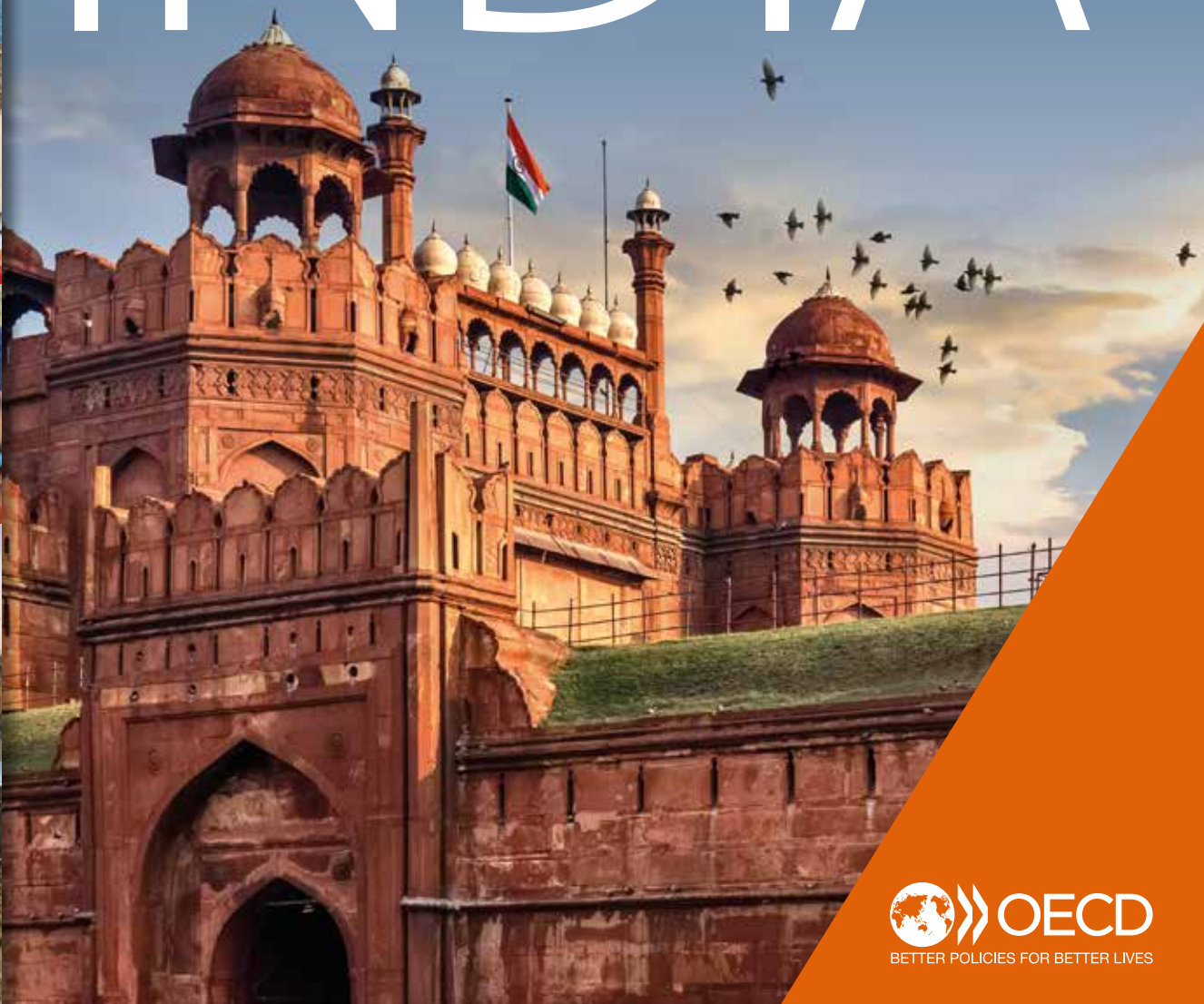


ACTIVE WITH

# INDIA



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## INDIA: a key partner for the OECD

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India has become the fastest-expanding G20 economy with a projected growth rate of 7.5% in 2019 and poised to become the world's 5th largest economy in 2018. In less than ten years, sustained growth supported by fiscal, structural and social reforms has lifted about 140 million people out of extreme poverty. The introduction last year of the centralised goods and services tax is expected to contribute to India's market integration and the improvement of the investment and business climate. India has also advanced decentralisation of fiscal responsibility to empower the states and make policies more responsive to local needs.

Yet, regional disparities in living standards within the country remain large. A significant part of the population is still living in poverty and vulnerability, informality remains a key labour market challenge, and reforms aimed at enhancing women's empowerment and inclusion could be strengthened. As such, further investment in social, physical and green infrastructure is necessary for India to pave the path for sustainable and more inclusive growth that benefits all Indians. The OECD is ready to step up its collaboration with India to help promote reforms for more sustainable and inclusive growth throughout the country.

India's valuable policy experience has enriched the work of the OECD, increasing the relevance of its analyses and legal standards in today's increasingly globalised world. In turn, the Organisation's ability to bring together expertise and evidence-based analysis benefits India by informing its policy choices and supporting its reform agenda. Our partnership with India encompasses a broad array of policy areas to advance sustainable development and well-being, including fiscal affairs, tax transparency, responsible business conduct and climate change.

Our co-operation also extends to the context of major international fora, such as the G20. The OECD actively supports India's role as co-chair of the G20 Framework Working Group to harness new sources of growth, explore the future of work and boost the structural reform agenda. We also work together in the G20 to foster more inclusive global development, in line with the 2030 Agenda for Sustainable Development.

This "Active with India" brochure provides a snapshot of the partnership developed with India in a broad range of policy areas. The OECD is proud to have a mutually beneficial partnership with India. We look forward to further deepening our engagement in the years to come and to joining forces to design, develop and implement better policies for better lives in India and around the world.

ANGEL GURRÍA, *Secretary-General, OECD*

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📍 **Angel Gurría**, Secretary-General of the OECD, and **Arun Jaitley**, Minister of Finance and Corporate Affairs, at the OECD Ministerial Council Meeting in Paris in June 2017.

# THE OECD AND INDIA

## A growing partnership

As India maintains its strong economic and population growth, its active participation in OECD work is encouraged and welcomed by Member countries. Co-operation with India has progressively expanded to encompass a broad array of policy areas since India first took part in the OECD Steel Committee over two decades ago.

India has been an important contributor to a range of OECD standard-setting activities. It adheres to twelve OECD legal instruments and plays an active role in the development of international standards on international taxation, corporate governance, competition, chemicals, steel and energy. In this context, India signed the ground-breaking Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in June 2017. It has also participated in efforts to develop inclusive and progressive legal instruments for corporate governance and competition – on equal footing with OECD Member countries – and collaborates with the OECD in this type of engagement in the G20.

Indian policy makers and experts are intensifying their involvement in a growing number of OECD Committees. They participate in eight Committees and their subsidiary bodies focusing on chemicals, steel, pensions and insurance with an enhanced status; and actively partake in work on consumer policy, digital economy, trade and investment. India has also provided an important contribution to the discussions on economic policy reforms, and participates in peer reviews and the activities of both the Economic Policy Committee and the Economic and Development Review Committee. The OECD was pleased to launch the Economic Survey of India in February 2017 in close co-ordination with the Indian Ministry of Finance. In view of the importance of a well-functioning multi-tier governance framework at the central, state and local levels, India became the first Key Partner country to join the OECD Network on Fiscal Relations across Levels of Government in 2013.



India is also a member of five autonomous OECD hosted programmes. It has been a member of the OECD Development Centre since 2001, and joined the International Transport Forum (ITF) in 2001 and the Financial Action Task Force (FATF) in 2010. India became an Association country of the International Energy Agency (IEA), a partner organisation to the OECD, in March 2017. As the world's third largest energy consumer, its enhanced collaboration with the IEA will enable important opportunities for mutual learning and help pave the way for a more secure and sustainable energy future.



Family photo of the OECD Ministerial Council Meeting in June 2017, with participation of **Arun Jaitley**, Minister of Finance and Corporate Affairs (third row).

This growing engagement has been reflected in the wider inclusion of economic, social and environmental data and analyses on India in OECD publications and databases. An increasing number of knowledge-sharing events have also been jointly organised by India and the OECD, and have led to a rise in the number of high-level visits by the OECD officials to India. In turn, the OECD has been honoured to receive Indian Ministers and high-level officials at the annual OECD Ministerial Council Meeting in recent years. A further enhanced partnership will help support both India and Member countries in effective policy making and good practice benchmarking.

# High-level dialogue with representatives of the Government of India

Gabriela Ramos, OECD Chief of Staff and G20 Sherpa, participates in the Raisina Dialogue in New Delhi on 16-17 January



📍 **Gabriela Ramos**, OECD Chief of Staff and G20 Sherpa, meets with Prime Minister **Narendra Modi** on the sidelines of the Raisina Dialogue.

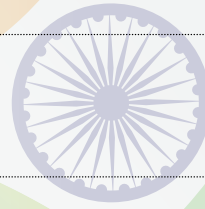
📍 **Gabriela Ramos**, OECD Chief of Staff and G20 Sherpa, has a bilateral meeting with **Smriti Irani**, Minister of Textiles, and Information and Broadcasting.



📍 **Gabriela Ramos**, OECD Chief of Staff and G20 Sherpa speaks in panels at the Raisina Dialogue on gender with **Smriti Irani**, Minister of Textiles and Information and Broadcasting; and skills with **Jayant Sinha**, Minister of State for Civil Aviation.







### Minister of State for External Affairs visits the OECD on 26 April



**Gabiela Ramos**, OECD Chief of Staff and G20 Sherpa, has bilateral meetings with **Suresh Prabhu**, Minister of Commerce

and Industry, **S. Jaishankar**, Foreign Secretary, and **N.K. Singh**, Chairman of the 15th Finance Commission of India.

