PHD Chamber of Commerce and Industry suggests an Economic Agenda to the political parties to create more than 100 million jobs in the next 5 years through 7 pronged strategy including Smart Farming, Bolstering Industrialisation through Industry 4.0, Ease of Doing Business for MSMEs, Revitalizing exports growth, exploring tourism potential, quality education with skill development and inclusive health for all. PHD Chamber projects India’s economy with the next era of economic reforms @4.0 would expand to the level of US$ 5 trillion with a growth rate of 9 to 10% in the next 5 years by 2023-24. The low hanging fruit would be opening the tourist inflows by giving a free tourist visa for one year validity with a double entry permission, wide body aircraft making direct flights from a country straight to distant destinations accounts for massive investment, privatization of road, rail and port development and low cost manufacturing with ease of doing business for MSMEs.

The importance of the tourism sector is immense not only to earn the foreign currency but also to create millions of employment opportunities for the unskilled, semi-skilled and skilled workforce. The tourism sector has potential to create more than 40 million new jobs in the next 5 years. Transportation needs of the economy become crucial as the economy grows in the higher trajectory. Exploring employment creation with increased air services and number of flights, expansion of taxi services would be crucial to meet transportation needs and to absorb lakhs of workforce. The time is ripe for opening of intra-city bus services, inter-city bus services and inter-state bus services to corporate bus operators all over the country.

Smart Farming should be explored from our inherent strengths in the agriculture sector to shift disguised unemployment from the traditional agriculture to the agro and food processing exports. Agro and food processing exports needs to be scaled up from the current level of US$ 30 billion to US$ 100 billion in the next 5 years by 2023-24 to create 20 million new employment opportunities in the sector. Easing of market regulations to sell the farm produce anywhere in India to get the best price, use of innovative ways to increase productivity, adapt to climate change, strengthening access to credit for long term loans would go a long way to enhance growth and productivity in the sector and to enhance farm incomes.

Bolstering industrialization with state of the art infrastructure such as privatization of rail, road and port would create competitiveness not only at the domestic level but also in the international markets. With the advent of artificial intelligence and industry 4.0, with the increased efficiency and efficacy of the production processes, India has potential to become a manufacturing hub and to increase its share in GDP to 25% by 2023-24. We suggest reforms in the direct taxation to take place in which corporate tax rate should be reduced to 20% for all, ignoring the turnover criteria.
MSMEs hold immense potential to create employment with improved ease of doing business such as further reforms in the labour laws, availability of land and easy and low cost financing facilities. The sector has potential to create 25 million new jobs in the next 5 years. Exploring the new areas to revitalize exports growth with the improvement in logistics infrastructure and trade facilitation measures would enhance the exports growth trajectory and create 10 million new jobs in the next 5 years. Focus on twin merit goods of education with skill development and basic health with safety should continue with a longer term vision would lead to socio-economic growth in the coming times.

Education expenditure as a percentage of GDP needs to be increased to the level of 6% of GDP. There should be a school in the radius of 1 km and a college in the radius of 10 km in the next 5 years. Health expenditure as percentage of GDP should be increased to 2.5% of GDP. For the inclusive health facilities, there should be a health centre in the radius of 1 km and a good state of the art hospital in the radius of 5 km. Inclusive health and quality education has potential to create at least 10 million new jobs in the next 5 years.

**Low-Hanging Fruits**

a) **Tourism** –

(i) OYO Rooms is the largest organized aggregator of rooms in India and on the way to becoming the largest in the world.

(ii) There are approximately 2.7 million Branded rooms in the country.

(iii) Tourism related and direct employment of more than 40 million can easily double in the next five years.

(iv) Only 10 million tourists come to India compared to about 65 million each to USA and China. We must try to raise this to 25 million by 2024.

(v) Competing markets like Malaysia, Thailand, Indonesia have successfully given free Visas, whereas many other countries like Turkey allow free entry if a U.S. Visa or Schengen Visa is already on a Passport.

