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Education

1 Permit for-profit institutions at all levels

Strengths & Opportunities:

- Given fiscal constraints and limitations of not-for-profit sector, it is necessary to expand the number of schools-only way to reap demographic dividend.
- Private sector, operating for profit, will churn out better services to attract paying customers.

Weaknesses and Threats:

- Challenge of maintaining equity because only the rich will have access.
- Populist politicians and other vested interests will oppose it.

Just Do It/How to get it done:

- If for-profit institutions are allowed in other public services like health, there is no logic to deny it in education.
- Lease out the existing government schools' infrastructure, either fully or partially (possibly through evening schools), under a public-private partnership model.
- Enact an enabling legislation at the Centre. Let modalities be worked out by states. That will reduce the blowback from resistance on Centre.

Case study:

- Among emerging economies, Brazil permits for-profit education institutions. The Government ensures that they comply with regulatory standards by ensuring that students on Government-scholarships (a substantial number) only attend institutions which are compliant.

2 Move to Vouchers; reduce direct spending on government schools

3 Standardise Assessments: ensure every child is learning in school

4 Promote continuous teacher training so that they are in touch with the developments in the field and well-versed with the use of technology

5 Institute a new independent Higher Education regulator

6 Deregulate Distance and Online Higher Education

7 Allow foreign universities to set up campuses

8 Raise fees at Government-funded Universities

9 Remove apartheid between Education and Training; NVEQF, Vocational Universities, Community Colleges

10 Reboot the Apprenticeship Act of 1961

Foreign Policy

1 Over 5 years, increase capital expenditure on defence from 1.1 percent of GDP to 3 percent of GDP

Strengths and Opportunities:

- India's armed forces are woefully short of modern equipments.
- Recent accidents in the Air Force and Navy prove that the need to upgrade equipment is at an emergency stage. Hostile countries will not take India's defences seriously until the situation is rectified.
- Overall, India has a respectable defence spending figure of 2.4 percent of GDP, but this masks the fact that most spending is on salaries, establishment costs and other current expenditures.

Weaknesses and Threats:

- The Budget allocates defence spending under one head combining capital and current. With One-Rank-One-Pension and the impending Pay Commission, there is a risk that an increase in overall defence spending does nothing to increase capital expenditure.
- Fiscal pressures over the next few years will mean that the government will have to cut expenditure elsewhere to increase defence spending.

How to get it done:

- Announce the intent to increase capital spending in defence in the first budget. Outline a roadmap.
- Appoint an effective defence minister who is able to take quick decisions on acquisitions.
- Allow private sector and FDI in defence so that costs of acquiring equipment come down.

Case Studies:

- According to SIPRI 2013 Yearbook, world military expenditure in 2012 was estimated around \$1756 billion, representing 2.5 per cent of global gross domestic product (GDP) or \$249 for each person in the world.
- Military expenditure in **Asia** and **Oceania** rose by 3.3 per cent in 2012. Large increases were seen in **Vietnam**, where tensions with China are prompting major naval purchases, and in **Indonesia**. Spending in **India** decreased by 2.8 per cent.
- China, the second largest spender in 2012, increased its expenditure by 7.8 per cent (\$11.5 billion) in comparison to the preceding year in real terms. Russia, the third largest spender, too increased its expenditure by 16 per cent (\$12.3 billion) during the same time period.

2 Expand Indian Foreign Service: allow lateral entry; Encourage specialization in economic issues

3 Restructure the intelligence agencies: increase coordination between agencies and make them accountable to Parliament

4 Act tough with Pakistan: revive covert operations ability; Create economic deterrents; Ask Pakistan to reduce its mission size in India

5 Aggressively expose Sino-Pakistan nexus in international forums like the UN and with countries like the US and UK

6 Bring Tibet into bilateral dialogue with China; Ask for Tibet's historical independence

7 Invest heavily in roads along the China-India border

8 Sign defence pacts with China's East Asian rivals; Begin with Vietnam

9 Regain lost influence in India's neighbourhood; Adopt a carrot and stick approach

10 Revitalise the Indo- US relationship: forge common interests on Af-Pak region, Iran and on bilateral economic issues

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=foreign-policy#sthash.0oDiUpq0.dpuf>

Administrative Reforms

1 In civil services, end seniority principle for promotion; Encourage lateral entry

Strengths and Opportunities:

- Several reviews of government's functioning have pointed out the need for professionalization of recruitment process and performance reviews at all levels of central and state civil services.
- Merit rather than seniority at the time of recruitment ought to be criteria for all promotions.
- Requirement of professional competencies at various levels of administration have become complex; a large number of professionals are available and interested in working with the government.