➤ **Angel Gurría**, Secretary-General, has a bilateral meeting with **M. J. Akbar**, Minister of State for External Affairs, at OECD headquarters.



### Minister of Commerce and Industry and Civil Aviation visits the OECD on 31 May



➤ **Angel Gurría**, Secretary-General, and **Suresh Prabhu**, Minister of Commerce and Industry and Civil Aviation, meet at OECD headquarters.

# High-level dialogue with representatives of the Government of India

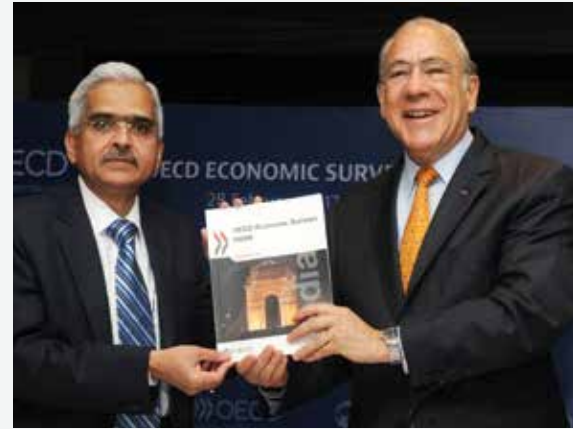
2017

The Secretary-General launches the OECD Economic Survey in New Delhi on 27-28 February



➤ **Angel Gurría**, Secretary-General, meets with **Suresh Prabhu**, Minister of Railways, at his residence.

➤ **Angel Gurría**, Secretary-General, launches the *OECD Economic Survey of India* with **Shaktikanta Das**, Secretary, Economic Affairs, Ministry of Finance.



Indian Ministers participate in the MCM and OECD Week in Paris on 7-8 June



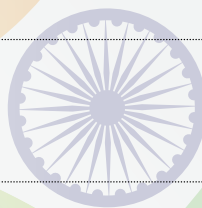
➤ **Arun Jaitley**, Minister of Finance and Corporate Affairs, in the opening panel at the OECD Ministerial Council Meeting (MCM) in June 2017 on *Stocktaking on Globalisation: Opportunities & Challenges of Economic Integration*, with **Magdalena Andersson**, Swedish Minister of Finance, **Steven Ciobo**, Australian Minister for Trade, Tourism and Investment, **Henrique Meirelles**, Brazilian Minister of Finance, and **Anders Samuelson**, Danish Minister for Foreign Affairs.



➤ India signs the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS).



➤ **Angel Gurría**, Secretary-General, and **Nirmala Sitharaman**, Minister of Commerce and Industry, hold a bilateral meeting at OECD headquarters.



2016



### Minister of Commerce and Industry visits the OECD on 2 June

☞ **Angel Gurría**, Secretary-General, meets **Nirmala Sitharaman**, Minister of State of Commerce and Industry, at OECD headquarters.

### The Secretary-General pays an official visit to New Delhi on 10-11 December



☞ **Angel Gurría**, Secretary-General, meets **Arun Jaitley**, Minister of Finance and Corporate Affairs.



☞ **Angel Gurría**, Secretary-General, attends The Laureates and Leaders for Children Summit hosted by the President of India, upon the invitation of **Kailash Satyarthi**, Nobel Laureate.

☞ **Angel Gurría**, Secretary-General, meets **Nirmala Sitharaman**, Minister of State of Commerce and Industry.



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## Finding global solutions at the G20

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*“India’s economy is projected to remain strong, with GDP growth rates expected to remain above 7% in both 2018 and 2019. GDP per capita is growing faster than in most other developed and developing countries, with labour productivity being the key driving force. But despite India’s impressive performance and the recovery of the global economy, tensions at the*

*international level are rising. To keep India on the sustainable and inclusive growth path, and maintain the recovery of the global economy, collective actions across economies are required. To that end, the G20 continues to provide a valuable platform to address global challenges. The OECD is honoured to work closely with its Key Partner, India, in the context of the G20 covering varieties of policy areas.”*

**Gabriela Ramos**, OECD Chief of Staff and Sherpa to the G20

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**The OECD and India are working together in the context of the G20 with the aim to promote strong, sustainable, balanced and inclusive growth on a global scale benefitting millions of people worldwide.**

Since 2008, the OECD has actively partnered with the G20 and is today a “strategic advisor” involved in virtually all G20 work-streams across all levels of engagement, from high level leadership by the Secretary-General and G20 Sherpa, to the continuous sharing of OECD expertise at the technical, working group level. Through its multi-faceted contribution to the G20, the OECD shares its evidence-based analysis and policy recommendations to help shape the global economic agenda.

The G20 deliberation started in 2008 to deal with the economic crisis. It has worked to co-ordinate fiscal, monetary and structural policies to put the global economy on the path to recovery. The G20 is uniquely positioned to both take a long-

term approach to sustainable growth and address the global challenges we face now.

India is strongly engaged with OECD efforts to support the G20 in enhancing the equity and fairness of the international tax architecture by fighting tax evasion and tax havens and addressing tax avoidance by large corporations and loopholes in the international tax system. India has played a leading role in key OECD/G20 initiatives, including the Base Erosion and Profit Shifting (BEPS) project, where the inclusive framework allows for all interested countries and jurisdictions to participate on an equal footing, with over 100 countries now participating.

As facilitator of the Global Forum on Steel Excess Capacity (GFSEC), the OECD has been working with India and other major players to collectively reduce excess capacity in the steel sector. GFSEC members now share detailed information on the steel plants currently in existence, the new plants or additions of capacity that are taking place, and the extent to which steelmaking facilities are being closed in member economies. These efforts represent one more step towards mapping the policy landscape in a fairly exhaustive manner and having information on a broad spectrum of policies that can directly or indirectly affect excess steelmaking capacity.

Under the Infrastructure Working Group, the OECD has been working closely with India and other G20 and OECD countries on the G20 Roadmap to Infrastructure as an Asset Class, which highlights the importance of infrastructure for growth and development. It addresses the need to tackle investment shortfalls as a way of lifting growth, job creation, and productivity. This is an area of particular interest to India as it seeks to improve social and physical infrastructure and develop the full potential of cities.

📷 Family photo of the G20 Summit, 7 July 2017 in Hamburg.



In the area of digital economy, the OECD is supporting G20 efforts to improve the measurement of the digital economy, reduce the gender digital divide and deploy digital infrastructure to promote inclusion and entrepreneurship. As India continues to carry forward its digital economy initiatives, engagement with fellow G20 members in this area will become increasingly important.

As co-chair of the Framework Working Group, India is collaborating with the OECD on the development of a G20 menu of policy options for the Future of Work. This work identifies policy responses to address the challenges and harness the opportunities that the digital transformation brings for jobs and skills. The objective of these efforts is to use all policy tools available to support strong, sustainable, balanced and inclusive growth.

[www.oecd.org/g20/](http://www.oecd.org/g20/)



## Reinforcing co-operation



*“Active with India this year recognizes twenty years of India’s growing and diverse engagement with OECD. India now is a Key Partner country that actively participates in various committees, workshops and working groups. This partnership is mutually beneficial as India being the world’s largest democracy and fastest growing major economy contributes to valuable discussions in various sectoral meetings of OECD as well as learns from it. I am sure that this co-operation will only get enhanced in the times to come.”*

**Vinay Mohan Kwatra**, Ambassador of India to France



*“There are two ways of looking at India’s economy. On the one hand, long-term growth has averaged about 7% a year and GDP has doubled twice in the past two decades. On the other hand, deep poverty still lingers, inequalities remain high and jobs are scarce. As such, India’s interest in OECD’s work offers not only an excellent opportunity to support its reform agenda – essential if the country wants to address the current issues and fulfil its potential –, but also strengthen the engagement of the Organisation with one of the fastest growing and major economy. Enhanced co-operation with India is mutually beneficial and will help to disseminate OECD’s standards and policy recommendations in the largest and most highly populated continent of our planet: Asia.”*

**Ulrich Lehner**, Ambassador of Switzerland to the OECD, Chair of the External Relations Committee



*“India and the OECD have a relationship that has grown steadily since 1998 when it joined the Steel Committee, and twenty years later steel is the forefront of our ever increasing ties. India’s participation in tax policy, foreign trade, investment and global value chains are significant in our mutually beneficial relationship. The sectoral engagement of India extended to the association with the International Energy Agency and the co-operation in emergency response exercises shows India’s openness to play a role its role in the international environment. The global relevance of India is ever increasing. The country is developing in an inclusive way by investing in manufacturing and services without neglecting the agricultural sector. The reform program is bearing fruits creating opportunities for its rapidly growing young population. And that is what OECD is about: shaping together better policies for better lives. The Organisation provides a forum for sharing good practices between its Members and with over 100 emerging economies to develop policies to promote sustainable and inclusive growth worldwide. India’s perspective and experience make a unique contribution to these discussions and enrich the global development agenda. The OECD Informal Reflection Group on India is a tool and can be developed into a platform to help the OECD and India to further enhance our partnership and reinforce co-operation to tackle together the global challenges ahead.”*

**Jean-Joël Schittecatte**, Ambassador of Belgium to the OECD, Leader of the Informal Reflection Group on India



*“In the last decade, India has achieved remarkable economic growth, which helped to lift millions of Indian people out of poverty. Mirroring its economic weight, size and global importance, India has become a key player in global governance. It is today one of OECD’s Key Partners and an important contributor to the Organisation’s work, in areas as diverse as corporate governance, fiscal affairs, investment, education and environment. Today India participates in 12 committees and has adhered to 12 OECD instruments. Looking forward, we remain committed to our strategic co-operation with India, in support of the country’s reform agenda for India’s specific development path and for inclusive growth prospects for all Indians.”*

**Andreas Schaal**, Director of OECD Global Relations and OECD G20 Sous-Sherpa

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## Engaging with stakeholders

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### **The OECD collaborates with India's business communities and trade unions and has signed memorandums of understanding (MoUs) with the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI).**

The *Business and Industry Advisory Committee* to the OECD (BIAC) serves as the voice of major industrial and employer organisations in OECD work. CII and FICCI are observer associations in the Committee and contribute their perspectives and expertise to BIAC and OECD policy discussions on a broad range of issues. In February 2017, the OECD signed MoUs with CII to reinforce our collaboration with a focus on promoting further competitive environment for global trade, and with FICCI to set out conditions for co-operation on economic, social, governance and environmental policy areas.