(vi) India must also give a **Free Tourist Visa for one year validity with a Double-Entry permission.** This will increase investment and employment in the aviation industry, transport industry, railways, hospitality industry, hotels, restaurants, way-side facilities, travel-organisers, Tour Operators and skill development institutes exponentially.

b) **Civil Aviation** –

(i) Wide-Body Aircraft making direct flights from a country straight to distant destinations accounts for massive investment, jobs and increase in traffic (passenger and cargo) for the country of origin (like India). This has been the experience in China, UAE and earlier for European carriers.

It is therefore essential that India should adopt a policy to promote WIDE BODY AIR CRAFT by the LCCs in India. This will promote a Hub - & - Spoke policy within India also.
c) **Road Transport** –
   (i) Opening of the aviation sector to corporate private airlines; of road taxi services to Radio Taxi Operators and aggregators; as well as local bus services to corporate bus operators in Delhi has proved to be biggest success in India for investment as well as employment.
   (ii) The time is therefore ripe for opening of intra-city bus services, inter-city bus services and inter-state bus services to corporate bus operators all over the country.

d) **Railways** –
   (i) The experience of CONCOR and luxury passenger trains needs to be expanded. India has possibly the largest number of rail passengers in the world. The potential for basic services to bullet-trains and private cargo trains should be opened to the private sector. This would also mean additional use of track capacity being created through cargo corridors and faster train-track corridors, which are being invested into by the Government of India at a humongous outlay.

### The 10 points agenda to create 100 million jobs

1. **Smart Farming**

The government of India has taken many initiatives to develop agriculture sector. Around 70% of Indian population relies on agriculture sector. However, share of agriculture in the GVA, has decreased to 17.1% in 2018 in comparison to industry and service sector. Net investments in agricultural sector have shown signs of deceleration as the Gross capital formation of the sector depicted a negative growth rate. Low agricultural investments would decelerate the agricultural productivity.

The agricultural productivity needs to be increased in a country like India which is predominantly an agrarian society. Agriculture is the base of fulfilling the needs of the population. A healthy agriculture sector in terms of increased farmers income would contribute to rural livelihood as well as would make the country food secure. A small percentage of farmers in the rural agricultural households in India are aware of MSP of crops grown by them in kharif and rabi season. A majority of farmers in India are small and marginal farmers, thus any rise in MSP is beneficial for a tiny section of farmer households. Improper implementation of non-price factors has minimal impact in enhancing the livelihood of the rural poor.

Bank credit to agriculture sector has increased over the years, however, significant percentage of farmers take loans from unorganized sector. It has to be recognized that awareness and coverage of crop insurance is grossly inadequate. Given the life-cycle and

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1. Sectoral Share Agriculture in GVA at basic price at current prices (2011-12 Series) compiled from Office of Economic Advisor
2. Gross Capital Formation by Agriculture, Percentage Change over Previous Year compiled from Office of Economic Advisor, CSO
shelf life of crops, the absence of warehouses and agro-processing units, and lack of market insurance, farmers are forced to destroy their crops. There has been a sharp increase in the input prices over the years, which increases the cost of production and reduce the profit margins of the farmers, that further increases their debt.

- Educate farmers to adopt mechanized farming.
- Minimise the wastages to less than 10% from the current level of 30 to 35%.
- Increase public investments in agriculture sector.
- Modernize agriculture along with technological reforms.
- Shift the policy focus from food grains to superior foods.
- Set up ‘agro food processing clusters’ and promote food processing exports.

2 Bolstering Industrialization

- Formulate flexible and uniform labour laws across the country.
- Clearance to delayed projects on priority and fast-track the implementation of the cleared projects.
- Enhancing the production possibilities for defence and homeland security.
- Modernize railways through state of the art technology.
- Formulate integrated public transport projects.
- Encourage domestic ship building industry.
- Provide affordable housing for masses.
- Initiate building new cities enabled with the latest technology and infrastructure.
- Corporate tax should be reduced to 20% for all, ignoring the turnover criteria.

