating awareness, sharing information and creating behaviour change to bridge the gap between building toilets and their proper use - the task looked impossible. It is gratifying to learn that SBM, which is recognised as the world's largest behaviour change programme, has led hundreds of millions of people in India to shun the practice of open defecation generating both social and economic benefits besides achieving appreciable health gains.

The programme stakeholders are now rightly turning their attention to treatment. In fact, at the India Sanitation Coalition, we define sanitation as the cycle of Build Use Maintain Treat. It implies not only that people must excrete hygienically but also that their excreta must be contained or treated to avoid adversely affecting their health or that of other people. Besides, empirical data suggests that increased latrine coverage is not likely to be effective for reducing exposure to faecal pathogens and preventing disease. It is only when sanitation

programmes are implemented in a manner that achieves uptake and reduces exposure in addition to meeting the coverage targets, does the genuine health gains get delivered.

Waste Management and Treatment

Today, we know that more than 60 per cent of sewage generated by urban India is untreated and enters water bodies like rivers, resulting in water pollution and making it unfit for human consumption. Worse, our drinkable water sources are finite and only <1 per cent of the earth's fresh water is accessible to us. Without action, the challenges may only increase by 2050, when global demand for fresh water is expected to be one-third more than it is now. The National Green Tribunal of India has also proclaimed that it is a matter of grave concern that compliance of environment norms is not satisfactory and results in large scale deaths and diseases and severe damage to air, water and earth.

Besides, weak sanitation without treatment has significant health costs, and untreated faecal sludge and septage from cities is the single most significant source of water resource pollution in India causing a host of diseases including diarrhoea, agricultural-produce contamination and environmental degradation.

While the containment of human waste has been mostly taken care of under SBM, its treatment still poses a challenge. It needs redress through multiple approaches, two of which are: 1) India's bigger cities have large, centralized sewerage systems; however, these systems are expensive to build and even more expensive to operate effectively. Evidence suggests that the cost of decentralised technologies for treatment is five times cheaper than conventional sewer-based solutions in urban areas, depending on the local conditions and can be set up in 1-2 years vs 10-12 years. 7,000+ small towns do not have such systems. They are unlikely to be covered by centralised sewerage systems soon. 2) Onsite technologies for the treatment of human waste, on the other hand, can well be an answer to the problems of these cities and represents a viable and more affordable option. However, the approach requires that the entire service chain, including collection, transportation, treatment and safe end-use or disposal, is managed adequately.

Health Impacts

Lack of sanitation leads to diseases associated with poor hygiene and are notably correlated with poverty and infant mortality and alone account for about 10% of the global burden of disease. Poor sanitation is linked to transmission of diseases such as cholera, diarrhoea, dysentery, hepatitis A, typhoid and polio and exacerbates stunting.

Of all the faecal-oral diseases, diarrhoea is the most important, causing around 432000 deaths annually many of them among children under five living in less developed countries, including ours. However, there is also evidence that better water, sanitation, and hygiene could prevent the deaths of 297000 children aged under five years each year.

Maintenance of Toilets

SBM has accounted for the construction of over 100 million toilets both in rural and urban spaces of India the regular maintenance and periodic repairs of which is an essential component of ODF sustainability. Inadequate maintenance and repairs (M&R) of sanitation facilities may lead to a temporary or permanent breakdown, hampering their sustainable use. Hence there are ODF sustainability guidelines of the Jal Shakti Ministry according to which the M&R of village-level sanitation facilities shall be the responsibility of the gram panchayat. Further, the blocks and districts shall be responsible for setting up the systems for M&R and building capacities of these systems to ensure efficient operation.

I would like to go a step further and recommend that district level activities be undertaken for the selection of service providers and building their technical skills with the help of state level skill development missions, consolidating and coordinating skilling efforts in sanitation to make it a viable business opportunity for small and micro-enterprises.

Financing Sanitation

Retrofitting in the present context is all about ensuring the functionality over a long period of a leach pit pour flush toilet (currently with a single pit and to be upgraded to a two-pit system) for ODF sustainability. Retrofitting is also about ensuring that a soak pit and septic tank allow water from the faecal sludge to leach into the adjoining soil without polluting the environment.

The government has a limited budgetary allocation to support retrofitting, so it is looking for alternative funding, including from the private sector. Besides, as in census towns and rural India, single pit toilets account for 22% and septic tanks for 21% of the households, and there are therefore opportunities for the business of sanitation to thrive in this space as well. However, to facilitate such businesses, it's necessary to build awareness of the financing institutions for increased lending for the provision of water and sanitation. We need to understand the dynamics of water supply and sanitation lending vis-à-vis the household and community needs and replicate success stories across different geographies in the country, leveraging local support.

Availability of finance is an essential factor in this journey, and the India Sanitation Coalition with its partners has worked on provision of microfinance for sanitation at the rural level. This will need to be extended to models for the provision of water as individuals need to pay for some share of costs even where government subsidies are available. Banks and microfinance institutions are important providers of finance to individuals to provide for these needs.

We also need to see new financial products like green bonds, social impact bonds and municipal bonds grow in the country as they help with the creation of much-needed infrastructure for the provision of these services. It is every citizen's right to have access to water, drinking water and sanitation. But even as government steps up its part in provision of theses public services, it is for each one of us to act responsibly, conserve scarce resources and help with behaviour change people movements to ensure the preservation and delivery of these services.



Naina Lal Kidwai
Chair, India Sanitation Coalition and Chairperson, India Advisory Board, Advent International Private Equity

> Organizations in Healthcare need to understand where they are now and where they will be in the future in order to make informed decisions about investment and innovation. We must also keep in mind that beyond all tech and interventions, the greatest power is that of a caring, skilled hand and a loving smile.



9 Prognosis for change

Theme:
Healthcare

Persona:
Patient

On 15th August 2019, from the ramparts of the Red Fort, the Hon'ble Prime Minister Narendra Modi expressed confidence that in the next five years, India would become a $5 trillion economy. Interestingly, the PM also mentioned that he wanted to ensure 'Ease of Living' for the people of the country, enabling them the freedom to pursue their aspirations. In doing so, he 'humanised' the economy, putting citizens first and making their well-being, the nation's primary responsibility!

India is a young nation, over 65 per cent of her population is under the age of 35, and this represents unimaginable human potential and

possibility. Yet, a definitive is that India will be able to realise this potential when her people are healthy, wholly productive and happy.

As the roadmap is laid for a fitter India along with Ayushman Bharat, the world's largest government-funded health scheme the future of healthcare services is being dramatically transformed by several converging forces. These include the impact of health being a national priority with initiatives like universal coverage and a focus on enhancing primary care. These also include the accelerating growth of machine learning, genomics and precision medicine, digital technologies, changes in reimbursement and a renewed focus on the patient at the center of care.

Smart Connected Healthcare

The shift toward participatory health is changing the bedrock of the healthcare system from a supply-side push of services out to the consumer, to one in which the pull of consumer demand determines value and activity. And in order to be successful, Healthcare Service Organizations will need to rethink their approach to health IT, embracing a more on-demand style of healthcare that connects patients to their care and leverages patient data to make better medical decisions.