The OECD and CII jointly conduct seminars and workshops in the areas of education, innovation and inclusive growth, anti-corruption, and integration into global value chains. In February 2017, CII hosted OECD Secretary-General for an interactive session on the OECD Economic Survey of India. Most recently, Ratika Jain, then CII Executive Director, provided India's perspective at the opening session of the OECD Forum on Due Diligence in the Garment and Footwear Sector in January 2018 at OECD headquarters.

The OECD actively engages with FICCI on water security, foreign bribery and tax policy. It has successfully co-organised foreign bribery awareness-raising events with FICCI in the past, with the next one expected to take place in mid-2018.



*"The India growth story continues on a foundation of strong macro-economic fundamentals. A young population, a diverse economy, a large reservoir of knowledge capital and a rich resource base provide the requisite impetus for continued growth for years to come. We envision our country to emerge as a global leader with inclusive development reaching every citizen for unleashing the full potential of the nation. Our partnership and engagement with OECD is significant as we go down this path of greater inclusion with economic growth as it helps us gain an understanding of global trends in policy making in critical areas which impact society like corporate governance, education, labour and social affairs, responsible business conduct, anti-corruption, and so on, in addition to the sectoral focus."*

**Chandrajit Banerjee**, Director General, Confederation of Indian Industry (CII)



*"India's association with OECD has grown steadily over the years with India having meaningful sectoral engagement with OECD in a number of areas ranging from corporate governance, consumer policy, fiscal affairs to digital economy. FICCI, as an observer member of the Business and Industry Advisory Committee to the OECD, has been presenting the perspectives of the Indian business community on various policy issues. FICCI is very happy to further strengthen this relationship with OECD through the strategic co-operation agreement that has been arrived at by the two organisations. The Indian industry can benefit and learn a lot from the in-depth policy and research work of OECD through this engagement."*

**Dilip Chenoy**, Secretary General, Federation of Indian Chambers of Commerce and Industry (FICCI)





The *Trade Union Advisory Committee* to the OECD (TUAC) also has a longstanding consultative status with the OECD and its various committees. TUAC coordinates and represents the views of the Indian labour movement both directly and through the International Trade Union Confederation (ITUC) to ensure that the perspectives of Indian workers are taken into account in OECD policy recommendations. The Indian National Trade Union Congress actively participates in the L20 forum organised by TUAC and the ITUC to convey key messages of the global labour movement at the G20.

[www.biac.org](http://www.biac.org)  
[www.tuac.org](http://www.tuac.org)



☞ **Angel Gurría**, OECD Secretary-General, and **A Didar Singh**, Secretary General, FICCI, signed a MoU on 27 February 2017 in New Delhi.

☞ **Angel Gurría**, OECD Secretary-General, and **Chandrajit Banerjee**, Director General, CII, signed a MoU on 28 February 2017 in New Delhi.

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## The OECD Development Centre and India

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**India has been a member of the Development Centre's Governing Board since 2001, and is involved in setting the programme of work and budget, and in financing the Centre. Today over 50 countries are members, of which 27 are OECD Members and 25 are developing and emerging economies.**

The Development Centre engages with India through its *Emerging Market Network* (EMnet), a platform that brings together high-level officials, top executives from multinational corporations and OECD experts to discuss and analyse policy challenges, economic trends and the business environment in emerging markets. Two Indian leading companies, Tata and Mahindra & Mahindra, frequently participate in the meetings of EMnet. In March 2018, EMnet participated in the India Sustainability Conclave 2018 in New Delhi in close collaboration with Mahindra & Mahindra and the Federation of Indian Chambers of Commerce and Industry (FICCI). The

event discussed corporate sustainability in the context of the Sustainable Development Goals (SDGs). EMnet presented a policy note on SDGs *Better Business for 2030: Putting the SDGs at the core*, featuring case studies from its members, such as Mahindra & Mahindra and ManpowerGroup.

India is one of four countries, together with Kenya, Myanmar and Mexico, where the OECD Development Centre's *Network of Foundations Working for Development* (netFWD) has applied the *Guidelines for Effective Philanthropic Engagement*. It aims to support private foundations in their effort to improve development outcomes of the country through a deeper understanding of their relationship with government, a country-level active dialogue and concrete action plans. The case study *India Maternal and Child Health*, published in 2017, documents the experience of India in implementing the Guidelines and identifies a need for further research and more sustained dialogue between foundations and the government.





The OECD Centre on Philanthropy, launched in March 2018, is collecting data to quantify, map and analyse how philanthropy contributes to India's development. This project will help Indian foundations strengthen the impact of their philanthropy and social investment, while addressing the lack of internationally comparable data.

Biannually, the Development Centre produces the *Economic Outlook for Southeast Asia, China and India* in collaboration with several regional organisations. The Outlook analyses the short and medium-term economic trends in the region and offers country-specific reviews. The 2018 editions have a thematic focus on the digital economy, with the first issue highlighting the importance of fostering inclusive innovation to boost growth and development in India. The second issue, to be released in July 2018, will include updates on cross-border e-commerce in the region. The 2019 editions of the Outlook will focus on smart cities and urbanisation, and will be launched in November 2018.



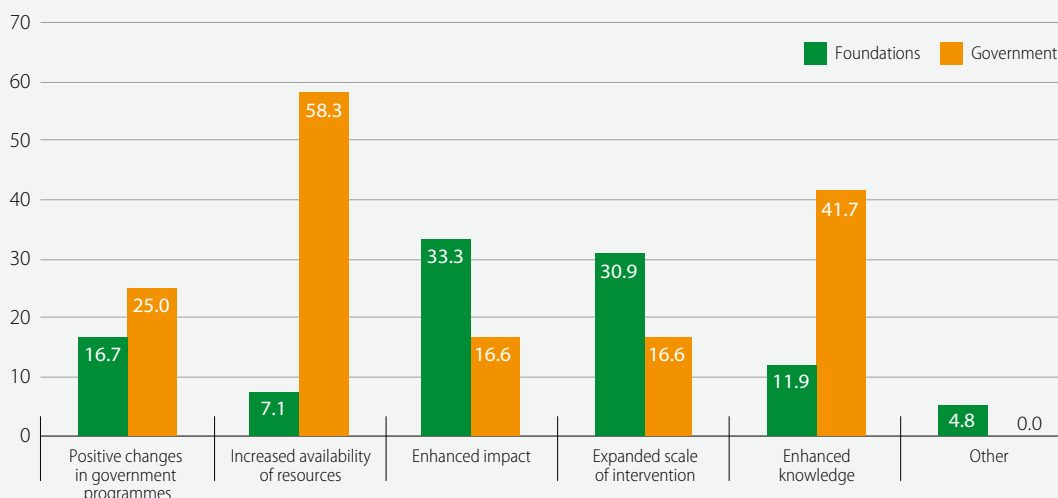
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[www.oecd.org/dev](http://www.oecd.org/dev)

Asian Development Bank (ADB) Institute, ASEAN-India Center (AIC) and Research and Information Systems for Developing Countries (RIS) co-host the event "Understanding the Digital Economy: What Is It and How Can It Transform Asia?" on 21-22 February in New Delhi, where **Kensuke Tanaka**, Head of Asia Desk, OECD Development Centre spoke in the session "Understanding the digital economy – big data, mobile technology, and the internet of things"

### Benefits of collaboration between foundations and the government (percentage of answers)



Source: *Bringing Foundations and Governments Closer: Evidence from India*, OECD 2017

A large wooden boat with a red and yellow flag is on the water in the foreground. In the background, a modern city skyline with several tall buildings is visible under a blue sky with white clouds. The water is a deep blue color.

# SUSTAINABLE AND INCLUSIVE GROWTH

## Strengthening economic growth and resilience



**Economic growth in India is projected to remain strong at above 7% for 2018 and 2019, gradually recovering from the transitory adverse impact of rolling out the Goods and Services Tax (GST) and measures to choke off the black economy, including demonetisation. Corporate investment and the implementation of large-scale infrastructure projects are picking up as deleveraging for corporations and banks continues.**

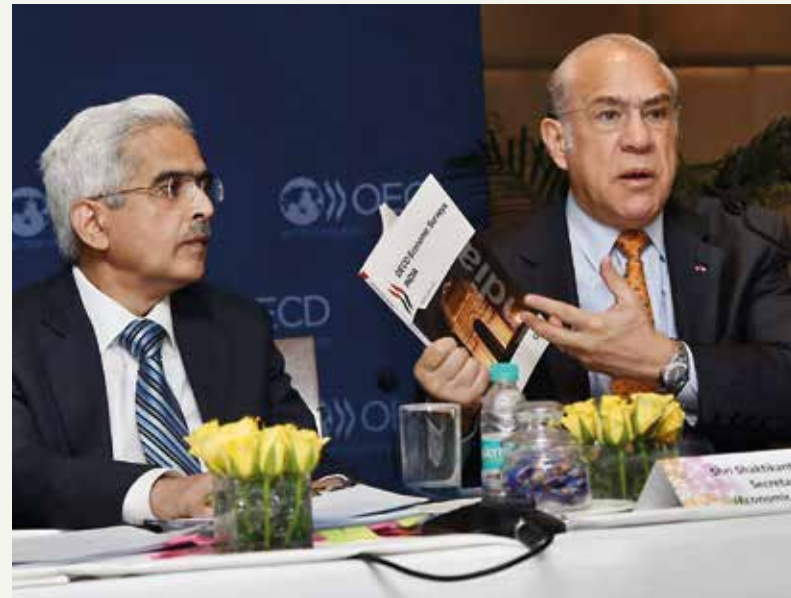
The OECD examines macroeconomic and structural policies and developments as well as their interaction. Officials from the Ministry of Finance and the Reserve Bank of India regularly participate in the *OECD Economic Policy Committee* and its Working Party on Short-Term Economic Prospects, which review the economic and financial developments and policies of OECD Member and Partner countries. The Committee pays special attention to the effects of national policies in the light of the increasing interdependence of economies, whereas the Working Party focuses on providing a systematic exchange of high-quality short-term forecasts related to economic developments. High-level government officials from India also participate in discussions at the *Economic and Development Review Committee (EDRC)* with representatives from OECD Member and Partner countries. An assessment of India's fiscal stance and public finance policies from the *OECD Economic Survey of India* was discussed at the EDRC.