3 Revitalizing Exports

The global economy is facing a move towards increasing protectionism. The countries are coming up with new policies of trade along with increased tariff rates. Amidst such scenario, Indian economy is open and with its sound economic and trade policies is not much impacted by protectionism. The move towards protectionism emerged for the global economy, after the new administration took office in January 2017 in the US and announced reforms in the bureaucracy, labour laws and public subsidies for the benefit of US economy and to promote “Made in America” policy. In a post-G20 summit meeting in Buenos Aires between November 30 and December 1, 2018, the US and China principal agreement has effectively prevented further expansion of economic friction between the two countries and its spillover effects for the global economy.

In such a scenario, the times are challenging for Indian economy in terms of boosting its exports, trade, investment activities and fluctuating value of Indian currency on the face of ambiguous trade wars between the US and China. However, there are prospects for India to gain from the ongoing trade wars. India can become competitive in segments such as textiles, garments and gems and jewellery. India has an opportunity in the face of ongoing trade-wars between the US and China and the trade imbalance between China and India has
a potential to get corrected as China is a consumption driven economy and there is potential for Indian goods. The finishing of goods has become difficult in China because of high duties and there is a diversification of final stages of finishing. The places like Vietnam and Bangladesh have limited capacity while India has an indefinite capacity.

- Improvement in logistic infrastructure to improve exports and reduce costs.
- Encourage the MSMEs exports with ease of doing business.
- Revisit FTAs with respect to the changing global economic situations.
- Identify and explore new potential products for growth of exports.
- Increase agri-exports to the level of US$100 billion.

4 Ease of Doing Business for MSMEs

India has improved significantly in the last 2 years in the EODB rankings due to the tireless reform measures undertaken by the government. There is immense scope for Indian economy to improve. In order to improve on certain parameters, certain efforts in the area of applicable procedures in starting a business, implementation of application for all clearances through online single window system sans any physical or manual intervention and unification of building bye laws applicable within a state, among others are required. Going ahead, given the ongoing reform momentum, India is expected to rank above 50 on the Ease of Doing Business Index in the coming times.

- Reduce the costs of doing business for MSMEs.
- Examine the possibility for removal of multiple prior permissions.
- Reduce applicable procedures in starting a business.
- Simplify labour laws and further rationalize industrial disputes act.
- Organize awareness programmes regarding incentives available for MSMEs.
- Increase marketing support to MSMEs.
- Make finance availability easy and affordable at 4%-5%.

5 Exploring Tourism Potential

Tourism is the low hanging fruit for the Union and State governments. More than 25 million Indians travelled abroad in 2018 and domestic tourist trips numbered 180 crore trips in 2018. This is the largest investment market in India, which has the larger number of stakeholders even than the stock exchanges in India. It is time to give this a further boost in private sector investment by not considering it a luxury.

- Movement of Tourist inflow without visa restrictions/visa-on-arrival.
- Boost the private sector investments.
- Development of state of the art infrastructure.
- Exploring the new tourist destinations
6 Improvement in Quality of Education and Skill Development

The Government of India is committed to boost its public health spending to 2.5% of GDP by 2025 from 1.15% at present. The progressive move of Ayushman Bharat Yojna is just a step in that direction. The country is facing a dual disease burden, as the share on non-communicable diseases is increasing along with a continuous rise in the communicable disease. The non-communicable diseases in India is majorly affecting the age group of 30-59 years.

Such nature of the problem has socioeconomic consequences for the human capital of the country as it directly affects the productivity and output of economy. The health infrastructure is another area that needs to be upgraded in India. There is a severe resource shortage on both capital invested and manpower, though the number of projects related to health and family welfare have increased from 9 in 2016 to 14 in 2018\(^3\).

Healthcare sector requires highly skilled human resources from doctors to other medical support staff like nurses, lab technicians, pharmacists, etc. The physicians ratio in India stands at 0.7 per 1000 population while this ratio\(^4\) for countries like China and OECD is at 1.9 and 3.2, respectively. Such low ratio of population of skilled doctors and other medical support imply an untapped potential within the health sector.