Healthcare Service Organizations can deliver on participatory health by giving patients the tools they need to interact with the health system when they want and to manage their own care outside of the doctor's office. Such tools might include patient portals, virtual care, tele-health, smart home or smart hospital devices, and Artificial Intelligence (AI) for targeted data analytics. Patient care is shifting beyond the four walls of the hospital or clinic, care being delivered completely remotely is the future and patients alike have begun to embrace it today.

Healthcare services of the future are expected to be smart: connected to deliver operational efficiency and clinical excellence in a patient-centric model. Smart means that algorithms - analytics, machine learning, and other AI technologies - and robotic process automation tames the wave of user-generated and clinical data.

Technology is helping promote patient safety, operational efficiency, and therefore a better patient experience. These tools make use of patient

data to make their treatment better. These tools can also help promote the anywhere care that underscores the future of healthcare. AI and machine learning algorithms can make sense of the vast amounts of patient data coming in from wearable technologies and other remote patient monitoring devices.

Promoting remote patient care will allow for more ageing in place - ultimately cutting costs - as well as help providers detect minor irregularities in chronic illness before they grow into significant health challenges.

The Three Bs

To sum it up simply, three B's are transforming healthcare - the first B was Biology - the day the genome was deciphered, and we understood that one individual had a higher propensity to disease than the other. This led to a tremendous journey into genetics, biomarkers, crisper technology etc. - understanding, predicting early and then modifying the genome.

The second B is the Bytes - the greater the processing capacity, the imaging gets finer, and better analytics is achieved. Using analytics, we are able to understand which care protocol is better. Today we are in a position to collate the information and put together the best care pathways. It is no longer just a single doctor's responsibility. Imaging is revolutionised.

The third B is bandwidth - we can take the knowledge and capability of a doctor to a tele-consult, share the tele-radiology reports and other details - these are made possible through the bandwidth. Therefore, in healthcare, geography is becoming history.

Going forward, the healthcare sector needs to reach an agreement that the social determinants of health (SDOH) have a significant impact on patient wellness. Organisations need to leverage deeper patient data that gives insights into a patient's living and work environment. SDOH and genetics screenings are helping some healthcare organisations get in front of the factors beyond clinical symptoms that dictate patient health.

However, this is going to require more than just technology investments. Investing in community health projects, scaling our human resources, upskilling, enhancing the supply chain and changing the cost of technology through smart design

and indigenous manufacture is needed. Equally important is research and the acceleration of our battle to find new cures. In an environment of ambiguous patent protection has the rate of new discovery come down? Can we crowd source our data and knowledge and ensure the pipeline remains robust. The options and the opportunities to serve are expanding at quantum speed.

Organisations in the healthcare sector need to understand where they are now and where they will be in the future in order to make informed decisions about investment and innovation and most significantly we must in all healthcare initiatives stay true to the care with the belief that beyond all tech and interventions the greatest power is that of a caring, skilled hand and a loving smile.

Agility in healthcare regulation which is centred on the convenience of the patient is important. This will allow healthcare services to evolve at the speed of technology to help bring affordable support for India.



Sangita Reddy
Joint Managing Director, Apollo Hospitals Group

> We need a broad-based strategy to provide rural India access to markets and technology, financial inclusion, and human capital development. We need innovative and scalable models of non-farm based income generation.



10 Rural Development: A Villager's Point Of View

Theme:
Rural Development

Persona:
Villager

The author has taken the persona of a villager from Khanpur village of Jansath Tehsil in Muzzaffarnagar district of UP and embedded the evolution and challenges for rural development in India.

Prologue

Barely 130 km away from New Delhi, Jansath is a historical town since the time of Mahabharat. 'Mahadev ka Mandir', where the Kauravas and Pandvas played dice and lost their kingdom is housed here. The area also boasts of one of the largest concentrations of Sayyids in India, who were known to be very influential in the Mughal court. Khanpur is a

small village in Jansath tehsil.

As a villager from such a historic tehsil, I have grown up amidst the ubiquitous sugar cane fields. For me, the world has been in and around my village and at best the nearby Jansath town; the ultimate experience was a trip to Muzzaffarnagar with my father. But I see plenty of changes around me with the rural and urban boundaries gradually but surely blurring. The Miranpur-Muzaffarnagar National Highway is just a mere 12 kilometers away. Rural electrification and telecom connectivity are paying huge dividends. When I went to school, we depended on the 'hurricane' lamp to finish our homework. Our kids, today, study under LED power-saving lamps. I still remember people in my village waiting for the 'Dakiya' to bring postcards, but thanks to the 'Digital India' drive by the government, our kids have access to emails and the internet.

Rising Rural India

Rural consumption and aspirations in Khanpur and many other villages in India have started converging with those of small-town India, as the traditional barriers to income, spending and quality of life have started to collapse - thanks to technology and focused government efforts. There is a transformation underway in villages like Khanpur.

1. **Physical connectivity:** Large number of villages have traditionally had poor road connectivity, but over the last few years the government has spent over eighty thousand crores on building over two hundred thousand kilometers of new rural roads.
2. **Media connectivity** - TV penetration in rural India has gone up to 55% now, and mobile internet penetration is already at 18%. Over the next 5 years, over 20 crores rural Indians are going to come online. The rural e-commerce market in India has the potential to be over $10 billion in the next few years on the back of increasing internet penetration, rising household income and the government's push on digital in rural areas.
3. **Financial inclusion** - Over 20 crores Jan Dhan accounts have been opened in Bharat over the last 5 years. The direct transfer of subsidy has made a world of difference to the villagers and in

the process has saved the government billions of Rupees.

4. **Supplementing income from agriculture -** Rural incomes vary across geographies and land holdings. While government subsidies and MSPs continue to aid the agrarian economy, many villagers supplement their incomes by going to the cities during non-harvest season to work in the construction and manufacturing sector.

5. **Government initiatives** - Several government schemes like MNREGA, PMGSY, Ujjwala etc have significantly improved the quality of life in our villages.

6. **More women joining rural economy -** We are seeing an increasing trend of women actively participating in the economy, as farmhands, entrepreneurs and decision makers.

Consequently, rural India has seen massive changes with more than 250 million people coming out of poverty in the last two decades.

Challenges Still Abound

But many fundamental challenges continue to haunt people living in rural areas. Over 60% of India still resides in rural India and is predominantly dependent on agriculture and related activities which accounts for a meagre 17% of the GDP. High dependence on rainfall and intermediation of agriculture value chain exacerbates the problem. In recent years the prices of many inputs have increased, but the selling prices of most agricultural products have seen very little increase. To compound, majority of the farmers in India have small land holdings. The wage rate increase, therefore, has remained muted for the farm workers. Not surprisingly, there is a lack of optimism about the future of farming. Most people in my village do not want their next generation to remain attached to agriculture. Estimates point to a drop to 25.7% by 2050 of total agricultural workers compared to 58.2% in 2001.

There are numerous other challenges in rural India related to health, education and sanitation which need urgent attention. Our Human Development Index is lower than that of many developing as well as neighbouring countries. Another fundamental challenge has been having access to information. Literacy levels in most villages,

including mine, are still low leading to exploitation at different levels.