Weaknesses and Threats:

- Entrenched bureaucracy and related political vested interests have resisted any significant changes in the system so far.
- Poor performance culture pervades lower echelons of government which makes performance focused recruitment and promotion difficult.

How to get it done:

- Appoint 2-3 panels of professionals to operationalise the various recommendations of the 13th and 15th Report of Second Administrative Reforms Commissions as well as the Committees set up by Department of Personnel and Training (DOPT), Government of India (GOI).
- Appoint a professional team at the Department of Personnel and Training under a young professionally educated Minister to carry forward the reforms which reduce the tenure of all government functionaries to 20 years, with a selection process after 14 years of service, and introduce modern performance monitoring and reward systems.
- Implement recommendations related to setting up of autonomous and independent Central and State Civil Services Authority, as per the above recommendations.
- Create teams of similar professionals with each state government with time-bound mandates to bring about such changes.
- Bring contractual appointments at higher echelons of administration at the central and state levels to get competent professionals with domain expertise and managerial experiences.
- Create public opinion for professionally functioning bureaucracy by introducing compulsory social audits and client feedback for all aspects of government functioning.

Case Study:

- Professional recruitment and performance-based promotion systems have now been introduced in many countries like Brazil, Philippines, Thailand and Malaysia (not to mention Canada, Australia and UK).

2 Appointments to all constitutional, statutory and regulatory authorities should be done in a bipartisan fashion by the Prime Minister and Leader of the Opposition

3 Abolish wasteful ministries/departments; Make structures of remaining ministries lean and efficient

4 Set time limits for bureaucratic decisions; Upload decision-making details online

5 Modernize the Police Station: Upload FIRs on a website; Interrogation rooms to have video and audio recording

6 Fixed Tenures for critical ranks like DGPs, District SPs & SHOs; Transfers of officers up to SP rank to be independent of political executive

7 Abolish the collegium system of appointments of judges; Enforce judicial accountability through audit

8 Set time limits for judicial decisions; Government should reduce its litigation in the courts system

9 Abolish the anti-defection law for all Parliamentary votes except Money Bills and Confidence Votes

10 Strengthen the Parliamentary Committee system; Make hearings public, broadcast on television

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=administrative-reform#sthash.y5RJa0O1.dpuf>

Taxation

For individuals, income tax bands and rates should be reset; with (a) no tax on incomes below Rs 3 lakh per annum for income earners under the age of 65 and Rs 5 lakh per annum for pensioners, (b) 15% on the next Rs 3 lakh (c) 20% on the next Rs 6 lakh and (d) 25% on income above Rs 12 lakh

Strengths and Opportunities:

- It will be a popular move and provide relief to honest taxpayers.
- It will promote compliance as tax rates fall across the board; likely to boost revenue.

Weaknesses and Threats:

- Reducing the top tax rate from 30 percent to 25 percent may be seen as a pro-rich move.

How to get it done:

- Make the announcement in the first Budget in July 2014. Change from current rates of (a) no tax on income up to Rs 2 lakh (b) 10% on Rs 2-5 lakh (c) 20% on Rs 5-10 lakh and (d) 30 % on incomes above Rs 10 lakh.
- Announce an end to all deductions and exemptions.
- Announce a commitment to retain the rates for five years, except for inflation-based changes in threshold.

Case Studies:

- Singapore has a progressive tax structure. After deducting personal relief, personal income tax rates are between 0-20 percent.
- Majority of households in the United States that don't pay federal income taxes are either elderly or paying payroll taxes. Approximately, 22 percent of non-payers are retirees.
- In Switzerland, while higher marginal rates can start at lower income levels, the top effective federal rate of 11.5 percent starts at approximately 751,400 CHF for single tax payers. This though doesn't include cantonal, communal or church taxes which can differ significantly.

2 Set a Corporate Profit Tax rate of 15% on profits of up to Rs 50 crore per annum and 25% on all sums above that amount. End all exemptions, except for exports.