Within the education sector, the primary school enrolment depicts a positive picture. Also, the number of beneficiaries under Adult education Programme has been increasing. Despite this, the retention of students in school is low. Also, the quality of education, learning and teaching methods need to be upgraded to keep pace with the changing times. Technology penetration is been largely encouraged by the government and several programmes are also been run to support the same, but still solutions are needed to provide high-quality learning opportunities to marginalized students.

- Ensure presence of schools within the radius of 1 km, colleges within the radius of 10 km and universities within the radius of 25 km in the next five years.
- Work on inclusive and approachable education. Spend at least 6% of GDP on education, of which 4.5% on basic education and 1.5% on higher education.
- Institute a mechanism for close interaction between industry (including SME), academia and community.
- Undertake a robust analysis of current skill gaps to promote effective skill development.
- Strengthen the skill development centers’ operational systems and processes, monitoring and evaluation framework, certification and assessments.

\(^4\)Healthcare Policy in India- Challenges and Remedies
7 Inclusive Health For All

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- Make health centers available within the radius of 1 km and hospitals within the radius of 10 km
- Increase public healthcare spend to at least 3% of GDP.
- Create comprehensive healthcare policy to address changing demographics and healthcare challenges.
- Create affordable and accessible universal health care with modernized government hospitals.
- Setup an overarching body for healthcare to review the role of various professional bodies.
- Launch programmes for women and child healthcare with emphasis on rural, SC, ST and OBC.
- Leverage mobile phones and telephones for healthcare delivery for vast coverage.

8. Women Entrepreneurship

Government should initiate policies and themes related to widespread of education and training of women entrepreneurship. Most of the women led business and startups are found in the areas of community services, handicrafts, education and designing. Sectors like manufacturing, electronics and high tech business are still missing. The reasons for this are the lack of awareness and low risk taking capability, so the government should create awareness regarding opportunities and provide incentives in these areas. It has been observed that women entrepreneurship is more present in unorganized sector than

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6 Healthcare Policy in India- Challenges and Remedies
organized sector and the women entrepreneurs are more comfortable in less legalized, regularized and procedural businesses. The government should initiate policies and initiatives considering such observations.

9. Startups in India

Government should harness the latest disruption for generating employment and growth in country through the growth of startups in the country. Government should provide a platform where the startups from various fields can pitch their ideas to industry leaders and Venture Capitalists for raising investments. Further, the government should simplify and reduce the tax structure applicable for startups. In addition, government must provide tax incentives to cater the working capital requirements during the initial years of operation and hence to promote the growth of startups.

10. Ensuring Access and Quality of Water

Government should launch multi-pronged ‘water strategy’ for reducing farmers’ dependence on rain water. Government should remove rivers pollution and enhance water cleaning facilities to make available safe drinking water to the population. Municipal Corporation must be made responsible to provide clean and safe drinking water. Further, government must work on linking rivers from different parts of the country to solve the problems of drinking water and irrigation. Government should promote demand-driven, decentralized, community-managed water resource management, water supply and environmental sanitation. Government should take initiative to encourage efficient use, water conservation, recycling and rain water harvesting.
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About Us

PHD Chamber of Commerce & Industry, a leading Industry Chamber of India, ever since its inception in 1905, has been an active participant in the India Growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country. Regular interactions, Seminars, Conference and Conclaves allow healthy and constructive discussions between the Government, Industry and International Agencies bringing out the Vitals for Growth. As a true representative of the Industry with a large membership base of 1,30,000 direct and indirect members, PHD Chamber has forged ahead leveraging its legacy with the Industry knowledge across sectors (58 Industry verticals being covered through Expert Committees), a deep understanding of the Economy at large and the populace at the micro level.

At the National level, the PHD Chamber is well represented in 16 States with its own offices and MOUs with eleven Partner Chambers in different States.

At the Global level we have been working with the Concerned Ministries, Embassies and High Commissions to bring in the International Best Practices and Business Opportunity.

PHD Chamber has special focus on the following thrust areas:

- Economic & Business Policy Advocacy
- Health
- Industry
- Education & Skill Development
- Infrastructure
- Agriculture & Agri-business
- Housing
- ICT
- International Trade

“Towards an Inclusive & Prosperous India”