

# Transforming India: The Decade Gone by and the One Ahead

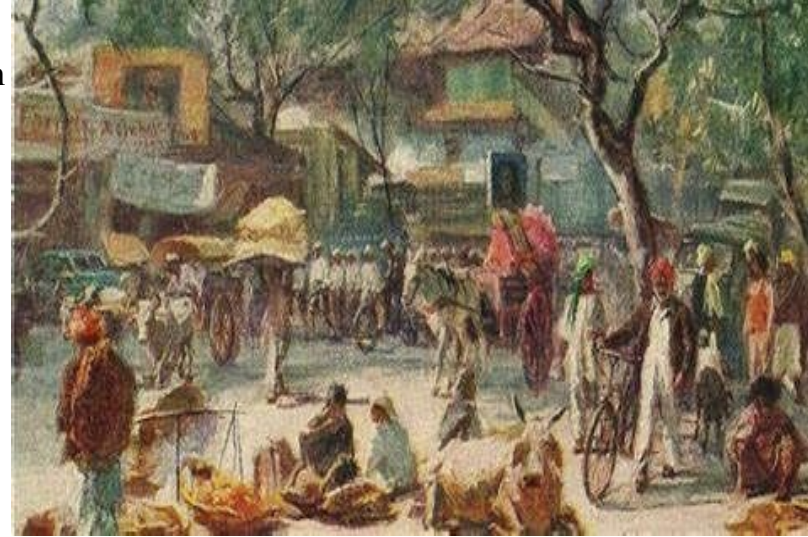
Done from June to August 2023

## Abstract

My paper talks about the different events that have happened and will happen in the future which can significantly impact India's economy. The goal of this paper is to sieve out events and leave the 2 most prominent events that have happened and also the 2 most prominent events which will lead to the development of the Indian economy.

# Introduction

Since 1947 when India finally gained sovereignty, the Indian economy has been trying to restore itself to its original glory. We have been able to come a long way to do this. Economic growth is defined as an increase in Real GDP over a period of time. India has been able to achieve this economic growth along with other macroeconomic objectives such as reduction of poverty, reducing unemployment etc, due to many crucial policies implemented by the Government of India. These policies include: supply- side political reforms like subsidized education and healthcare, along with the formalization of the Indian economy, the Real Estate Regulations and Development Act (RERA), Digitalizing social transfers, focusing on FDI to improve Balance of Payments, etc.



# Previous Articles

Research Paper on RERA by Ar Z Fathimataskeen and Ar S Abinaya and Ar Vilasini Suman



It talks about how the real estate sector in India is a crucial contributor to India's GDP and employment creation. However, it has been unregulated until 2016. The Indian Parliament enacted the Real Estate (Regulation and Development) Act 2016 to provide an unbiased solution to stakeholders. However not every state in India is required to follow the guidelines laid down by the Central Government, and they can make changes as per their local government norms. This study aims to understand the role of real estate in India, the impact of RERA, and the status quo of Indian states under this Act. The real estate sector faces difficulties in implementing and improving projects, and the great evolution of the sector has paved the way for malpractices. The government enacts many laws and acts to stabilize the real estate sector, protecting the interests of investors, the public, and promoters. Central government policies are common to all states, and state government policies vary from state to state based on local situation. The economic crisis has led to changes in policies to uplift the real estate sector.

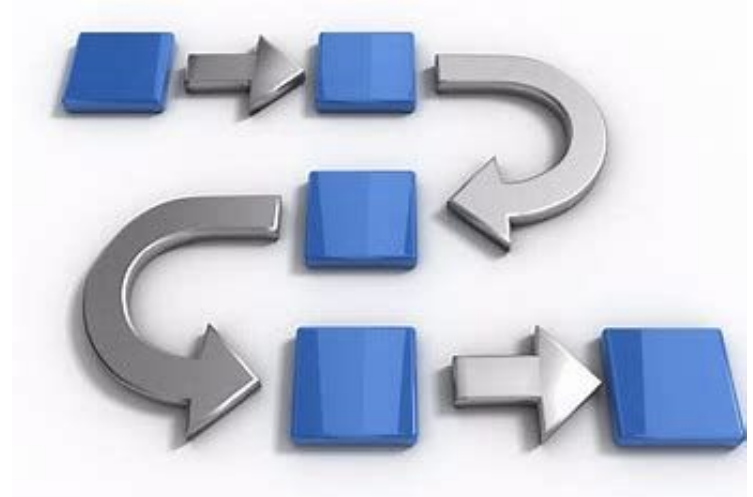
Research paper on Digitalisation of Social Transfer by  
Bhajneet Kaur , R. Mohan Kumar