The *Economic Surveys*, published biannually for each OECD Member and Key Partner economy, assess the main economic challenges and propose reform options drawing on international practices. The fourth *Economic Survey of India*, prepared in coordination with the Indian Ministry of Finance, was released in February 2017. It showed that a comprehensive tax reform would promote inclusive growth, ensuring clarity in tax legislation and that employing more skilled tax officials would strengthen the tax administration. It also showed that regional disparities in living standards remain large. Some states have



*“Department of Economic Affairs is building a strong sectoral relationship with the OECD to develop close and fruitful collaboration with the OECD. Considering that the OECD plays a significant role in supporting the work of the G20, especially in several strategically significant areas like digital taxation and future of work, we look forward to forging a more structured and focussed relationship in the near future. We appreciate OECD’s policy of opening the door of its major bodies for the participation of its Key Partners. Our work with the OECD is also guided by the objective that the OECD reflects India’s and developing world’s perspective better and in a rightful manner in their deliberations on global economic discourse.”*

**Subhash Chandra Garg**, Secretary, Department of Economic Affairs, Ministry of Finance



Angel Gurria, OECD Secretary-General and Shaktikanta Das, Secretary, Economic Affairs, Ministry of Finance jointly launched the 2017 *OECD Economic Survey of India* in February 2017 in New Delhi.

## Strengthening economic growth and resilience



taken the lead in improving the ease of doing business and now enjoy higher productivity and income, while in rural areas, poverty rates remain high and access to core public services is often poor. In urban areas, agglomeration benefits are quickly reduced by congestion costs, in particular air pollution and long commuting time. The working papers *Making income and property taxes more growth-friendly and redistributive in India*, *Taxation and Investment in India* and *Achieving strong and balanced regional development in India* were published in 2017 and provide deeper analyses of these issues. The next OECD Economic Survey for India will be released in 2019.

Twice a year, the *OECD Economic Outlook* analyses the major trends and forces that shape the short-term economic prospects of OECD Member and Partner countries, including India. The 2017 autumn edition noted that India's recent structural reform efforts, including the implementation of the GST, measures to improve the ease of doing business and formalise the economy, will gradually pay off. Given that India's public debt and interest payments in relation to GDP are high compared with most other emerging economies, increasing social infrastructure, such as health and education, will require raising more property and income tax revenue while its economic growth remains strong. The government's proposals to modernise labour codes should be pursued to create more and better jobs.

OECD analysis on long-run prudent debt targets for country-specific fiscal rules was extended to India and a working paper *Public debt in India* was released in 2017. The paper concludes that under a "no-policy change" scenario, the debt-to-GDP ratio in India will decline gradually to close to the "prudent" level by 2040; however, adverse shocks could derail this benign scenario.

*Going for Growth* provides an annual comparative overview of structural policy developments and reform priorities for maintaining long-term growth, improving competitiveness and productivity and creating jobs. Based on a broad set of



internationally comparable indicators, it identifies structural reform priorities for each country and feeds into the G20 Framework for Strong, Sustainable and Balanced Growth.

The 2017 edition outlines five priorities for India:

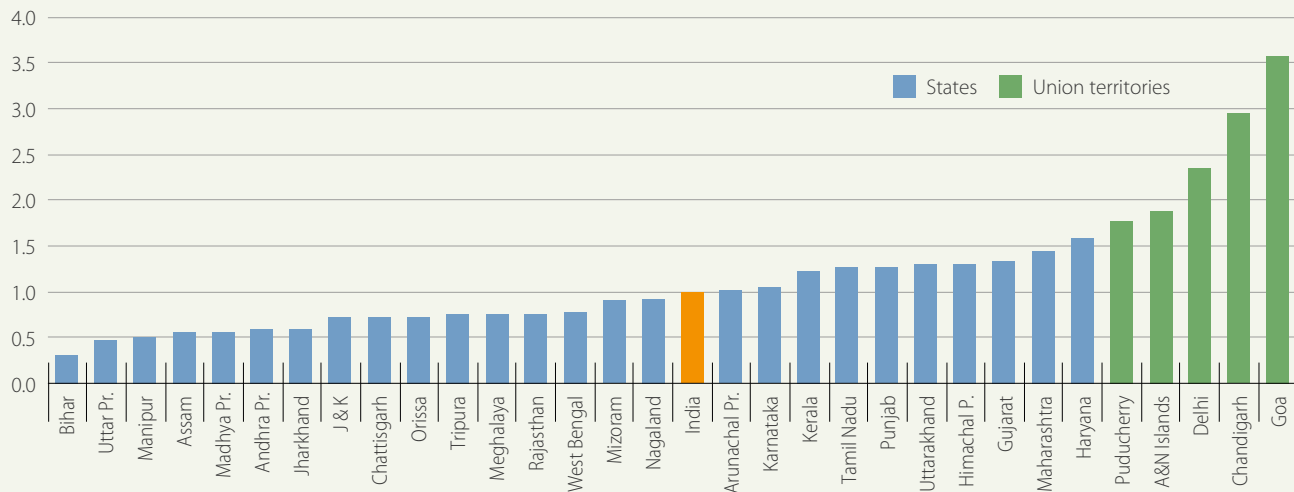
- Reducing administrative and regulatory burdens on companies
- Simplifying and modernising labour laws to create more and better jobs for all
- Enhancing access to, and quality of, the education system
- Improving infrastructure and easing land acquisition
- Undertaking wide-ranging financial sector reforms

The *Better Policies series* tailors the OECD's policy advice to the specific and timely priorities of Member and Partner countries, focusing on how governments can make reform happen. A 2017 edition noted that India has made advances in integrating in global value chains and developing a competitive advantage in fields such as information and communication technology. It emphasizes the importance of securing continued progress by boosting competition and further lowering barriers to trade and investment.

[www.oecd.org/eco](http://www.oecd.org/eco)

[www.oecd.org/eco/public-finance](http://www.oecd.org/eco/public-finance)

### Labour productivity as a ratio of all India productivity



**Note:** Labour productivity is measured as the ratio of value added (GDP) per worker. **Source:** CSO; and OECD Economic Outlook 100 database

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# Ensuring balanced and sustainable public finances

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**Maintaining its efforts in fiscal reduction and consolidation and using fiscal deficit target as the key operational parameter, the Government of India projected a fiscal deficit of 3.3% of GDP for 2018-19 and revised the fiscal deficit estimates for 2017-18 at 3.5% of GDP. The challenge remains to ensure sustainable and equitable public finances in an increasingly uncertain economic environment.**

In view of the importance of a well-functioning multi-tier governance framework at the central, state and local levels, India was the first Key Partner country to join the OECD Network on Fiscal Relations across Levels of Government (Fiscal

Network) in 2013. Since then, senior officials from the Indian Ministry of Finance have regularly attended Network meetings and actively contribute to its work.

India is included in OECD cross-country analyses on intergovernmental fiscal relations. *Fiscal Decentralisation and Inclusive Growth*, published in May 2018, includes analysis of the effectiveness of India's transfer and equalisation system. *Fiscal Federalism 2016* presents salient policy issues on fiscal federalism. The OECD also analysed the functioning of intergovernmental fiscal institutions and their role in shaping fiscal policy and outcomes in *Institutions of Intergovernmental Fiscal Relations*. These publications show that



📍 The Fifteenth Finance Commission of India-OECD high-level roundtable on fiscal relations across levels of government was held in April 2018 in New Delhi.





fiscal arrangements and responsibilities in India are relatively coherent, although there is scope to improve the effectiveness of transfers and boost local government capacity. Furthermore, while the July 2017 implementation of the Goods and Services Tax (GST) is boosting overall revenues, it also reduces the revenue autonomy of states.

The Fifteenth Finance Commission of India has partnered with the OECD to draw lessons from OECD experts and OECD Member and Partner countries. Upon the request of the Commission, a high-level dialogue was organised through the OECD Fiscal Network, covering all aspects of intergovernmental fiscal relations, including medium-term fiscal policy, revenue sharing arrangements with sub-national governments, transfers and incentives, fiscal targets, fiscal rules and sub-national debt as well as insolvency frameworks. There is strong interest in better imbedding performance incentives in the grant system, as well as improving controls on state debt and fiscal rules.

Upon invitation, the OECD presented its work on international good practices on fiscal rules and frameworks to the Fiscal Responsibility and Budget Management (FRBM) Review Committee in July 2016 in New Delhi. The OECD discussed with the members of the Committee how countries can establish fiscal rules and frameworks that ensure sustainable public finances, safeguard intergenerational equity, and at the same time cushion adverse shocks.