3 To reinforce the need for all companies to derive a much greater amount of export income than they do now, a tax rebate of 5% should be provided on profits derived from export income in addition to rebates on indirect taxes.

4 Amend Tax law to prevent future FMs from levying any surcharges/special levies on income or profits taxes for special purposes or to meet exigencies in revenue shortfalls. If exigent revenue needs have to be met that should be achieved by adjustments of rates on indirect taxes (like Road taxes, Luxury goods taxes, GST when it's implemented).

5 Introduce GST with no exemptions; set a low rate of 12 percent (Centre plus states)

6 Tax agricultural income at the same rates/slabs as income tax

7 Pledge that there will never be any retrospective change in tax laws

8 Reform tax administration: Allow tax scrutiny only with the permission of Revenue Secretary; Use modern technology to reduce interface between tax official and citizens

9 Reduce arrears and settle disputes through fast track courts or through out-of-court settlement.

10 Devolve some powers of taxation to local city Government

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=taxation#sthash.aVRt3h81.dpuf>

Twin Deficits

Announce a cap on subsidies at 0.75 percent of GDP; Lay out a roadmap to achieve it in three years

Strengths and Opportunities:

- It is the only sustainable way to reduce the fiscal deficit.
- The middle class and rich do not need subsidies on food and fuel.
- It will force a better targeting of the subsidies that remain.

Weaknesses and Threats:

- It will be opposed by populist politicians across the spectrum.
- It will be opposed by special interest groups, like fertilizer subsidies.

How to get it done:

- Make the announcement in the first budget in July 2014. That is when the political capital of the government is highest.
- Amend Food Security Bill to target only those below the poverty line.
- Deregulate the price of diesel immediately. Increase prices by Rs 1-2 per month, instead of 50 paise.
- In a 24 month period, introduce direct cash transfers on a war footing, using the Aadhar platform, to those below the poverty line who require food and fuel subsidies.

Case Studies:

- In New Zealand, despite initial protests, farm subsidies were repealed in 1984. Almost 30 different production subsidies and export incentives have been ended.
- In September 2009, G20 leaders committed to “rationalize and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption” at their summit in Pittsburgh, United States. This move was closely mirrored by Asia-Pacific Economic Cooperation (APEC) leaders in November 2009.
- In June 2014, Indonesia increased petrol prices by 44% to cut its annual subsidy bill of \$20 billion. Malaysia too followed suit and slashed petrol subsidies in the hope of filling a budget hole which had reached 4.5% of GDP.

2 Reduce the number of Centrally-Sponsored Schemes from 147 to 20. Each central ministry like HRD, Health, Urban Development, Rural Development should be permitted just one programme; For instance, Rural Development should be allowed a consolidated NREGA only

3 Ask the Seventh Pay Commission to downsize significantly the lower bureaucracy at Class III and Class IV levels before recommending a raise in wages for the rest

4 Widen direct taxes base: Lower rates, end exemptions and tax agricultural income

5 Reform Indirect Taxes: Introduce Goods and Services Tax at the rate of 12 percent

6 Launch an aggressive privatization (not simply disinvestment) programme

7 End intervention in currency markets; Let rupee find its own level

8 Remove all barriers to foreign inflows, both FDI and FII

9 Diversify trade: look for Free Trade Areas with non-traditional and traditional partners

10 Address non-tariff barriers (in sectors like pharmaceuticals, media, agricultural commodities) which cause huge trade deficit with China

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=twin-deficits-fiscal-and-current-account#sthash.HcLZV6C6.dpuf>

Corruption

Strong Lokpal, independent from executive but accountable to Parliament

Strengths and opportunities:

- India's premier investigation agency, the CBI has no credibility in anti-corruption probes as it is not independent of executive.
- Successful prosecution and sentencing of the corrupt to jail terms will act as a serious deterrent to corruption.

Weaknesses and threats:

- In the absence of proper accountability mechanisms, an independent investigation body can run amuck, targeting even honest officials, and paralyzing the functioning of government.
- Lokpal's investigating officers will be drawn from the pool of Indian Police Service officers (and state police officers) who are part of the 'corrupt' system.

How to get it done:

- The head and members of the Lokpal must be chosen with bipartisan political consensus by a Parliamentary Committee that has the widest representation of parties.
- The Lokpal must be accountable to Parliament and must present a report in every session detailing progress of its various investigations.
- It should eventually aim to build its own cadre of investigators.
- The judicial process should be kept separate from the Lokpal.