Bringing a Paradigm Shift

We need to create a new model of accelerated and yet sustainable growth in rural India. All stakeholders have a role to play in enabling this rural transformation. The Government must create the right environment and put key enablers, including infrastructure in place, businesses must drive innovation and investments, and other stakeholders can bridge the gaps not addressed by the market.

A new vision for agriculture needs to be created, which will help uplift millions of small farmers. If a small country like the Netherlands can be the third largest exporter of agricultural and allied products, then India can potentially be a granary to the world. Unlocking this potential will require several measures including a) Adoption and use of latest technology b) Provision of actionable information and access to markets c) Disintermediation of value chains d) Easy access to financing for agriculture e) Physical and digital infrastructure.

We all have a role to play here as individuals, organisations and the governments. Let us take water, for instance. In our country, 80% of the total water consumed is in agriculture. Lack of proper planning and infrastructure together with indiscriminate use of water creates the perennial problem of floods and droughts. Hindustan Unilever Foundation (HUF) a not for profit initiative of Hindustan Unilever has been working with its partners over the last several years in a few thousand villages democratising water management from both demand and supply side. Till date, HUF has created water conservation potential of 900 billion litres and more than 7.5 million person-days of employment. We need several such initiatives.

At the same time, we need to go beyond agriculture. We need a broad-based strategy to provide rural India access to markets and technology, financial inclusion, and human capital development. We need innovative and scalable models of non-farm based income generation. Many companies that reach Indian households can play a key role in addressing these challenges and turn around the rural India story.

Through Project Shakti, Hindustan Unilever has empowered over hundred thousand rural Indian women to

become micro-entrepreneurs. Project Shakti is not just a sustainable and scalable employment opportunity but a vehicle of social change. These Shakti entrepreneurs, known as Shakti Ammas in their villages, command respect in their communities and their families. This also effectively generates a source of better non-agricultural livelihood for the rural Indian population. One of the Shakti Ammas told me: "When I was not a shakti I was only involved in household chores, but now I'm managing the shop and doing outside work. Earlier, if something was not at home, then it was his duty to buy it. I was supposed to inform him only. But now I go to the market on my own and buy whatever I need". "I manage my expenses. I am not dependent on anyone for educating my children. I take my own decisions" revealed another Shakti entrepreneur.

There is another HUL initiative that is working towards creating similar non-agricultural employment and employability. Launched in December 2013, Project Prabhat (dawn) focuses on engaging with and contributing to the rural communities around HUL's key manufacturing sites dotted across the rural landscape. The livelihood initiatives aim to enhance employability skills and income generation among rural communities. Prabhat livelihood centres have been instrumental in skilling and nurturing entrepreneurial mindset and improving the income of women and youth through vocational training. Armed with new skill sets, the trainees have either acquired jobs or have become entrepreneurs.

Rural India is a powerhouse waiting to emerge. With more than 40% of our products consumed in the fast-growing markets of rural India, the upliftment of Indian villages presents companies with significant business potential. Rural India is our country's big opportunity.

Epilogue

As a villager, I have always been resilient and have taken on challenges and made a difference to Bharat. I am an optimist and always see the silver lining in the clouds and believe that there is a proverbial light at the end of the tunnel. I see myself in 'Invictus' a poem written by William Ernest Henley and made more famous by Nelson Mandela,

'Out of the night that covers me,
Black as the pit from pole to pole,
I thank whatever gods may be
For my unconquerable soul.

In the fell clutch of circumstance
I have not winced nor cried aloud.
Under the bludgeoning's of chance
My head is bloody, but unbowed.

Beyond this place of wrath and tears
Looms but the Horror of the shade,
And yet the menace of the years
Finds, and shall find, me unafraid.

It matters not how strait the gate,
How charged with punishments the
scroll,
I am the master of my fate:
I am the captain of my soul'

Jai Bharat!



Sanjiv Mehta
Chairman and Managing Director, HUL and President, Unilever South Asia

One of the most important steps to ease the life of a saver in India is the availability of easily accessible and widely available information on the basics of investing, the benefits of investing and understanding on how to go about it.



11 Channelizing the Power of India's Savers

Theme:
Financial Sector

Persona:
Saver

The world today, India included, is a very different place from what it was 20 years, even 10 years ago. The ever-changing face of technology, increasing disposable income and hence socio-economic status and the rising consumerism has changed the way we think, feel and act. Instant gratification is increasingly becoming the primary motivation, and in such a day and age, it is easy to defer planning for a better financial future, especially when the benefits are rear-ended and difficult to visualise.

However, financial planning is becoming increasingly important as the impact of inflation, and the rising

cost of life goals like education, etc. keep on increasing. Also, it is important to be financially secure and ready for any future challenges at all points of time. This is only possible with a healthy balance between spending for now and saving for the future.

However, saving and planning for the future is not a single-edged sword. It is also important for the prospective saver to have a multitude of options to select from as also enough accurate and sufficient information about these options to make a satisfactory investment decision. While a lot has been done in recent few years, which also shows up in numbers like SIP investments (which have increased from Rs 44,000 cr in FY2017 to ~ Rs 1,00,000 cr in FY2019), there is scope to do a lot more to improve the 'Ease of Living' of a saver in India.

Financial Literacy

India is a massive country with tremendous investing capacity, especially among households. Even today, a significant portion of our assets are invested in non-financial assets where returns are not commensurate with financial assets. Even household debt for India stands at only about 10-11% of the GDP compared to 75% in the USA and 54% in China. Clearly, there is ample scope to invest more in financial assets.

However, one of the biggest challenges facing any potential investor is the lack of adequate knowledge, not just about financial products but also on other aspects related to financial investing. Traditional mindsets around risks involved with financial assets, lack of awareness on the risk-return profiles for the options available, ways to invest, associated costs, etc. deter investors from investing money in financial assets. Even for the ones who venture to do so, lack of adequate knowledge often leads to investment in products that might not conform to the investor's desired risk-return profile resulting in dissatisfaction with results.

Therefore, one of the most important steps to ease the life of a saver in India is the availability of easily accessible and widely available information on the basics of investing, the benefits of investing and understanding on how to go about it. While financial institutions are increasingly taking up the cudgels, the government is also an important

vector in this journey. The hard part is already done - each Indian has a bank account now, and we have some of the best payments infrastructures in the world. More awareness on the benefits of saving and investing, for the economically weaker sections and education on financial products, etc. for those who are comparatively more advanced in the financial investing journey can really help open up the vista of saving and investing to the masses.

Credit Markets - Moment of Truth

The equity markets of India witnessed their moment of truth in the early 90s. India had just come out of an economic crisis and with the growth prospects on the anvil, there was significant demand for growth investment opportunities. This created an inflection point for the equity markets which gave birth to reforms that created the base for equity markets of India. Regulatory institutions were set up and strengthened, trading became electronic, and new products came to the fore. Effectively, equity markets opened up to the masses in a slow but steady way. Similarly, credit markets are now having their own moment of truth. The recent dislocation in the credit market is the perfect opportunity to create a radical shift in the credit markets. Even today, the credit investment opportunities for retail investors are highly limited. Any growth explosion in credit market must have a retail backbone. This needs better understanding and information on credit markets as well as the introduction of new products. Some of this has already started happening. Bharat Bond ETF launched recently is an easy and simple way for retail investors to participate in debt products. Already there are discussions of making available real-time information for debt investors through a dedicated exchange. This can potentially transform the retail investor participation in debt products and debt market.

