India: forward-looking government with an agenda taking in Smart Cities, the digital shift, anti-corruption measures and tax reform

In 2015, India's GDP rose by 7.3% and the figure could be even higher in 2017 (forecast of 7.5%[1]). This would make the Indian economy the fastest-growing in the world. Concurrently, the budget deficit was cut to under 4% of GDP. But these healthy macroeconomic indicators hide real poverty and a society riddled with inequality. Almost 25% of the population live below the poverty line, GDP per capita is still low and half of children under five suffer from malnutrition[2].

Narendra Modi's government has embarked on a wide-reaching programme of high-profile reforms to foster India's development. These include the "Make In India" initiative (transfer of technology and manufacturing to India), the "Smart Cities" project (urban renewal and clean development) and the "Digital India" programme (access to digital technology).[3] A number of public management initiatives bear witness to the proactivity of the Indian government.

The Smart Cities Mission is tackling urban planning, local economic development and the upgrade of local public services[4]

In June 2015, the government set up a Smart Cities Mission which reports to the Ministry of Urban Development (http://smartcities.gov.in). Without an exact and universally accepted definition of "smart city", the government is pursuing three main goals[5]. The Mission is tasked with fostering the emergence of "smart cities" throughout India (100 over five years), with core infrastructure and services giving a decent quality of life to inhabitants, in a sustainable environment and with increased use of new technologies. It is a stiff challenge as, in 2011, 31% of India's population lived in urban areas and contributed 63% of GDP. By 2030, urban areas are expected to house 40% of the population and contribute 75% of national wealth[6]. One of the cornerstones for the development of Smart Cities is ensuring good governance, especially e-governance and citizen participation[7]. The idea is to promote online services so that people do not have to travel. The 2014-2015 Budget allocated USD 1.2 billion to this project[8]. Lastly, the success of the reform is associated with another goal, that of making India a "digital state".

The bold "Digital India"[9] programme to manage the digital transformation

The programme, which has been allocated USD 83 million[10], and which was kick-started by the Prime Minister on 1 July 2015, is centred around three key areas: the rollout of digital infrastructure to every citizen (greater digital inclusion by setting up 400,000 public Internet access points), digital services and governance on demand, and digital

1   http://www.diplomatie.gouv.fr/fr/dossiers-pays/inde/presentation-de-l-inde/
2   http://www.lemoci.com/fiche-pays/inde/
3   http://www.diplomatie.gouv.fr/fr/dossiers-pays/inde/presentation-de-l-inde/
4   http://www.policyforum.net/building-tomorrows-cities/
5   http://smartcities.gov.in/writereaddata/What%20is%20Smart%20City.pdf
6   http://smartcities.gov.in/writereaddata/SmartCityGuidelines.pdf
7   http://smartcities.gov.in/writereaddata/What%20is%20Smart%20City.pdf
8   http://www.makeinindia.com/article/-/v/internet-of-things
9   http://digitalindia.gov.in/content/about-programme
10   http://www.makeinindia.com/article/-/v/internet-of-things

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empowerment of citizens[11]. One of the most symbolic projects is the MyGov Platform for citizen engagement in governance (10,000 proposals are received every week). The Digital Locker System aims to cut red tape for Indians by putting all administrative documents in the same place, thus minimising the use of physical documents[12]. E-sign will allow the digital signing of documents using an authentication system. The launch of a number of mobile apps will make it possible to connect further with citizens[13]. Many other policies are in the pipeline as part of the programme to connect and further empower the 1,250 million Indian citizens.

The Zero Rupee Note to fight the scourge of everyday corruption

According to Transparency International's Corruption Perceptions Index 2015, India was in joint 76th place out of 186 countries with a score of 38[14]. At the outset, the Zero Rupee Note was an initiative from an Indian expatriate, Satindar Mohan Bhagat, who was plagued by numerous demands for bribes when visiting his country[15]. He decided to create a false banknote worth zero rupees bearing the statement "I promise to neither accept nor give a bribe"[16]. In 2006, Vijay Anand took up the banner by founding the 5th Pillar NGO[17]. The deterrent effect of the initiative was borne out by the many testimonials concerning the fear of reprisals that it instilled. After an initial limited issuance of 25,000 notes, the NGO fell victim to its own success. Since 2007, a million notes available in five languages and concerning over 600 institutions have been issued. The campaign has helped alter mind-sets and is one of the 18 representative instances of anti-corruption initiatives from around the world collated by the World Bank[18], and it could be mirrored in other countries[19].

"One nation, one tax"[20], a wide-reaching tax reform

On 3 August 2016, the federal parliament passed the most ambitious tax reform legislation since 1947[21]. The goal of the Goods and Services Tax Bill is to dismantle the thicket of overlapping taxes dating back to the 1990s by introducing a federal VAT (rate between 17% and 18%) to replace the many local taxes on goods and services. It will consolidate the multitude of taxes collected at both national and state level. These taxes include excise duty, VAT, taxes on entertainment, lotteries, betting and gambling. Finance Minister Arun Jaitley announced that the reform would improve the business environment and it is expected to increase the country's economic growth rate by between 0.5 and two percentage points per year[22]. The reform should take effect in 2017 but it still needs to be approved by at least half of the country's 29 states[23]. Major benefits are expected such as building a single market of 1.3 billion consumers, fighting tax avoidance and job creation. Economists and the Reserve Bank of India are counting on higher tax revenue, healthier competition, a leap in productivity and, once the initial shock wears off, lower inflation[24]. Moreover, the central government has announced that it will compensate the financial loss caused by the reform[25].

Virginie Ma-Dupont

11   https://blog.mygov.in/editorial/digital-india-the-vision-and-the-mission/
12   https://m.yourstory.com/2015/07/digital-india-narendra-modi/
13   https://www.linkedin.com/pulse/what-digital-india-programme-effect-campaign-marketing-bhanu-garg
14   http://www.transparency.org/cpi2015
15   https://www.uco.edu/la/political-science/files/gatch/Zero-Rupee-optimized.pdf
16   http://blogs.worldbank.org/voices/fr/l-idee-zero-roupie-contre-la-corruption-ordinaire-en-inde
17   http://www.5thpillar.org/
18   https://openknowledge.worldbank.org/bitstream/handle/10986/20185/898490WP0Chang0Box0385288B00PUBLIC0.pdf?sequence=1&isAllowed=y
19   http://lider-ci.org/un-billet-de-zero-roupie-pour-lutter-contre-la-corruption-une-solution-pour-la-cote-divoire/
20   Government slogan as part of tax reform.
21   http://mof.gov.in/press_room/2016/GST_FAQ.pdf
22   http://www.nytimes.com/2016/08/04/world/asia/india-goods-and-services-tax.html?_r=0
23   http://www.publicfinanceinternational.org/news/2016/08/india-tax-reform-create-single-market-passes-parliament
24   http://www.usinenouvelle.com/editorial/l-inde-au-bord-de-la-revolution-fiscale.N439172
25   http://www.lemonde.fr/economie/article/2016/08/04/en-inde-le-parlement-federal-adopte-la-tva-unique_4978259_3234.html