Case Study:

- Indonesia's Corruption Eradication Commission (KPK) formed in 2002 is independent from the national police force. It has successfully prosecuted high profile officials and politicians.

2 All welfare programmes should be converted to cash transfers based on Aadhaar smart cards

3 When awarding contracts for natural monopolies— mining, oil and gas, telecom spectrum — the answer is a transparent auction

4 For land transactions, equalize circle rates with market rates

5 Enforce transparency in electoral funding

6 All government departments must be required to place all their rules, procedures and forms on their website

7 Minimise requirement for Affidavits and let self-attestation of affidavits become the norm rather than the exception

8 Set a time limit for adjudicating judicial cases

9 Prescribe time limits for key bureaucratic decisions and impose stiff penalties for not keeping information systems up to date

10 Leverage the reach of mobile phones to enforce transparency and accountability on Government

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=corruption#sthash.SSHJ0ruB.dpuf>

Energy

1 Create a new ministry of energy by integrating the ministries of petroleum & natural gas, power, new and renewable energy, coal and the Nuclear Power Corporation

Strengths and Opportunities:

- It will allow the government to frame a coherent energy policy that cuts across different sub sectors.
- It will end the coordination problems and turf wars between existing ministries which often work at cross purposes.

Weaknesses and Threats:

- It will mean that the jobs of four cabinet ministers will be reduced to one.
- It will be resisted by the bureaucracies in each of the ministries.

How to get it done:

- An executive order announcing the merger of the 4 ministries (plus one PSU) as soon as the PM is sworn in, before the cabinet portfolio allocation is made.
- A minister of state must be appointed for each sub-sector who can be responsible for the execution of projects in that sub-sector even as the cabinet minister frames overall policy and ensures coordination.

Case Studies:

- In Germany, the Federal Ministry for Economic Affairs and Energy has the lead responsibility for the formulation and implementation of Energy policy.
- The US and UK have unified ministries of energy.

2 Every unit of fuel and every unit of energy should command a market price: subsidise the poor through direct cash transfers

3 End Coal India's monopoly over the mining of coal; Allow domestic and foreign investors to mine coal and sell in the open market

4 Give complete autonomy to energy PSUs like ONGC, IOC, NTPC; Begin the process of privatization via a National Shareholding Trust accountable to Parliament

5 Set strict time limits for environment clearances for mining and energy projects

6 Corporatise and merge state electricity discoms into a single national entity

7 Create a cross-border energy grid: tap the hydro-power potential of neighbouring countries

8 Create ready-to-dig opportunities for exploration companies

9 Upgrade the Solar Energy Mission: target 30,000 MW instead of current 20,000 MW capacity in ten years; Encourage wind-based power

10 Address the demand side to encourage energy efficiency: make the GRIHA system of rating buildings mandatory; Impose higher taxes on energy inefficient household appliances and motor vehicles

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=energy#sthash.u5vbG5c7.dpuf>

Health

Double Government Expenditure on Health from just under 2 percent of GDP to 4 percent of GDP in five years: Use additional funds innovatively

Strengths and Opportunities:

- India's Government spending on the health sector is well below world average. It is also below the average level of most emerging economies.
- The Health sector faces a resource crunch. Given India's population numbers and per capita income, private sector alone cannot meet the demand.

Weaknesses and Threats:

- The additional funding may be sunk into non-performing Government schemes and non-performing Government hospitals.
- From a political economy point of view, putting money into health is always less attractive than giving freebie subsidies.

How to get it done:

- Explore Public Private Partnership options beyond giving government land to private hospitals. A combination of Government financing and private delivery could work for India.
- Rationalise existing Government schemes in health. Try and consolidate into one or two (urban/rural) schemes.
- Consider a National Health Insurance scheme where the genuinely needy will be subsidised by the Government.

Case Studies:

- Many developing countries like Malaysia, Indonesia and Cuba provide virtually free, quality healthcare to their people
- [Hong Kong's universal health care system](#) involves heavy government partaking despite being considered as [the freest economy](#). Public hospitals account for 90 percent of in-patient procedures, while the private options are used mostly by the wealthy.