Building India of the Future

We have an ambitious growth target of hitting a GDP of USD 5 trillion in the next few years. It is an ambitious target that will need the right mix of government initiatives as well as private sector participation. But most importantly, it will need the

participation of India's large retail populace which has the potential to transform the direction of the economy. This is especially true for retail participation in the financial markets. The financial markets are the engine that drives the economy, and if there is sufficient retail participation, this democratisation of financial services could potentially create an irreversible growth trajectory which could even withstand any short-term market disruption in the corporate economy.



Rashesh Shah

Chairman & CEO, Edelweiss Group

Ease of farming would ensure more competition in mandis so that farmer is not at the mercy of a handful of commission agents and traders in mandis. Opening up the mandis to multiple players would provide the highest level of ease of farming.



12 Seeds of The Future

Theme:
Agriculture

Persona:
Farmer

Depending on Farmers

India's agriculture sector has an enormous burden on its shoulders with about 45% of the population, directly depending on it for employment. This is more than any other sector of the economy. It is also the fall back option for millions of people who are employed in the informal economy in cities and towns across India. In case of any distress in the larger economy, it is agriculture and rural economy which provides succour and people return to their villages. More importantly, the sector provides the food required by 1.37 billion Indians. In fact, Indian agricul-

ture exports several categories of food items too. In FY 2019, agricultural produce, marine products and buffalo meat earned
39.4 billion USD.

Since the economic reforms began in 1991, the Indian industry has seen progressive relaxations in rules governing various aspects of the business. In the last five years, the big industry has been a major beneficiary of ease of doing business, and according to the World Bank's 'Doing Business' report, 2020, India has jumped up 79 places in the last five years.

Agriculture and allied sectors, however, have not seen any major interventions which can be called ease of farming. We can define ease of farming as an environment which enables farmers to obtain all his inputs at reasonable prices and of high quality. He should also have freedom to sell his output at profitable prices. In the following pages, we briefly explore whether the agricultural families in rural India have also experienced any 'Ease of Farming'.

Benefits of Reforms

It would be wrong to argue that Indian farming has not benefited at all from economic reforms since 1991. The sector has also gained from overall prosperity experienced by Indians in the last 28 years. Due to rising demand for food, Indian farmers have diversified their production to grow pulses, fruits, vegetables and flowers. They are also producing a much higher quantity of milk, eggs, honey, poultry, meat and fish. It is only the edible oil for which India continues to be dependent on imports. Several sectors of food processing industry depend on agricultural produce for their raw material. Food counters at Indian super markets look as attractive to buyers as they are anywhere else in the world !

Despite the declining size of farms, uncertainty of the weather, opaqueness in agricultural markets and ever changing government policies, the farmers, agriculture labourers and others connected with rural economy have succeeded in producing more and made India a self-sufficient

nation for most food items. Even though science is hardly given its due credit, the progress in agriculture and allied sectors would not have been possible without the support of better seeds, cheap fertilisers, improved irrigation and deeper network of roads and mandis (in some states) in rural India.

While the urban elites clamour for simultaneous elections to parliament and state legislatures, the farmers wait for elections as that is the only time when they can expect benefits from the Government. The biggest announcement of last five years came on the eve of general elections when the Government announced PM-Kisan in the interim budget on 1st February 2019, that too from the back date of 1st December 2018. An amount of Rs 20,000 crore was budgeted last year while Rs 75,000 crore has been provided in the Union budget in FY 2020. An amount of Rs 6000 per year to all the land owning households was a welcome gift from the new government. For example, for an average farmer in UP, who earned only Rs 6,668 per month in FY 2016, this additional amount of Rs 6,000 added 7.5% to his annual income.

Large numbers of rural poor, largely dependent on agriculture, also benefited from government's housing scheme. From 1st April 2016 till now, 89 lakh houses have been built for rural poor under PM Awas Yojana. About 32.80 lakh of them also got LPG connections under PM Ujjwala Yojana. Pucca house and an LPG connection would have surely made life easier for women in these poor rural households.

Distress Signals

However, in spite of several welfare schemes, there are clear signs of distress in many parts of India and these have become more manifest after demonetisation. Data on farmers suicides was last published in 2015. In the recent report on accidental deaths and suicides in India (2019), the data on farmers suicides is, sadly, missing. National Crime Records Bureau has not given any reason for this. It is possible that the increasing number of suicides would have gone against the government's claim of moving in the direction of doubling of farmers income. NCRB's 2015 report had documented indebtedness as a major cause of suicides.

Media reports suggest that the number of farmer suicides has been going up. Continuing distress in agriculture, reflected in low mandi prices and slow-down in construction sector (which employed 35.8 % of new non- farm jobs from FY 1991 to FY 2016) may also be contributing to farmers suicides.

A recent report of the RBI's Internal Working Group to Review Agricultural Credit (September 2019) notes that since 2014-15, ten States announced farm loan waivers amounting to Rs 2.36 lakh crore. Till 2018-19, the States provided only Rs 1.12 lakh crore in their budgets to meet the commitment made on the eve of state assembly and parliament elections. But in most states, all the indebted farmers have not yet benefited from loan waiver due to tough conditionalities in the State specific guidelines of loan waiver. It means that all the farmers who had taken loans have not benefited from loan waiver even in these ten states. It shows that ease of living has not reached all of them yet.

In 2016, the Government made its most ambitious announcement of doubling of farmers income (from an average of Rs 8,059 per month) by 2023. Doubling it to Rs 16,118 per month, in real terms, by FY 2023 requires a growth rate of 10.4% per annum. Farmers income had grown by just 3.6% per annum between FY 2003 and FY 2013. While such a high growth had never been achieved in the past, the Agriculture Ministry at the Centre and in the States saw a flurry of activity, and it was widely thought that the Government would at least provide enabling policy environment to achieve this rate of growth. It is a matter of some concern that the sector is still waiting for deep reforms and after the general elections, another high powered committee has been set up under Chief Minister of Maharashtra for transformation of Indian Agriculture. Many observers think that the target of doubling farmers income by 2023 is beyond reach as it requires more than 14% growth in remaining period.

Sowing Growth

There are several important policy reforms which will have long term impact on the sector. Dalwai Committee on doubling of farmers income has already submitted its

report in 14 volumes (September 2018). So the Government knows what is to be done. For the sake of brevity, we will only cover three important policy issues.

Firstly, in a large and diverse country, no solution can be suitable for all farmers across India. While the farmers in irrigated regions of India (48% of the gross cropped area) are presently better off than rainfed farmers, declining water table has been a cause of acute stress and rising costs. In the north-west region of Punjab, Haryana and Western UP, farmers as well as the State Governments realise that cultivation of paddy is unsustainable in the long run. Similarly, cane is not suitable for several regions in Maharashtra and Karnataka etc. Ease of farming for farmers in these regions means protection of their current level of income, marketing support for alternate crops and direct reimbursement of losses on account of diversification from paddy and sugarcane to other crops.

Ease of farming for rain-fed areas demands completion of long-delayed irrigation projects and investment in command area works, coupled with micro-irrigation. Despite Centre's close monitoring, several irrigation projects under PM Kisan Sinchai Yojana remain mired in delays and inefficiency. These projects need to be fast tracked.