[www.oecd.org/gov/budgeting](http://www.oecd.org/gov/budgeting)  
[www.oecd.org/tax/federalism](http://www.oecd.org/tax/federalism)



*“The OECD has continued to provide valuable technical and analytical inputs for India’s on-going Economic Reforms. Their recent engagement with the 15th Finance Commission Chaired by me, has been enriching. It has sought to address the key challenges contained in the daunting Terms of Reference of the Commission particularly in areas like Fiscal Consolidation in Federal entities, evolution of best practices in other federations on devolution of financial resources. The Commission looks forward to their continuing engagement even as they deliberate on complex issues before submitting their report towards the end of next year. OECD has a lot to tell and share and the Commission is equally keen to imbibe and be informed by their domain expertise.”*

**N.K. Singh**, Chairman of the Fifteenth Finance Commission of India;  
 Former Chairman of the FRBM Review Committee Ministry of Finance

OECD Fiscal Federation Studies  
 Institutions of Intergovernmental Fiscal Relations  
 OECD, PARIS

Fiscal Federalism 2016  
 OECD, PARIS

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# Fostering inclusive growth



**While rapid economic growth is transforming India, spatial disparities in living standards in the country remain large. India is increasingly putting inclusive growth at the core of its policy strategies, showing commitment to increasing public social expenditure and reducing widespread informality to close inequality gaps.**

The OECD works with governments to identify policy solutions to break down barriers to inclusive growth. *All on Board: Making Inclusive Growth Happen*, published in May 2015, takes a comprehensive approach to examining growth, looking beyond traditional monetary indicators to analyse the different dimensions that reflect the quality of life of all participants in an economy. The report notes India's commitment to the provision of universal health care and an inclusive growth strategy that will improve access to basic services and formal jobs in rural and urban areas.

The OECD has been looking not only at the functioning of the economic system, but also at the diverse experiences and living conditions of people and households. Measuring well-being and progress is a key priority that the OECD is pursuing as part of the *Better Life Initiative*. The latest edition of the OECD flagship publication *How's Life?*, published in November 2017, charts the promises and pitfalls for people's well-being in OECD Member and Partner countries.

Given the importance of cities and metropolitan areas in making inclusive growth happen, the OECD launched the *Inclusive Growth in Cities Campaign* in March 2016 to increase the awareness of rising inequalities, refocus the debate on concrete solutions and empower local governments as leaders in the transition towards more inclusive growth. Central to this campaign is the creation of a network of local leaders to promote inclusive growth.



[www.oecd.org/inclusive-growth](http://www.oecd.org/inclusive-growth)

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## Promoting green growth

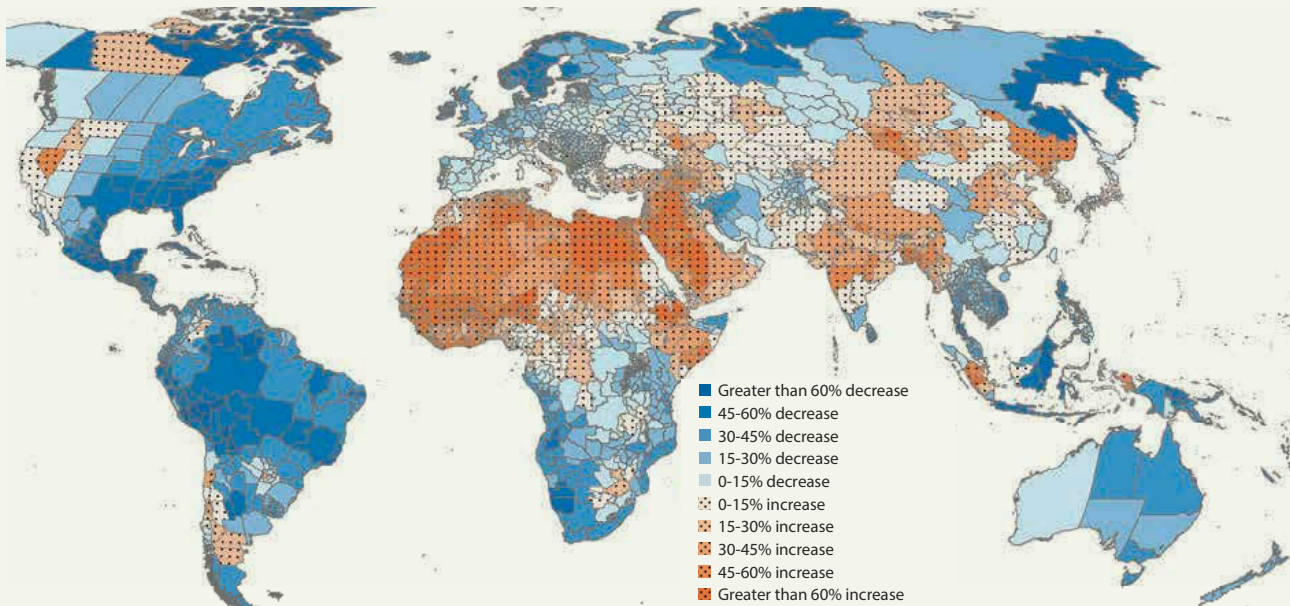
**Like many other countries, India faces the challenge of managing the trade-off between economic growth and environmental pressures. Green growth is the only way to sustain economic growth and development over the long term. The OECD can provide targeted advice to India as it designs and implements economic, environmental, investment, regional and innovation policies.**

The OECD supports countries' efforts to foster economic growth and development and ensure that natural assets continue to provide the resources and environmental services on which well-being relies through the OECD Green Growth Strategy and its three landmark reports – *Towards Green Growth*, *Towards*

*Green Growth – Monitoring Progress: OECD Indicators and Tools for Delivering on Green Growth*. In addition, the report *Green Growth Indicators 2017* charts the progress that OECD countries and G20 economies have made since 1990. In India, the growth adjustment for pollution abatement remains negative, while renewables shares on total primary energy supply have plummeted and the contributions to green inventions are rising fast.

The OECD is committed to collaborating on the generation, management and sharing of knowledge about green growth through policy dialogue. The Organisation is one of the four founding organisations of the *Green Growth Knowledge Platform*

### Change in population exposure to air pollution by PM<sub>2.5</sub> (1998-2015)



Source: OECD (2017a), "Exposure to air pollution", OECD Environment Statistics (database); OECD calculations based on van Donkelaar et al. (2016) and CIESIN (2016). Administrative boundaries: FAO (2015).

## Promoting green growth

(GGKP) to which The Energy and Resources Institute (TERI) and the Center for Study of Science, Technology and Policy (STEP) of India are important knowledge partners. The GGKP 5<sup>th</sup> Annual Conference in November 2017 focused on the theme of sustainable infrastructure and brought together leading practitioners and experts on green growth from many countries, including India. The OECD's *Green Growth and Sustainable Development (GGSD) Forum* aims at providing a dedicated space for multi-disciplinary dialogue on green growth and sustainable development. The upcoming GGSD Forum, in November 2018, is on the theme of "Inclusive solutions for the green transition" and the sessions will be developed around competitiveness, employment and distributional impacts of green policies.

[www.oecd.org/greengrowth](http://www.oecd.org/greengrowth)





## Increasing agricultural productivity and ensuring food security

**India's agricultural sector underwent significant transformations over the last decade, with agro-food exports steadily increasing and production diversifying towards fruit and vegetables and livestock products. Achieving sustainable agricultural productivity growth is vital for lifting the country's primarily rural population out of poverty.**

OECD's work on agricultural policies spans different topics from risk management to addressing long-term needs for improving the sector's productivity and sustainability. The *OECD Committee for Agriculture* has enhanced its global coverage in recent years and systematically invites OECD Partner countries and G20 economies, including India, to dedicated sessions. The OECD is also a key reference for the certification and standardisation of certain agricultural and forestry inputs and commodities, which aim to facilitate international trade. India is a member of both the *OECD Standard Codes for the Official Testing of Agricultural and Forestry Tractors* and the *OECD Schemes for the Varietal Certification or the Control of Seed Moving in International Trade*.

The OECD is currently undertaking an *Agricultural Policy Review of India* jointly with the Indian Council for Research on International Economic Relations (ICRIER), scheduled for release in July 2018. The review analyses structural changes in the agricultural sector over the last two decades. It also calculates support indicators comparable to those produced for OECD Members and a number of non-OECD economies through the annual *Agricultural Policy Monitoring and Evaluation* report.

The *OECD-FAO Agricultural Outlook* analyses world commodity market trends for key agricultural products and projects how global agriculture will develop over the next ten years. The latest edition, published in July 2017, indicates that India's milk production growth is expected to accelerate compared to the previous decade in response to increases in demand induced by population and income growth.

The OECD has also worked with India in the context of the G20 to identify and promote policies that enhance food security and increase agricultural productivity. The OECD contributes to the development and implementation of the *Agricultural Market Information System (AMIS)* launched at the request of G20 Agriculture Ministers in 2011, which aims to improve the availability of commodity market information and enable timely dialogue and co-ordination amongst governments in the event of an abnormal market situation.

[www.oecd.org/agriculture](http://www.oecd.org/agriculture)

[www.oecd.org/tad](http://www.oecd.org/tad)

[www.agri-outlook.org](http://www.agri-outlook.org)

[www.amis-outlook.org](http://www.amis-outlook.org)



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## Fostering better data for better policies

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**The OECD maintains databases of internationally comparable statistics to support its analytical work in a wide range of policy areas. The Organisation also develops and promotes the implementation of international statistical standards. The full scope of India's statistical databases enables the OECD to effectively support its continued socio-economic development.**

Economic, environmental and social statistics on India are regularly collected and disseminated in OECD statistical databases and publications, including a number of *OECD Statistical News Releases*. India has been included in some of the most high profile OECD databases, including on international trade, financial statistics and production indices.

Since 2017, India has also been included in the *OECD Income Distribution database*, which benchmarks income inequality and poverty across countries. Data for India are based on the India Human Development Survey conducted by the National Council for Applied Economic Research in New Delhi and the University of Maryland. The data show levels of income inequality higher than those for most other emerging economies.

The OECD-hosted *Partnership in Statistics for Development in the 21st Century (PARIS21)* aims to help countries develop their national statistical system, including to monitor the Sustainable Development Goals (SDGs). In September 2016, PARIS21 demonstrated the *Advanced Data Planning Tool (ADAPT)* to representatives from South Asia at a sub-regional Workshop on Data and Statistics for SDGs in New Delhi. ADAPT version 1.1. includes enhanced data inventory and data plans monitoring functionalities, and the version 2.0 will be released in Fall 2018 with enhanced costing functionalities.