This paper provides information regarding the impact of digitalization on the economy. It does this by explaining the effect of digitalization and information and communication technology on the economy in India. It also talks about how the digital economy is not simply about moving business transactions from face to face to online, but it's about transforming the many facets of business interactions and transactions and enabling innovations too.

# Methodology

As is it not possible for me to prepare a survey or any other primary research technique. I will be analyzing secondary data I have found on the topic. Along with analyzing second hand data, I will also provide new insight into this topic of my own, along with this I will also interview professionals of this sector to improve the accuracy and credibility of this paper.



# DISCUSSION

THE LAST DECADE

# Real Estate (Regulation and Development) Act

What is



The Real Estate Regulation and Development Act, 2016 is an Act of the Parliament of India which seeks to protect home-buyers as well as help boost investments in the real estate industry. The Act establishes a Real Estate Regulatory Authority (RERA) in each state for regulation of the real estate sector and also acts as an adjudicating body for speedy dispute resolution. The bill was passed by the Rajya Sabha on 10 March 2016 and by the Lok Sabha on 15 March 2016. The Act came into force on 1 May 2016 with 61 of 92 sections notified. The remaining provisions came into force on 1 May 2017. The Central and state governments are liable to notify the Rules under the Act within a statutory period of six months.



# BENEFITS



- It has made it mandatory for developers to register their projects with the regulator and provide regular updates on their progress. This has increased transparency and accountability in the sector, as buyers can now access detailed information about the project before investing.
- It has also set strict timelines for project completion and possession, which has incentivized developers to complete their projects on time. This has increased the confidence of homebuyers in the sector.
- It has also made it mandatory for developers to disclose all details of their projects, including the land title, project plan, and financial details. This has reduced instances of fraud and misrepresentation by developers, as buyers can now verify the information provided by developers.
- Increased the confidence of investors in the real estate sector, as it has brought in more transparency and accountability. This has led to increased investments in the sector, which has resulted in the development of more projects and increased job opportunities.

# DIGITALISATION OF SOCIAL TRANSFERS

What it is



The program, known as the Direct Benefit Transfer (DBT), was envisioned as a digital revolution for government transfers. Designed to replace traditional schemes with cash transfer-based ones, DBT is built on a technological platform linking bank accounts, unique identification numbers and mobile phone numbers.

The Objective of this was to curb pilferage and duplication, accusations targeting of beneficiary, reduced delay in payments

electronic transfer of benefits, minimizing levels involved in benefit flow.

# BENEFITS



- Helps expedite the flow of funds and information securely, thus helps deter fraud
- Eliminates the need for intermediaries who can be influenced, which increases transparency
- Due to the increase in transparency instances of pilferage are reduced
- It also ensures accurate targets of beneficiaries
- Since beneficiaries can only link one bank with their adhar there isn't a risk of duplication.
- Digitalising the process also helps government to reach out to both citizens to sponsor as well as beneficiaries simultaneously
- In conclusion it brings efficiency, effectiveness, accountability and transparency to an otherwise murky and slow system.

# CHALLENGES



- If implementation is not correct it may make beneficiaries worse off
- The value of transfers may not be significant
- Beneficiaries may not have access to banks and atms
- Beneficiaries may not use the money for its intended purpose of food, and may consume products with huge social costs.