Secondly, in the last five years, both irrigated and rainfed regions have witnessed the adverse impact of climate change. Droughts, delayed monsoon, unseasonal rains, excessive rainfall in a few days and flooding have been frequent features. State Governments are not geared up to help the farmers in the event of high temperature, droughts and excessive rainfall in short periods. Climate resilient seeds, better weather forecasting, changes in the cropping pattern and modified farming practices can be the way forward.

Thirdly, except in regions and crops where the procurement system is robust, most farmers continue to be at the mercy of middlemen in Mandis. e-National Agriculture Market was supposed to provide a technological solution to the marketing woes of farmers. However, desired success has not been achieved, and serious reforms of

agriculture marketing continue to be delayed in state after state. In the last four years, prices of several agricultural commodities have been ruling below MSP and in many cases, even below the cost of cultivation. Ease of farming would ensure more competition in mandis so that farmer is not at the mercy of a handful of commission agents and traders in mandis. Opening up the mandis to multiple players would provide the highest level of ease of farming.



Siraj Hussain
Former Union Secretary, Ministry of Food Processing Industries and Ministry of Agriculture

Great emphasis must be given to realising the true economic potential of the MSME sector as it will provide a significant boost to the industrial growth of India.

13 Smart, Sharp SMEs

Theme:
Industrial Reforms

Persona:
SME entrepreneur



India stands among the fastest moving economies in the world economic system. The country has grown at more than 7% (average) in the last five years, with significant improvement in the macro-economic environment. Inflation is contained, and fiscal consolidation is on the right path. The government has been continuously taking significant reform measures in the areas of taxation, housing, MSMEs, banking, tourism, infrastructure, among others over the last few years. These sectors have immense potential to ensure 'Ease of Living' in the country, promote ease of doing business and strengthen journey towards a New

India - a strong and sustainable economy.

After getting a major breakthrough in ease of doing business (EODB) in the last five years, improving from 142nd rank in World Bank's EODB rankings in 2015 to 63rd rank in EoDB 2020 report, the focus of the government has now tilted towards ease of living. Through this, the government aims to ensure adequate water supply, solid waste management, increase green spaces, cultural offerings, economic dynamism, among others. The Ministry of Housing and Urban Affairs launched Ease of Living Index in 2018. It is a transformative initiative that helps the cities assess their liveability vis-à-vis national and global benchmarks using 78 indicators across 15 categories. Andhra Pradesh topped the charts in Ease of Living Index 2018, followed by Odisha and Madhya Pradesh.

Ease of living remained one of the key themes in the Union Budget 2019-20. The government has announced its intention of focussing on promotion of the ease of living in the country through various schemes. Government's emphasis on ensuring ease of living for citizens across different sectors is evident from government's move towards lesser interference and simplification of cumbersome processes. In addition, gradual steps towards minimum government and maximum governance reflect the focus of the government towards promoting ease of living in the country.

Further, the promotion of digitisation by the government has resulted in the increased traction of digital payments as a convenient payment method, thereby encouraging ease of living. The PAHAL scheme for direct benefit transfers for LPG has been effectively implemented, under which the LPG subsidy arrived in bank accounts of beneficiaries directly, with no middlemen involved. The National Scholarships Portal was set up as a one stop solution for an end to end scholarship process and grants are being transferred to students via direct benefit transfer. The concept of Electronic Toll Collection (ETC) has been introduced to ensure smooth movement of traffic and collection of fee as per notified rates.

Bedrock of Economy

The concept of ease of living has different aspects vis-à-vis physical,

institutional, social and economical and therefore, ease of living encompasses the concept of ease of doing business. However, there is a need to give a major impetus to ease of doing business for MSMEs as the MSMEs have a very special and vital role in the growth and development of the economy.

Small and Medium Enterprises (SMEs) are the backbone of the Indian economy and a key driver for its growth. The sector has emerged as a highly vibrant and dynamic sector over the last few decades. There are 634 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities, out of which 31% are in manufacturing, 36% are in trade, and 33% are in other activities. By producing a diverse range of products and services to meet demands of domestic as well as global markets, the SMEs are widening their domain across sectors of the economy. The share of MSMEs in India's Gross Value Added is estimated at around 32%. MSME sector accounts for more than 33% of the manufacturing output, around 48% in exports and creates around 11 crore jobs in the country.

In the past few years, government has taken various reform initiatives to provide a boost to the sector, such as GST refund to MSMEs in 30 days, lending to NBFCs for further on-lending to MSMEs under the Priority Sector Classification, launch of Support and Outreach Programme for the MSME sector, Prime Minister's Employment Generation Programme (PMEGP), launch of web portal www.psbloansin59minutes.com, change in the MSMEs classification from investment in plant and machinery to turnover criteria, establishment of Export Promotion Cell, one-time restructuring of existing loans to MSMEs, among many others.

Big Needs of Small Business

In a move to bring in much needed simplicity and flexibility in the labour laws, the government announced the codification of 40 labour laws into 4 codes viz social security, industrial relations, wages, occupational safety and health. This will reduce the compliances for the SMEs and provide more room for deployment of workforce in their respective factories. Further, to decrease the cost of borrowing for MSMEs, the Reserve Bank of India recently approved

banks' lending to NBFCs for further on-lending to MSMEs under the Priority Sector Classification. Borrowers of the MSMEs segment will be able to avail credit up to Rs 20 lakhs at a concessional rate. The move will benefit thousands of SMEs across the country.

Further, providing a high degree of ease of doing business to SMEs is of paramount importance as they form the pillars of economic growth. However, despite being regarded as 'the engine of economic growth' SMEs in India are still facing certain issues like infrastructural bottlenecks, lack of proper market linkages and challenges in terms of the flow of institutional credit among others. Therefore, more focussed reforms are required to give a boost to the development of SMEs as the sector can play a major role in contributing to the all-inclusive economic growth.