2 Create an incentive system for transfer of health-linked funds to states

3 Train a new category of para-doctors: college graduates with two years medical training who can treat basic diseases

4 Commitment to build an AIIMS-like super specialty teaching hospital in every state

5 Restructure Union Health Ministry: create a separate department manned by experts to focus on TB, Malaria and HIV the three biggest killer diseases in India

6 Restructure Government hospitals: contract out all non-core services (cleaning, security, canteens etc); in particularly dysfunctional hospitals outsource entire management on a non-for-profit basis

7 The Medical Council of India should have a 24 hour help line for receiving complaints which must be uploaded on the web immediately

8 Set up designated consumer courts which deal only with cases of medical negligence and spurious drugs

9 Creation of independent Technology Assessment Boards for rational deployment, and use, of drugs and technology

10 Announce a Central Government programme to construct public toilets on a war footing

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=health#sthash.u82Dhm8i.dpuf>

Education

Permit for-profit institutions at all levels

Strengths & Opportunities:

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Weaknesses and Threats:

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Just Do It/How to get it done:

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- Lease out the existing government schools' infrastructure, either fully or partially (possibly through evening schools), under a public-private partnership model.
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Case study:

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2 Move to Vouchers; reduce direct spending on government schools

3 Standardise Assessments: ensure every child is learning in school

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7 Allow foreign universities to set up campuses

8 Raise fees at Government-funded Universities

9 Remove apartheid between Education and Training; NVEQF, Vocational Universities, Community Colleges

10 Reboot the Apprenticeship Act of 1961

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=education-skills#sthash.PBXGMfGl.dpuf>

Financial Markets

1 Make RBI a constitutional body independent from Finance Ministry; interest rates should be determined by a monetary policy committee

Strengths and Opportunities:

This step would bring RBI in line with most central banks around the world, which are independent constitutional authorities set up to pursue a sound monetary policy with the primary objective of combating inflation and maintaining systemic financial stability.

Setting up a monetary policy committee (MPC) will ensure plurality of opinion in deciding the interest rates; at present, Governor is the decision-making authority.

Weaknesses and Threats:

The Finance Ministry will resist constitutional status to RBI.

It may be argued that in a democracy, RBI should be accountable to the executive.

If the members of MPC are appointed by the government, they can influence policy in a manner the government wants.

How to get it done:

It should be done with the first budget; it will inject huge credibility into the fight against inflation.

Members of the monetary policy committee must be selected in a bipartisan manner by the PM and Leader of the Opposition based on the recommendations of an expert committee.

RBI Governor should be made directly accountable to Parliament for his actions and decisions.

Case Study:

The experience and practices of the five best central banks (including the US, UK, Canada and Europe) around the world have already been studied by FSLRC.

2 Abolish Forwards Markets Commission; Bring commodities exchanges under SEBI preview

3 Liberalise the banking market by removing all barriers to foreign investment and privatizing state-owned banks

4 Allow 51 percent FDI in insurance; privatize government-owned insurance companies

5 Liberalise pensions markets: Allow 51 percent investment by foreign pension fund managers

6 Liberalise corporate bond market: integrate it with currency and derivatives markets

7 Open up the derivatives market by ending RBI and Finance Ministry controls to provide for investment risk-hedging

8 Restore macroeconomic balance: Commit to a reduced fiscal deficit of 3 percent of GDP in 36 months

9 Permit full convertibility of rupee on the capital account

10 Implement recommendations of the Financial Sector Legislative Reforms Commission which streamlines and harmonises the legal framework for Indian financial markets

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=financial-markets#sthash.gFSj5IU7.dpuf>

Infrastructure

1 Create a National Infrastructure Board (NIB) chaired by the Prime Minister and co-chaired by the relevant Chief Minister

Strengths and Opportunities:

It will become a single window clearance for big-ticket infrastructure projects.

It will ensure coordination between the central and state governments, both of whom have multiple powers of clearances.

It will inspire confidence among investors that project clearances are being made by the executive heads of the government of India and state government.

Weaknesses and Threats:

It can be criticized for over-centralization of authority.

There may be resistance from some ministries in the centre and state which may fear loss of turf.

How to get it done:

Union Environment Minister must be a member of the NIB.

Give the NIB access to government land banks to overcome difficulties posed by Land Acquisition Law.

Persuade state governments to join the Board; begin with CMs from the ruling party/coalition.