Standardised, comprehensive statistical indicators allow for meaningful international comparisons between OECD Member and Partner countries. To engage them in technical dialogue for indicator development, the OECD will organise the sixth *Forum on Statistics, Knowledge and Policy* on 27-29 November 2018 in Korea on the theme “The future of well-being” with focus on the digital transformation, the changing role of governance and business and well-being.

[www.oecd.org/sdd](http://www.oecd.org/sdd)

[www.paris21.org](http://www.paris21.org)





## OECD CONSUMER PRICE INDEX – all items, selected countries

Percentage change on the same period of the previous year

	2016	2017	2017									2018			
	Average		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
OECD-Total	1.1	2.2	2.4	2.1	1.9	2.0	2.2	2.3	2.2	2.4	2.3	2.2	2.2	2.3	2.3
G7	0.9	1.8	1.9	1.6	1.4	1.5	1.7	1.9	1.7	1.9	1.9	1.8	1.9	2.0	2.0
Euro area (HICP)	0.2	1.5	1.9	1.4	1.3	1.3	1.5	1.5	1.4	1.5	1.4	1.3	1.1	1.3	1.2
European Union (HICP)	0.3	1.7	2.0	1.6	1.5	1.5	1.7	1.8	1.7	1.8	1.7	1.6	1.4	1.5	1.4
<b>Major seven countries</b>															
Canada	1.4	1.6	1.6	1.3	1.0	1.2	1.4	1.6	1.4	2.1	1.9	1.7	2.2	2.3	2.2
France	0.2	1.0	1.2	0.8	0.7	0.7	0.9	1.0	1.1	1.2	1.2	1.3	1.2	1.6	1.6
Germany	0.5	1.7	2.0	1.5	1.6	1.7	1.8	1.8	1.6	1.8	1.7	1.6	1.4	1.6	1.6
Italy	-0.1	1.2	1.9	1.4	1.2	1.1	1.2	1.1	1.0	0.9	0.9	0.9	0.5	0.8	0.5
Japan	-0.1	0.5	0.4	0.4	0.4	0.4	0.7	0.7	0.2	0.6	1.0	1.4	1.5	1.1	0.6
United Kingdom <sup>1</sup>	1.0	2.6	2.6	2.7	2.6	2.6	2.7	2.8	2.8	2.8	2.7	2.7	2.5	2.3	2.2
United States	1.3	2.1	2.2	1.9	1.6	1.7	1.9	2.2	2.0	2.2	2.1	2.1	2.2	2.4	2.5
<b>G20 and other non OECD G20 economies</b>															
G20 (excl. Argentina) <sup>3</sup>	2.3	2.3	2.4	2.2	2.0	2.0	2.3	2.4	2.3	2.5	2.5	2.5	–	–	–
G20 (incl. Argentina) <sup>3</sup>	–	–	–	–	–	–	–	–	–	–	2.7	2.7	2.9	2.8	2.7
Argentina <sup>3</sup>	–	–	–	–	–	–	–	–	–	–	24.8	25.0	25.4	25.4	25.5
Brazil	8.7	3.4	4.1	3.6	3.0	2.7	2.5	2.5	2.7	2.8	2.9	2.9	2.8	2.7	2.8
China	2.0	1.6	1.2	1.5	1.5	1.4	1.8	1.6	1.9	1.7	1.8	1.5	2.9	2.1	1.8
India	4.9	2.5	2.2	1.1	1.1	1.8	2.5	2.9	3.2	4.0	4.0	5.1	4.7	4.4	4.0
Indonesia	3.5	3.8	4.2	4.3	4.4	3.9	3.8	3.7	3.6	3.3	3.6	3.3	3.2	3.4	3.4
Russian Federation	7.0	3.7	4.1	4.1	4.4	3.9	3.3	3.0	2.7	2.5	2.5	2.2	2.2	2.4	2.4
Saudi Arabia	3.5	-0.2	-0.6	-0.7	-0.4	-0.3	-0.1	-0.1	-0.2	0.1	0.4	3.0	2.9	2.8	2.5
South Africa	6.6	5.2	5.2	5.3	5.0	4.4	4.6	4.9	4.6	4.4	4.5	4.3	3.8	3.7	4.3

1. Percentage change Q1 2017 to Q1 2018 : 2. Consumer Prices Index including owner occupiers' housing costs (CPIH) : – not available

Source: OECD Consumer Price Index, Paris, 5 June 2018

# Facilitating effective development co-operation



**India has a long tradition of providing South-South co-operation, especially with its neighbouring countries, and is expanding its ties with Africa. The OECD's Development Assistance Committee (DAC) helps strengthening the delivery and effectiveness of development co-operation to improve people's well-being.**

Since India recognised the *Paris Declaration for Aid Effectiveness* in 2004 and endorsed the *Busan Partnership for Effective Development Co-operation* in 2011, the OECD has deepened its engagement with the country on development co-operation through the DAC, which is the leading international forum for bilateral providers of development co-operation. Indian officials have attended DAC High-Level and Senior-Level Meetings, as well as the *OECD Global Forum on Development* in recent years.

The *OECD Development Co-operation Report* provides statistics on and analysis of development co-operation programmes, including official development assistance, as well as an overview of trends and issues currently being discussed in the development community. The 2017 edition highlights that data are a prerequisite for delivering the 2030 Agenda for Sustainable Development and ensuring that no one is left behind. Although granular project-level data on official development finance are available, there is a need for more data from providers of development co-operation beyond the DAC membership, including major international development partners such as India. The 2016 edition explored how to unlock the potential of the private sector as a partner for delivering on the Sustainable

Development Goals (SDGs). It provided examples from India such as Vaatsalya Healthcare which provides affordable and quality healthcare services where they are needed most and the Aavishkaar India MicroVenture Capital Fund which invests in the low-income market segment, including in agriculture, education, energy, health, water and sanitation.

As countries start to implement the 2030 Agenda for Sustainable Development, closer collaboration between India and the OECD – including through the *Global Partnership for Sustainable Development* – will be important in supporting the achievement of the SDGs. India also continues its contribution to the OECD-WTO's tracking of *Aid for Trade* work to promote trade inclusiveness and connectivity for sustainable development.

[www.oecd.org/dac](http://www.oecd.org/dac)

Development Co-operation Report 2017  
DATA FOR DEVELOPMENT

Development Co-operation Report 2016  
THE SUSTAINABLE DEVELOPMENT GOALS  
IN INTERNATIONAL DEVELOPMENT

OECD

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# EFFICIENT AND SOUND MARKETS

# Invigorating international investment



**According to OECD data, the stock of inward foreign direct investment (FDI) in India increased 42% between end 2014 and end 2017. India remains amongst the world's 10 largest FDI recipients in 2017, at USD 40 billion. As India continues promoting reforms to improve the business environment and further loosen investment restrictions, collaboration on investment policy with the OECD is more relevant than ever.**

The OECD and the Government of India have been collaborating on investment-related issues for many years. Indian officials participate in the *OECD Investment Committee* meetings, engaging, in particular, in the Committee's work related to investment treaties. India also participates in the *Freedom of Investment Roundtables* where governments from 58 economies exchange experiences on reform options for investment treaties. In April 2017, the Department of Industrial Policy and Promotion (DIPP) and the OECD organised a joint workshop on investment policy and investment climate in New Delhi. About 80 high-level attendees from the Government of India, and national and international industry representatives actively engaged in the roundtable discussions with the objective of creating a robust and competitive environment for investment in India, in line with international standards.

The OECD has developed standards that aim to promote efficient co-operation on international investment. The *Policy Framework for Investment* (PFI) is the most comprehensive and systematic approach for improving investment conditions, covering policies related to investment restrictions and barriers, investment promotion and facilitation, competition, trade, taxation, corporate governance, finance, infrastructure, developing human resources, responsible business conduct, green growth, and public governance. An *Investment Policy Review of India* was undertaken using the PFI in 2009. Given the great strides India has made in improving its investment climate in recent years, a second review would showcase these and help address remaining challenges.



The OECD and DIPP jointly organised a workshop on Investment Policy and Investment Climate of India in April 2017 in New Delhi, attended by **Irène Hors**, Head of Division, and **Asees Ahuja**, Advisor, from OECD Global Relations Secretariat, and **Hildegunn Nordas**, Senior Trade Policy Analyst, from OECD Trade and Agriculture Directorate (right to left).

The *OECD Codes of Liberalisation of Capital Movements and Current Invisible Operations* promote the progressive liberalisation of capital movements and international trade in services and provide guidance on capital flow management. India is actively participating in the ongoing review of the Code of Liberalisation of Capital Movements. The *G20 Finance Communiqué March 2017* encouraged all non OECD-countries to consider adhering to the Code.

[www.oecd.org/investment](http://www.oecd.org/investment)



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## Stimulating responsible business conduct

**In the Companies Act, India requires companies to spend 2% of their net profits on corporate social responsibility projects. Yet, broader measures to promote responsible business conduct (RBC) can support Indian industries operating in global value chains in increasing export opportunities and market access. The OECD closely collaborates with India to enable responsible business conduct by aligning its policies with international standards.**

The *OECD Guidelines for Multinational Enterprises* are the most comprehensive set of government-backed recommendations to provide a level playing field for enterprises. The *OECD Due Diligence Guidance for Responsible Business Conduct* released in May 2018 provides practical support to enterprises on the

implementation of the Guidelines. The OECD supports countries in their increasing efforts to enable responsible supply chain and RBC through dialogue and standard setting activities based on the Guidelines and sector guidance.

In the minerals sector, the OECD is engaging with Indian officials and private sector representatives, including the Bullion Federation of India, the Indian Bullion and Jewellery Association and the Indian Minister of State for Finance. The Organisation supports the development of due diligence audit systems and rules for responsible gold on the basis of the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, recognising that India is the second largest importer of gold in the world, and a key destination of gold produced in Africa.