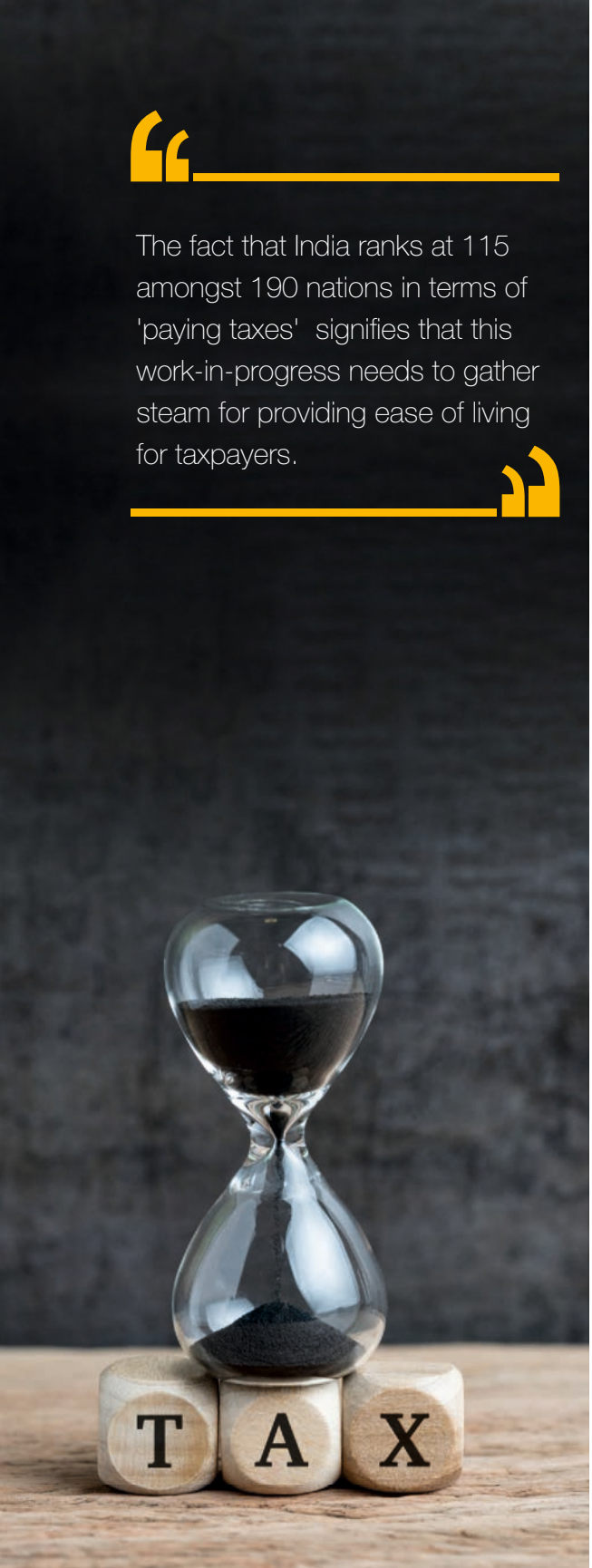
Making structural changes to improve credit flow and helping them become more competitive is a critical need for SMEs. A professionally run, efficient SME can change the industrial profile of India.

In a nutshell, over the last few years, the government has very rightly focussed on the importance of both ease of doing business and ease of living in the country. The government has very well realised that the ultimate aim of ease of doing business is to improve the 'Ease of Living'. Going ahead, the MSME sector holds the potential to push the growth in the double-digit trajectory, if facilitated by ease of doing business. Therefore, it is essential that great emphasis must be given to realize the true economic potential of this sector, which will give a major boost to the industrial growth of India. Further, more focus is required towards improving the quality of life of people at the ground level so as to increase their ability to contribute towards economic development. Promoting ease of living is a key to realise the aspirations of the 'New India' that is yearning for a better life.



Sanjay Bhatia

Managing Director, Hindustan Tin Works Limited



The fact that India ranks at 115 amongst 190 nations in terms of 'paying taxes' signifies that this work-in-progress needs to gather steam for providing ease of living for taxpayers.

14 Three C's of Tax Reforms: Competitiveness, Compliance and Certainty

Theme:
Direct Tax Reforms

Persona:
Tax Payer

The dynamics of today's tax world are rapidly and fundamentally changing. Countries are aggressively lowering their tax burdens to attract domestic and foreign investments. The OECD's BEPS agenda continues to significantly alter the tax structures and legislations across jurisdictions. More than anything else, it is the technology that is changing the rules of the game by bringing in new business models, different supply chains and immense digital data, thus impacting both tax policy and tax administration at international and national levels.

India has been responding to these

global changes every step of the way, whether it is reducing tax burden, enhancing tax compliance, simplifying procedures or improving tax certainty. However, the fact that India ranks at 115 amongst 190 nations in terms of 'paying taxes'[1] signifies that this work-in-progress needs to gather steam for providing ease of living for taxpayers.

India improves its tax competitiveness

The boldest direct tax measure taken by the Indian government is the slashing of corporate tax rates, including surcharge and cesses, to 25% for all companies and 17% for new manufacturing companies, in a trade-off for zero incentives and deductions. The move will go a long way in reducing the cost of capital and catalysing investments. With the earlier combined burden of corporate tax and dividend distribution tax at 48.3%, the OECD recently gave India the dubious distinction of a country with the highest statutory rate among 94 jurisdictions covered by it. This is now set to change with India on a very competitive footing with many of the OECD and BRICS countries and also with neighbours like China, Indonesia and Philippines.

Companies are now evaluating whether they should choose the option of lower corporate tax rate after considering their effective tax burden without the incentives or the carry-forward of past credits / losses. There is a section of companies which would like to go for a 'cleaner' tax system that allows them a low tax rate but without the convoluted system of exemptions and incentives that add to the complexity and compliance burden.

Tax certainty is a fundamental ask by the taxpayers

It is well established that when it comes to investment decisions, businesses value tax certainty even more than tax rates. A consultative approach towards policy-making is deeply appreciated by the taxpayers. It allows policymakers to understand the business considerations and help taxpayers to be better prepared for reforms. In this context, it is hoped that the report of the Task Force on New Direct Tax law, that comprehensively reviewed the income tax law, is made public for consultation.

[1] World Bank's Doing Business Report, 2020

Robust dispute minimisation and resolution processes are an integral part of providing certainty in taxation. With more than Rs 6 lakh crores[2] locked up in income tax disputes as at the end of 2017-18, amounting to about 3.7% of GDP for the year, it is important that measures for avoiding tax disputes are put in place at the earliest.

Most jurisdictions have mechanisms to manage litigation such that even where disputes do arise, the majority are resolved without litigation. For instance, Australia, Canada, New Zealand, South Africa, UK, USA and Indonesia offer a private ruling mechanism to taxpayers. The tax authorities communicate to the taxpayers on how they are likely to interpret the laws in specific situations, thus enabling taxpayers take well-informed decisions. As the businesses in India evaluate the impact of new tax rates, the Department could consider constituting a short-term Special Purpose Committee (including tax experts and industry representatives) to respond to the taxpayers' queries regarding the new tax rate proposals. This will provide certainty to the taxpayers and give them the comfort of taking decisions after fully understanding their tax implications.

Similarly, settlement of cases is considered an important element of tax administration in many countries. The mechanism allows the tax authorities to reach settlements with taxpayers by considering factors such as the provable facts, the expected interpretation by the court in the light of decided cases and the cost versus benefits of continuing the dispute.

These considerations become significant for India considering that the tax department's success rate at all three levels of appeal (Appellate Tribunals, High Courts and Supreme Court) for direct and indirect tax litigation is under 30%. The mechanism of Authority for Advance Rulings (AAR) in India, with more than 400 cases pending resolution, has had limited success in reducing litigation due to structural and administrative reasons. Although there has been some progress in the functioning of the benches, more needs to be done to make the mechanism effective.

The Advance Pricing Agreements (APA) have also been successful as a

[2] Union Receipts Budget 2019-20

means of minimising litigation. The Department has already signed 300 APAs, despite it being a complex exercise. Capacity building for both AARs and APAs, supplemented by a new mechanism for private ruling will help the taxpayers immensely. The government should also continue its initiative of issuing clarifications in response to the taxpayers' ask for clarity in provisions.

Digital disruption is transforming tax compliance, enforcement and services

Technology has impacted not just the nature of businesses, jobs and income streams but also the way tax is administered and collected. The real-time reporting requirements, data analytics and exchange of information across borders are creating new expectations about tax compliances and enforcement.