Case Study:

In New Zealand, the National Infrastructure Advisory Board consisting of members from the private sector and outside central government was established to advise the National Infrastructure Unit and the Minister for Infrastructure on project appraisal, capital asset management issues and the development of the National Infrastructure Plan. A key role for the board is to engage with the private sector, local government and other stakeholders.

2 Separate policymaking and regulation; Set up independent sectoral regulators to monitor user fees and tariffs

3 Merge the ministries of Roads and Highways, Railways, Civil Aviation and Shipping into an integrated ministry of transport

4 Permit renegotiation/re-auctioning of PPP contracts

5 Enable easier finance for infrastructure: facilitate the development of a long term bond market, allow foreign pensions funds and private equity funds by amending qualifications for investment in physical infrastructure

6 Restructure NHAI to convert it into 'Mission Mode'; Upgrade Golden Quadrilateral from 6 lanes to 12 lanes

7 Corporatise Indian Railways; Abolish the Railway Board; Allow private operators to run trains, stations

8 Build a high-speed Rail Network; begin with routes plied by the Shatabdi Express trains

9 Build 50 new airports in big cities, Tier 2 and Tier 3 cities/towns; Abolish aviation fuel tax

10 Privatize major public sector ports

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=infrastructure#sthash.JUI2CV3d.dpuf>

Urbanization and Housing

1 Launch an improved National Urban Renewal Mission scheme. The objective should be to double or nearly double investment in urban infrastructure from 0.7 percent of GDP currently to 1.1-1.4 percent of GDP in five to seven years

Strengths and Opportunities:

- Improved infrastructure will make our cities more productive and wealth-creating.
- Cities economise on space and are a magnet for talent and youth. A young country needs many more cities to draw its youth for education and employment.
- Industrial and services clusters and satellite cities will provide new engines for growth. Urbanisation is the only way to take GDP growth to the 8-10 percent range quickly.

Weaknesses and Threats:

- Fast urbanisation brings with it greater possibilities of crime, pollution and stressful lifestyles. It will call for more effective policing and other soft interventions.
- Cities tend to be where rural politicians and business interests seek to generate electoral funds by use of discretionary controls (on land, etc) and regulations. This group will try to thwart radical change in city governance structures.

Just Do It/How to get it done:

- The Committee on Urban Infrastructure calls for the creation of a unified Ministry of Urban Affairs and Housing with its counterpart in states.
- If funds are directly provided by the centre to the top 50 cities, states will not stand in the way.
- Centre must use political allies in cities to canvas for changes in city governance structures in order to receive funding.

Case Studies:

- Delhi and Ahmedabad are two urban centres that have benefitted from massive investments in infrastructure

2 Increase floor space index (FSI) in cities; at a minimum double existing limits

3 Permit charter cities which run to separate rules without state government interference

4 Allow city agencies to raise their own finances

5 Enforce public disclosure of all city government decisions

6 Redevelop slums for low-cost housing

7 Central and state public sector undertakings are some of the largest owners of land – Divest this land via auctions

8 In peri-urban and peri-metropolitan areas, ELIMINATE the need for “prior approval” to convert Agricultural land to Residential land

9 Encourage affordable housing by eliminating stamp duty for small apartments (less than 600 sq feet) and by automating registration to eliminate transactions costs

10 Invest heavily in urban transport; every city with population over 1 million should have a metro

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=urbanisation-and-housing#sthash.sf54wp6U.dpuf>

Investment

A commitment to reduce the fiscal deficit and revenue deficit by 0.5 percent of GDP per year

Strengths and Opportunities:

- The high fiscal deficit is crowding out the more productive private sector from financial resources.
- A commitment on lower deficits would enable a looser monetary policy that would boost investment.

Weaknesses and Threats:

- A sluggish growth rate means that it will be hard to raise revenues without the damaging prospect of raising taxes.
- There is a risk that productive capital expenditure may be cut and not unproductive subsidies and government consumption expenditure.

How to Get it Done:

- Introduce a new Fiscal Responsibility and Budget Management Act with the first Budget.
- Target non-merit subsidies, particularly in petroleum and fertilizers; institute a 36-month reduction plan, @ 1-3% per month, to reach the optimum/permanent subsidy level.