© **Ratika Jain**, Executive Director for Manufacturing and MSME, CII speaks on efforts to promote due diligence in the Indian garment sector at the opening session of the OECD Forum on Due Diligence in the Garment and Footwear Sector in January 2018 at the OECD, Paris.

## Stimulating responsible business conduct

Following the launch of the *Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector* in 2017, the OECD is working with the Confederation of Indian Industry (CII) and global brands sourcing from Indian suppliers to build capacity to respond to international standards on labour and environment and enhance the competitiveness of India's textile sector through responsible investment.

[mneguidelines.oecd.org/](http://mneguidelines.oecd.org/)



*“We are living in times of disruptive change, resource scarcity and intense competition. As India progresses to don the mantle of the fifth largest economy in the world, the need to ensure that growth is undertaken in the most responsible and sustainable manner possible becomes imperative. At the same time, local realities need to be factored in so*

*that contextually appropriate policy frameworks and guidelines are allowed to evolve. The OECD's initiatives on Responsible Business Conduct present an excellent platform to engage to build better shared understanding to shape global policymaking.”*

**Ratika Jain**, CEO, Global Innovation & Technology Alliance (GITA);  
Former Executive Director, Confederation of Indian Industry (CII)





## Accelerating financial inclusion

**The Government of India is implementing ambitious policies on financial inclusion and education; it opened nearly 250 million bank accounts for the most financially vulnerable and expanded 35 direct benefit transfer schemes across the country.**

India's National Strategy for Financial Education is in line with the OECD's *High-level Principles on National Strategies for Financial Education*. The key priorities of the Strategy have been informed by the OECD-led *International Network on Financial Education (INFE)*,

which is composed of more than 120 countries and 260 public institutions. India participates fully in the INFE's activities, and four of India's financial regulators – the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority, and the Pension Fund Regulatory and Development Authority – are members, as is the National Institute of Securities Market. The RBI Deputy Governor is the Vice-Chair of the Network's Advisory Board and the RBI also co-leads the working group on micro, small and medium-sized enterprises (MSMEs).



☪ **Surekha Marandi**, Executive Director, Reserve Bank of India (RBI), **Nagendraa Parakh**, Executive Director, SBEI, **M. Pulla Rao**, Executive Director, Insurance Regulatory and Development Authority, and **Anant Gopal Das**, Chief General Manager, Pension Fund Regulatory and Development Authority, in a policy discussion on multi-stakeholder support for financial education, moderated by **S.S. Mundra**, former Deputy Governor, RBI, at the India-OECD Global Symposium in November 2017 in New Delhi. (Photo: RBI/OECD)

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## Accelerating financial inclusion

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The INFE includes two working groups developing policy tools, research and guidance, to be submitted to the G20 in 2018, on financial education for MSMEs and users of digital financial services, respectively. A third working group is developing a comprehensive policy standard to guide the development and implementation of national strategies for financial education, as well as regional implantation projects and work on evaluation. The *OECD/INFE progress report on financial education* and the *OECD/INFE policy framework for investor education* were released in 2017.

The OECD and the Indian administration co-organised a series of events on financial education and financial consumer protection in recent years. In November 2017, the *India-OECD Global Symposium: Implementing effective financial education policies in a changing financial landscape* brought together high-level government officials and experts from public authorities, ministries of finance and consumer and investor education bodies, as well as senior representatives from the private sector and academics. The symposium illustrated a wide range of successful approaches to implementing financial literacy policies and strategies using OECD/INFE tools and highlighted the importance of considering the implications in increased digitalisation from a financial literacy perspective.

[www.oecd.org/finance](http://www.oecd.org/finance)



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# Facilitating trade and upgrading global value chains

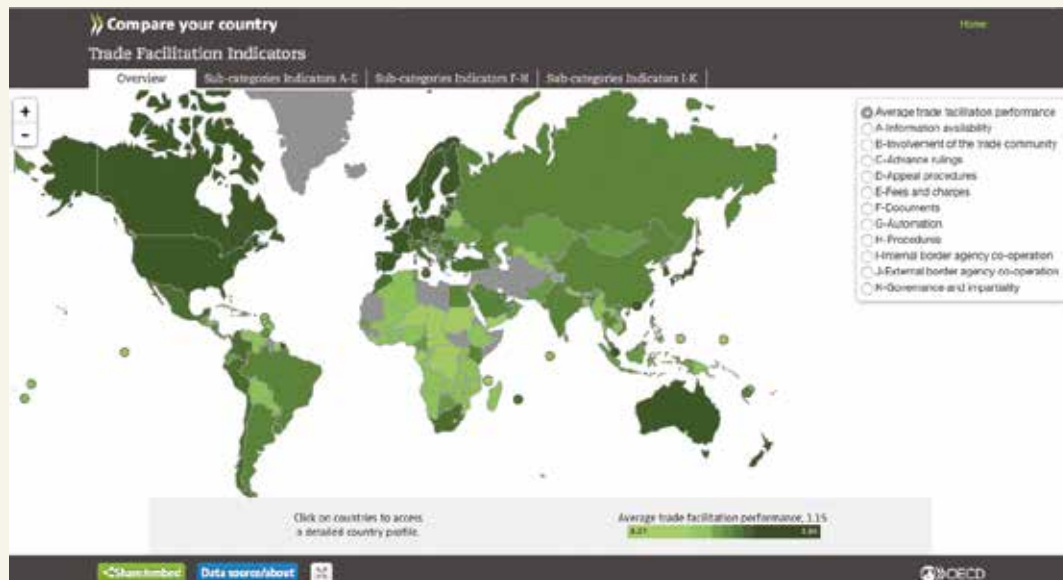


**Trade liberalisation has played a key role in the economic transformation of India and enhancing its integration in global value chains (GVCs). To develop a better understanding of GVCs and their policy implications, the OECD carries out extensive analytical work on trade, providing support for a strong, rules-based multilateral trading system.**

The OECD provides Member and Partner countries with a forum for exchanging information on export credits systems and business activities, discussing and coordinating national export credits policies relating to good governance issues, and maintaining, developing and monitoring the financial disciplines for export credits. India holds a Participant status to the *Arrangement on Officially Supported Export Credits* which was developed to ensure a level playing field and appropriate levels of information exchange and transparency on export credit transactions. Representatives from India have attended meetings of the *Working Party on*

*Export Credits and Credit Guarantees*, showing particular interest in discussions on coal fired power plants.

Launched in 2014, the *OECD Services Trade Restrictiveness Index (STRI)* is an evidence-based diagnostic tool that provides an up-to-date snapshot of services trade barriers in 22 sectors across 44 countries, including India, representing over 80% of global services trade. The STRI provides the information needed for policymakers to scope out reform options, benchmark them and assess their likely effects; for trade negotiators to clarify the restrictions that most impede trade, growth and employment; and for businesses to shed light on the requirements that traders must comply with when entering foreign markets. The *OECD STRI country note on India*, published in December 2017, shows that services in the country account for more than 30% of gross exports and more than half of value added exports, amongst the highest of the countries for which data



Ⓒ The OECD Trade Facilitation Indicators (TFIs) identify areas for action and enable the potential impact of reforms to be assessed. Estimates based on the indicators provide a basis for governments to prioritise trade facilitation actions and mobilise technical assistance and capacity-building efforts in a more targeted way.

## Facilitating trade and upgrading global value chains

are available. The OECD held a workshop in New Delhi jointly with the Centre for Policy Research in April 2016 to present the STRI and highlight the role services play in the overall competitiveness of India's manufacturing sector.

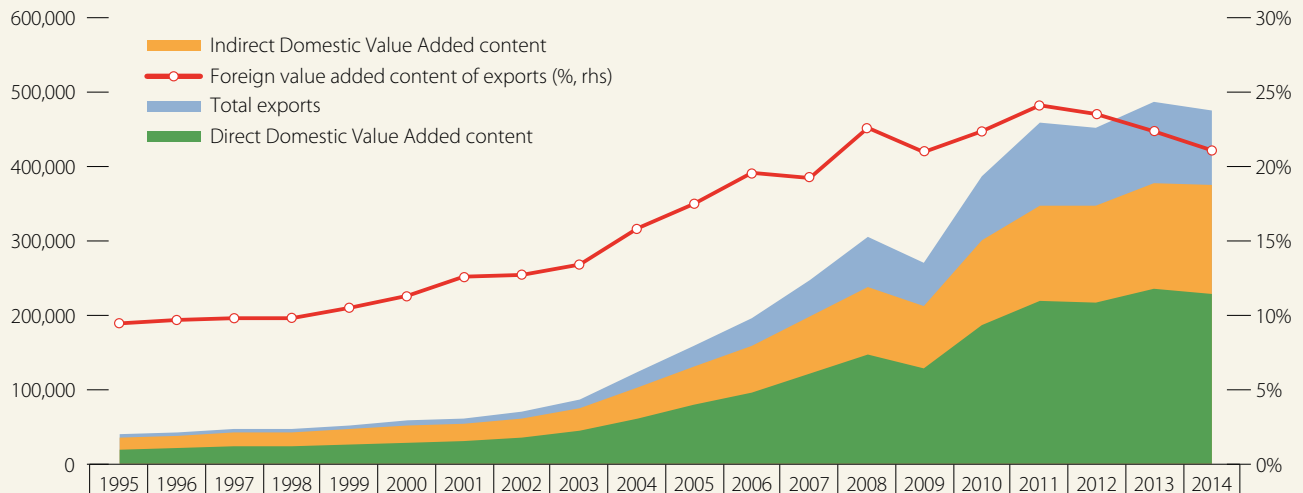
Data on India are also included in the *OECD Trade Facilitation Indicators (TFIs)*, which cover more than 160 countries worldwide. The indicators identify priority areas for reform to improve border procedures, reduce trade costs, boost trade flows and reap greater benefits from international trade. This tool can support the Government of India in prioritising trade facilitation reforms. Further efforts are particularly warranted in the simplification and harmonisation of trade documents, automation of the border process, as well as domestic and cross-border agency co-operation. OECD analysis shows that lower middle income countries could potentially reduce trade costs by as much as 17.5% by implementing the measures agreed to in the WTO Trade Facilitation Agreement.