In recent years, the Ministry of Finance has taken a leap towards digitised tax administration. Several measures have been taken, such as 360-degree profiling of tax payers and the launch of AYAKAR-SETU, a mobile based app that provides easy access to several tax payer services. Currently, the Department is focused on CPC 2.0, i.e., pre-filling of income tax returns by the Department to improve the accuracy of information and reduce the time taken in processing of returns and issuance of refunds from 8-10 days to within the same day.

Another pathbreaking initiative is the implementation of anonymised, faceless e-assessments that deploy machine learning and artificial intelligence technologies to undertake risk-based audits. The process has the potential to bring substantial ease to the taxpayer and minimise undesirable practises. Small businessmen/individual tax payers may not need the help of consultants to represent routine enquiries, which will help bring down their costs. Going forward, in the absence of human interface, the taxpayers will need to equip themselves to provide crisper and focussed information that is easy to understand and not subject to misinterpretation. The tax department too will need to ensure a robust IT infrastructure to enable e-assessments. A mechanism will also be required where taxpayers get an opportunity to explain their case.

There is scope for improvement in the tax compliance procedures in

India. The World Bank Report on Doing Business 2020 points out that it takes 252 hours in a year for a typical middle-sized corporation in India to comply with taxes. While this is considerably favourable when compared to countries like Brazil (1501 hours), it falls behind countries like Indonesia (191 hours), Philippines (171 hours) and China (138 hours). The time is indicative of both direct and indirect taxes and in the Indian context, it involves higher hours for GST, which is still settling down. However, even on the direct tax front, the taxpayers will like to see a simplification of income tax returns and greater certainty in taxation, without the fear of tax authorities questioning even genuine transactions.

Going forward, the Indian tax departments will need to respond to the digital revolution more rapidly. GST has been a learning process, and the faster the departments adapt to the new technologies, the better it will be for them to administer taxes more effectively.

Future of tax reforms

In the time to come, both the taxpayers and tax administrations will need to manage the emerging complexities and challenges. Continuous engagement of the two and building trust will be important to arrive at workable approaches to tax. In the interest of certainty in taxation, India should avoid unilateral approaches to taxation such as for taxing digital transactions.

On the corporate tax front, the government should consider the reintroduction of the classical tax system, where dividends are taxed in the hands of the shareholders as per the applicable slab rate. This system has the advantages of simplicity, transparency and equity, and it reduces the overall tax burden on companies. It also eliminates the problem of no-credit for foreign investors, thereby making India a more attractive and competitive destination for investments.

The sharp increase in surcharge on personal income taxes from 15% to 25% for income between Rs 2-5 crores and 37% for income above Rs 5 crore goes against the principles of moderate taxation. Such high tax burden has had an adverse impact on consumption and may deter compliance. The multiplicity of capital gains tax rates is another area that deserves attention.

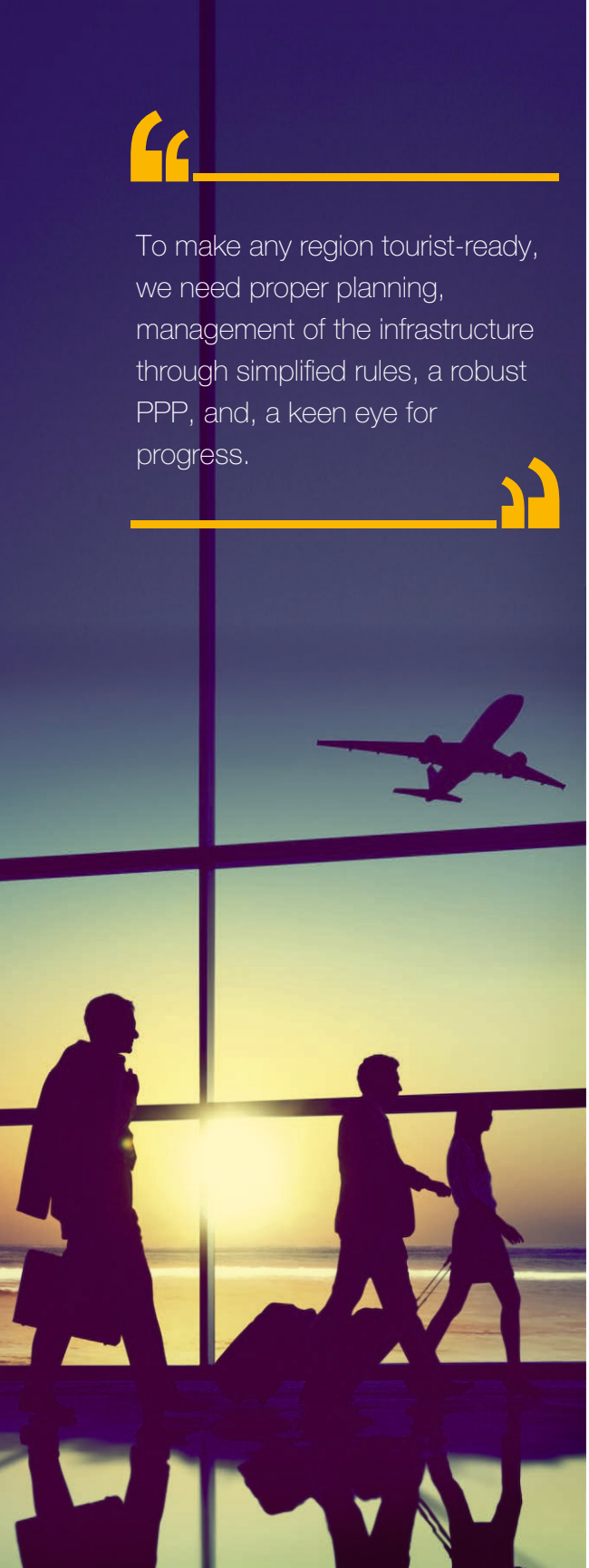
Tax administration will need to be more proactive and use innovative approaches for managing compliances and minimising disputes. Positive compliance through education, improved taxpayer services and behavioural insights will gain increasing significance. At the same time, tapping new data sources and techniques such as analytics, blockchain, robotics and artificial intelligence will continue to be the focus of tax authorities.

The tax department must also have accountability, beyond revenue collection, to reduce litigation. New mechanisms should be introduced to prevent disputes. For instance, a workable mediation mechanism may be brought in, right at the assessment level, for high pitched assessments. A mediation panel may be constituted comprising experts like past ITAT members, retired IRS members and direct tax professionals with relevant experience in mediation and special knowledge of direct taxes.

Based on the number of reforms which aid ease of doing business, India has been ranked as one of the top 20 improvers in Doing Business 2020 by the World Bank. With the determined reforms introduced by the government in the tax sphere and given the ongoing efforts, the taxpayers in India are hopeful that India will soon be able to improve the ease of paying taxes.



Rajiv Memani
Chairman & Regional Managing Partner, EY India



> To make any region tourist-ready, we need proper planning, management of the infrastructure through simplified rules, a robust PPP, and, a keen eye for progress.