Case Studies:

- Canada is one of the successful case among the G7, going from the second-largest net debt-to-GDP ratio in the 1970s to the lowest one beginning in the late 1990s. The 90s plan involved a major restructuring of spending, including reforms of unemployment insurance, transfers to provinces, and pensions.
- In India, the fiscal deficit for 2012-13 was lower at 4.89 per cent of the GDP, considerably below the revised estimate of 5.2 per cent, due to larger than estimated mop-up by way of taxes coupled with higher non-tax collection.

2 Implement the Goods and Services Tax immediately

3 Issue a Pledge: In low and stable taxation and rule of law we believe

4 Privatised PSUs, Increase Public Investment with the proceeds

5 Remove FDI caps across the board; in select strategic sectors like defence, allow 24 percent domestic equity

6 Diversify domestic sources of capital: introduce competition in banking and develop bond markets

7 Decentralise Approvals: Allow a single window at the state level

8 Digitise processes related to registration and clearances; make time-bound clearances the norm rather than the exception

9 Revisit Public Private Partnerships: End the crony capitalism

10 Reform labour laws

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=investment#sthash.syn05tPK.dpuf>

Manufacturing

Declare Manufacturing priority number one for Government: Set up a Manufacturing Board chaired by PM

2 Set a target time limit for clearances: Should not exceed 125% of time taken in Singapore and China

3 End all tax concessions and other regulations that incentivize companies to remain SMEs

4 On labour laws, get rid of the Delhi influence and change the Seventh Schedule

5 Reform employment exchanges: outsource to private sector

6 Amend Land Acquisition Act: Eliminate need for multiple clearances; keep price principle intact

7 The cost of power and energy for industry should be no more than for any other sector: end cross subsidy of rest of economy by industry

8 End protection, and preferential treatment to manufacturing PSUs

9 Support firms that are innovators; strengthen IPR regime, give tax breaks for R&D

10 Fast track the commissioning of National Investment and Manufacturing Zones (NIMZs) and MSME Clusters

- See more at: <http://thinkindia.in.com/pm-agenda/?topic-name=manufacturing-land-labour#sthash.QQFT5qpW.dpuf>

Agriculture

1 Abolish Minimum Support Prices: Move to Income Support

Strengths and Opportunities:

- It will end price distortions in the agricultural economy which perversely incentivize farmers to grow wheat and rice (which have MSPs) at the expense of all other commodities.
- It will help boost production of non-cereal food items, like vegetables.
- It will put a lid on food inflation since MSPs only move one way i.e. upwards. Most food inflation is in vegetables. If production increases, prices will fall.
- An income support programme will ensure that needy farmers are compensated for any loss in income caused by abolition of MSPs.

Weaknesses and Threats:

- Large farmers who benefit from MSPs will protest. They are well organized.
- There will be political opposition to what will be portrayed as an anti-farmer policy.
- Identifying needy farmers for the income support programme will be a challenge.

How to get it done:

- Announcement of abolition of MSP and introduction of an Income Support Programme must be simultaneous. However, the implementation of both these policy measures could be synchronized in calibrated steps over a period of time, so as to ensure that such a major policy reform is not stalled by the sheer scale of the change.
- Aadhar must be used for effective implementation of Income Support Programme.
- The need to curb food inflation – an issue that pinches the majority – must be used as argument by the Government to persuade public opinion.

Case Study:

- New Zealand provides a perfect laboratory test of life without farm subsidies. Despite initial protests, farm subsidies were repealed in 1984. Almost 30 different production subsidies and export incentives were ended. According the Organization for Economic Cooperation and Development, only 1 percent of farm income in New Zealand comes from government protection and subsidies.

2 Announce a moratorium on export bans and futures trading bans

3 Invest in seed technology: Allow GM Brinjal

4 Amend Food Security Bill; reduce coverage; the move to cash transfers

5 Provide the financial resources for an agriculture extension officer in each district

6 Abolish the Agriculture Produce Market Committee (APMC) Act

7 Allow farmers to manage irrigation distribution projects

8 Aid diversification to allied activities; Horticulture, Poultry, Fisheries & Animal Husbandry

9 Institute a National Agriculture Insurance

10 Encourage Mechanization, leasing through cooperatives

Listen. Understand. Solve.

- See more

at: <http://thinkindia.in.com/pm-agenda/?topic-name=agriculture#sthash.wv4mYE3j.dpuf>