THE DECADE AHEAD

# MANUFACTURING SCHEMES

# Production Linked Incentive

What it is



The PLI schemes as envisioned by the Prime Minister, Shri Narendra Modi with the objective of making India 'Aatma Nirbhar' is built on the foundation of 14 sectors with an incentive outlay of Rs. 1.97 lakh crore (about US\$ 26 billion) to strengthen their production capabilities and help create global champions. The main aim of this scheme was to invite foreign investors to set up their manufacturing units in India and also promote the local manufacturers to expand their units and generate employment.

# BENEFITS



- Boosts both the number of goods manufactured and the export market of india.
- It also allows more choices available for consumers.
- Giving incentives to global firms to manufacture in india, increases the capital sector increasing investment inflow of money in the economy, this causes surplus, along with this more manufacturing means more jobs, considering india's large population and the supply of unskilled labor this makes it very easy to reduce unemployment as the huge plants need huge number of unskilled workers, for the brute work.



# CHALLENGES



- The schemes usually all have financial caps which makes over-performing companies lose out on benefits
- Better schemes are available elsewhere for example, Ernst & Young study shows that if the cost of production of one mobile is Rs.100. Then the effective cost of manufacturing the mobile is 79.55 in China, 89.05 in Vietnam, and 92.51 in India(including PLI). So, the investors will prefer other countries despite the PLI scheme.
- These schemes also increase competition for domestic sunrise firms, which makes it very hard to survive in India, as all these schemes are targeted at huge international plates. By reducing the survival of domestic firms, the GNI of India is likely to fall even if the GDP rises.

# MAKE IN INDIA

What it is



Make in India is an initiative by the government to create and encourage companies to develop, manufacture and assemble products in india. Its objectives are to increase manufacturing sectors growth rate to 12-14%, to create a 100 million additional manufacturing jobs, to ensure that the manufacturing sector's contribution to GDP is increased to 25%

# BENEFITS



- Boosting employment opportunities
- Increasing foreign investment
- Expanding the manufacturing sector
- Increasing GDP  
Appreciation of the rupee
- Using upgraded technology
- Creating a pro entrepreneur culture to inspire the young.

# CHALLENGES



- India's poor infrastructure is the biggest constraint in this scheme, due to poor roads, bad logistics and inadequate power supply, and poor connectivity, this makes it difficult for manufacturers to set up shop in India.
- Due to India's highly complex regulatory environment this adds to the red tape cost, and other administrative problems which lead to manufacturers not wanting to set up shop in india.: India's manufacturing sector is also facing a shortage of skilled labor, which has impeded the growth of the sector. India also faces tough competition from other countries, such as China and Vietnam, who also have attractive manufacturing ecosystems.

INTERVIEW

To further clarify my research I had the honour to interview one of the top executive in Kotak Mr. Anuj Goenka

(These are excerpts not direct quotes)

### **Which one was more vital for economic growth in India RERA or Digitalisation of Social Transfers ?**

“Digitalisation of Social transfer as it could have a multiplier effect on growth of India, as these social transfers reach at the bottom most of the society this gives them the option to consume, invest or use however they need which in turn increases the number of consumers and investors in the economy.”

### **What else could the government do in manufacturing ?**

“We have done a lot of what could have been done. To make India slightly better the government should cut the red tapes measures and should reduce paper pushing policies, as this would speed up the whole process. As tax cuts and other financial benefits are enough financial incentives for industries, so for firms who want to take up these financial incentives and produce in India they should not be roadblocked by so much excessive red tape. These forms of red tape also include approvals and excess forms.”

### **Should India reduce Import Duties**

Taxes on luxury goods, taxes on German cars and certain goods we don't need to import are important as we need to protect the farmers or sunrise industries as by reducing import tariffs markets of goods like vegetables and crops will get flooded by international exporters, these extra supply in the market will reduce the market price of these crops which may cause farmers to lose out on a lot of revenue which will cause poverty in the economy. Also the whole world has turned more protectionist and India is not solitary, and India is right to have their current import structure.

# CONCLUSION

While we cannot discredit other events that have led to the Economic Development of the country, according to my research we can certainly say that these are the few most important events that have or will occur, by which the country will be benefited the most.