15 Travelling Easier

Theme:
Hospitality

Persona:
Tourist

India stands tall in its tourism economy and offers some of the most astonishing destinations to travel. According to the World Travel and Tourism Council, tourism in India generated a whopping US$240 billion which is 9.2% of India's GDP in 2018 and supported 42.6 million jobs contributing 8.1% of its total employment. In less than a decade, the World Travel & Tourism Council expects India to become the fourth-largest travel and tourism economy behind China, the U.S., and Germany with its booming middle class that is characterised by 250 million smartphone users out of a population of 1.3 billion.

We are in the middle of a social revolution in many ways. Whether it is in the hospitality, aviation, consumer technology or even space missions these days, affordability and access are key to any success. I have always maintained that low cost does not mean low quality.

It is not always critical to creating a completely new business but more important is that we approach the same old legacy business in a completely different way with the objective of making the product or service more consistent, affordable and accessible to millions of consumers. The hospitality business is not new in India. It has been around for hundreds of years. And for the most part, it has operated in a more or less fixed manner for guests and operators alike. Until about a few years back, when someone got off a bus, train or a plane in a new city, they would have two choices - either experience a predictable upscale experience at a premium or be ready for some surprises which could often turn out to be ugly shocks too. For those in the latter category, there was no assurance of which hotel or guesthouse would be safe and secure; what would be the tariff they would end up paying; or what they would get inside the room. To top it all, you knew you would be exploited by touts, and the pertinent question, depending on the clothes you were wearing or the time of the day you walked into a hotel, was by how much!

Fixing What's Broken

We believe hospitality and real estate are broken categories. There is a vast disconnect between demand and supply of quality living spaces, forcing travellers and city-dwellers to compromise on location, quality and price. Technology and talent can be used to fix this problem. With changes in technology and the arrival of the dare-to-dream generation, we have been able to make a lot of progress in the way many products and services, including traditional hospitality are being conceived and delivered. I truly believe that technology needs to be used to solve fundamentally hard problems. And in India we have many. Whether it is education or nutrition or travel or accommodation, these are fundamentally hard problems to solve in our country. But each one of them provides us with opportunities to create a change, make an impact on the lives of people, create job opportunities and indeed build profitable and sustainable businesses. This can

only be done with the power of technology and talent with problem-solving skills that understand the needs of the consumers and deliver to it. Online end-to-end hotel chains such as OYO, which are driven by technology and talent, helped solve the demand-supply imbalance and quality-affordability gaps at scale.

Travelling with Tech

Technology is helping transform the sector in multiple ways - right from empowering local cities to creating local entrepreneurs in the hospitality, food, travel and tourism space. Technology has helped reduce costs, enhance operational efficiency, and improve services and customer experience. With technology-enabled hotel chains and online travel aggregators, the local economy of offbeat destinations across the country is benefiting with the rise in self-employment - from cab service providers to accommodation providers to guides and local food & beverage joints - among others. Just in terms of sheer numbers, the hospitality industry creates more job opportunities than the IT industry, and at OYO, we are thankful to have created over 100,000+ economic opportunities in India alone. India's travel and tourism sector has the potential to create 50 lakh jobs (direct & indirect).

The changing preferences of travellers is an emerging factor that is significantly impacting the growth of the tourism industry globally. Travellers are increasingly becoming discerning and are preferring unconventional locations over the usual touristy spots. Undertourism is fast emerging as a megatrend for 2019 where the objective is to rescue tourists from already cluttered popular tourist destinations and encourage them to explore unique getaways where tourists have both a chance to experience the relative calm as well as meaningfully engage with the locals etc. Impulse travelling is the mantra for the newer generation and cities, entrepreneurs and policymakers can help curate experiential, immersive tourism opportunities. However, most of these places in India lie in the smaller towns and lack easy access. Be it the ancient temples of Khajuraho, the unparalleled beauty of Ajanta-Ellora caves in Aurangabad, sheer architectural splendour of Mandu in Madhya Pradesh or Tamenglong in Manipur that boasts of exotic flora and fauna; all take you to the not-so-easily-accessible smaller towns of India which are seeing rising interest from tourists

compared to the overcrowded travel destinations.

Funding Destinations

To create travelling experiences for tourists and promote tourism in India, investments are needed from the government to improve existing public infrastructure (roads, sanitation facilities, potable water supply, public transport, etc.). For instance, connectivity to villages in and around Manikaran, a hill station in Himachal Pradesh, is either through trekking or a horse ride. The lack of public transportation and road infrastructure has made it difficult for a tourist to reach the place and thus only a small percentage of the travelling population manage to visit this amazing valley.

The 2019 Interim Union Budget had allocated just 0.08 per cent of the total budgetary spend of Rs 27,84,200 crore for the development of the tourism sector. There is a pressing need to allocate at least 2 per cent of the total budget to the travel and tourism sector. The Union government needs a coordinated plan with states to provide and improve tourism-related infrastructure. Land is crucial to the growth of the tourism industry, and it remains in the jurisdiction of states. While almost every state in India has been trying to woo tourists, more proactive steps are needed to ease land acquisition and create adequate incentives for the private sector to build infrastructure. Many states have taken some commendable steps in creating land banks and are investing in marketing campaigns. The government needs to create a cohesive and formal structure for faster and effective coordination among government departments and agencies such as ministries of roads, railways, aviation, forest, urban and rural development; create a separate budget in these ministries for tourist infrastructure. The interconnectivity of major tourist attractions and monuments has to be improved. India needs to create a comprehensive campaign to improve its image as a global tourist destination. The government needs to develop public-private partnership (PPP) models for the participation of private players.

The decision of Govt. of India to waive GST for hotels with tariffs of less than INR 1,000 will bring about the same changes to hotels and accommodation options (such as homestays and serviced apartments) as we have seen in aviation and telecom sectors over the past two

decades, if we are able to guarantee predictable, quality hotel experiences at affordable prices. As the cost of access drops, the propensity to use the product or service is bound to increase exponentially.

Business Case for Investment

The private sector also has a crucial role to play when it comes to providing affordable and quality accommodations, marketing the latent potential of such destinations and enhancing the customer experience when it comes to food & beverage establishments. There is adequate scope to provide better transportation services, add value to tourists by investing in adventure/amusement parks and absorb skilled local youths as much as possible. Improvements in private infrastructure can make availability and the stay experience more safe, connected and predictable.

To sum up, we need to ensure that not only the traveller has the time of his life, but the destination's economy also gets a boost. To make any region tourist-ready, we need proper planning and management of the infrastructure through simplified rules, a robust PPP and a keen eye for progress. The concerned authorities and the private sector need to come together and address this problem. This will not only create a great experience for the tourists but will also help in preserving the local culture and augmenting incomes of local inhabitants. I have always believed that India is a supply-constrained market. Anything that brings costs down and makes supply more affordable for the burgeoning demand is a huge reason to cheer and that too just before the festive season.



Ritesh Agarwal
Founder & CEO (Group), OYO Hotels & Homes

About FICCI

Established in 1927, Federation of Indian Chambers of Commerce and Industry (FICCI) is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies.

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Federation of Indian Chambers of Commerce and Industry

Federation House, Tansen Marg, New Delhi - 110001

Tel: +91-11-23738760-70 | **Fax:** +91-11-23320714

Email: ficci@ficci.com | **Website:** www.ficci.in