The OECD-WTO *Trade in Value Added (TiVA)* database has been developed to measure international trade in value added terms and to generate new insights about the commercial relations among economies. An early key finding for India reveals a significant increase in the country's integration into GVCs over the last two decades; for example, the foreign content of its exports was more than doubled, from less than 10% in 1995 to over 20% in 2015. The OECD also released a trade policy paper in December 2017, *Services in Global Value Chains: Trade patterns and gains from specialisation*. The paper provides new evidence on the gains from GVCs by introducing the concept of GVC productivity and highlights that there is a positive correlation between specialisation in services and productivity growth and job creation. Data and examples from India are used throughout the paper.

[www.oecd.org/trade](http://www.oecd.org/trade)

[www.oecd.org/sti/ind/global-value-chains.htm](http://www.oecd.org/sti/ind/global-value-chains.htm)

### Integration of India in Global Value Chains



Source: OECD Trade in Value Added Database, OECD Trade in Value Added Nowcast Estimates Database



## Promoting sound competition



**India enacted its Competition Act in 2002 to support its successful transition from a state-planned to a market-based economy. Since 2009 and 2011 when it was given enforcement and merger control powers, respectively, the Competition Commission of India (CCI) has been increasing its enforcement record, partnering with the OECD to strengthen the implementation and enforcement efforts.**

The OECD promotes regular exchanges of views and analysis on competition policy issues among Member and Partner countries. India has a Participant status in the

OECD Competition Committee and regularly attends the OECD's annual *Global Forum on Competition*. The Forum brings together high-level competition officials from over 100 authorities and organisations to discuss key and emerging challenges, such as competition and democracy, judicial perspectives on competition law, and competition in public markets. The next Forum will take place on 29-30 November 2018. India also participates in the revision of the *OECD Recommendation concerning International Co-operation on Competition Investigations and Proceedings*. The Recommendation promotes international co-operation between competition authorities to reduce the negative impacts of anti-competitive practices.



© The OECD co-hosted with the CCI a workshop "OECD/Korea Policy Centre Competition Law Workshop – Best Practices in Cartel Procedures" in New Delhi in October 2017.  
(Photo: OECD/Korea Policy Centre)

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## Promoting sound competition

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To promote sound competition policies and foster cross-border convergence, the OECD and competition authorities have together developed international best practices in areas such as hard core cartels and for assessing government policies that can have anti-competitive effects. The *OECD Recommendation on Fighting Bid Rigging in Public Procurement* calls for governments to assess their public procurement laws and practices at all levels of government in order to promote more effective procurement and reduce the risk of bid rigging in public tenders. The *Competition Assessment Toolkit* provides a step-by-step guide to performing competition assessments to remove barriers to competition in regulations.

In December 2017, the first OECD meeting of High-Level Representatives of Asia-Pacific Competition Authorities held at OECD headquarters. Representatives from 15 jurisdictions and OECD experts discussed scope for further OECD engagement with the Asia-Pacific region and exchanged perspectives on priority-setting for agency effectiveness. Devender Kumar Sikri, CCI Chairperson, delivered a presentation on India's experiences in priority-setting. At the meeting, *Competition Law in Asia-Pacific* released in May 2018 served to increase understanding of each jurisdiction's laws and practice and to better target the capacity building efforts in the region.

The OECD also works closely with the CCI to address the challenges facing the country's competition regime, in particular to strengthen enforcement capabilities through capacity building exercises. The OECD organised three workshops with the CCI in New Delhi in 2016-17 on competition economics, competition assessment, and cartel enforcement best practices. CCI officials frequently participate in the OECD-Korea Policy Centre's training programme to develop and implement effective competition law and policies across South-East Asia and the Asia-Pacific region. The OECD also presented its work in a session on disruptive innovation at the CUTS-CIRC Biennial Conference in November 2017 in Jaipur and during

workshops on public procurement and bid rigging for both local and central government senior Indian procurement officials in October 2017 in New Delhi and in January 2018 in Bangalore.

India is included in the *OECD Product Market Regulation Indicator database* along with other OECD and G20 countries. The indicator measures the degree to which policies promote or inhibit competition in product markets. It measures regulatory barriers to competition through state control of business operations, legal and administrative barriers to start-ups, the protection of incumbents, and obstacles to foreign trade and investment. The *Product Market Regulation Indicator* for India is available for 2008 and 2013 and the next complete update will be in 2018.

[www.oecd.org/daf/competition](http://www.oecd.org/daf/competition)

[www.oecd.org/eco/growth/indicatorsofproductmarketregulationhomepage.htm](http://www.oecd.org/eco/growth/indicatorsofproductmarketregulationhomepage.htm)



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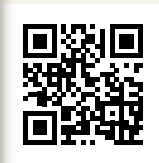
## Strengthening consumer protection

**In recent years, India has seen a growing consumer base and a massive surge in e-commerce, making it vital to ensure consumers' rights and interests are protected. In January 2018, the Government of India introduced the new Consumer Protection Bill 2018 in the Lok Sabha, aiming at replacing the existing act of 1986 and establishing an executive agency, the Central Consumer Protection Authority (CCPA).**

The OECD addresses a broad range of consumer issues and helps public authorities enhance the development of effective consumer policies. India is a Participant in the *OECD Committee on Consumer Policy* and its *Working Party on Consumer Product Safety* in which the country has actively engaged. As consumer issues in the digital economy rise in importance, India's regular participation in these OECD Bodies would provide valuable opportunities for sharing experiences and good practices.

In 2014, the OECD adopted a *Recommendation of the Council on Consumer Policy Decision Making*, which provides a framework for assessing consumer problems and developing effective policy responses. The recommendation draws on governments' experiences in using the *OECD Consumer Policy Toolkit*, developed in 2010. The OECD has also issued a policy guidance *Consumer Policy Guidance on Mobile and Online Payments* in 2014 to address the implementation of effective consumer policy in the fields of mobile and online payments and digital content products. The guidance was part of the Committee's review of the *OECD 1999 Guidelines for Consumer Protection in the Context of Electronic Commerce*, which were revised in 2016 as the *OECD Recommendation on Consumer Protection in E-commerce*.

[www.oecd.org/sti/consumer](http://www.oecd.org/sti/consumer)



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# PUBLIC AND CORPORATE GOVERNANCE

## Enhancing corporate governance



**In 2018, India carried out important reforms to its corporate governance framework. These include greater accountability of the board of directors through transparency and disclosure requirements as well as increased scrutiny of related party transactions.**

The OECD is at the forefront of efforts to understand and to help governments respond to critical developments and concerns, such as corporate governance. India attends the meetings of the *OECD Corporate Governance Committee* and has been invited to upgrade its engagement by becoming a Participant in both the Committee and its subsidiary body, the *Working Party on State Ownership and Privatisation Practices*. It is also invited to participate as a Participant – on equal footing with OECD Member countries – in all discussions in the Corporate Governance Committee related to implementation of the *G20/OECD Principles of Corporate Governance*. India actively participated as an Associate in the 2015 review of these Principles. The Principles are one of the key global standards for sound financial systems used by the Financial Stability Board and form the basis of the corporate governance component of the World Bank report on the Observance of Standards and Codes. Indian officials have also participated in some of the Committee's peer reviews of other countries.

The annual *OECD Corporate Governance Factbook* tracks how countries implement the Principles. The 2017 edition provides the first comparative report on corporate governance across all OECD, G20, and Financial Stability Board member jurisdictions, which host 95% of all publicly traded corporations in the world as measured by market value. The report highlights several examples of India's corporate governance laws and good practices. For instance, India encourages separation of the board Chair and CEO by requiring a high minimum ratio of independent directors on boards where the Chair is also the CEO. It also established special arrangements to facilitate the engagement of minority shareholders in the process of board nomination and election.

The OECD and India launched the *India-OECD Corporate Governance Policy Dialogue* in 2011 to support Indian policy makers by assessing market practices and offering recommendations based on a comparative analysis. The findings from the first phase of the programme were presented in a 2014 report *Improving Corporate Governance in India – Related Party Transactions and Minority Shareholder Protection*. Having moved to the second phase, the OECD and the Securities and Exchange Board of India (SEBI) co-hosted the meeting of the India-OECD Corporate Governance Experts Forum in December 2016 in Mumbai with a focus on board evaluation of listed companies. The Forum supports SEBI in implementing recent reform efforts in line with the G20/OECD Principles of Corporate Governance. A second meeting will take place in December 2018.

[www.oecd.org/daf/ca](http://www.oecd.org/daf/ca)



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## Increasing state-owned enterprises accountability

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**State-owned enterprises (SOEs) have played an important role in providing essential services to India citizens. In effort to develop greater accountability of SOEs, India implemented many reforms, including increasing power to the Reserve Bank of India (RBI) to intervene in state-owned banks at an earlier stage when risks build and monitoring their reform progress toward more responsive and responsible banking.**

The OECD engages closely with India to support the country's efforts to effectively manage its SOEs. Indian officials regularly participate in the meetings and work of the *OECD Working Party on State Ownership and Privatisation Practices* and the *OECD-Asia Network on Corporate Governance of State-owned Enterprises*.

The *OECD Guidelines on Corporate Governance of State-Owned Enterprises* serve as an important reference for this work. The Guidelines help governments organise their ownership and regulatory roles and strengthen the governance of SOEs. The Guidelines were revised in 2015 to better reflect developments since their adoption in 2005 and the experiences of the growing number of countries that have taken steps to implement them.

The 2018 OECD report *Managing Risk in the State-Owned Enterprise Sector in Asia* features a chapter on India's legal and regulatory framework applicable to SOE risk management. The report highlights the need to have a more harmonised oversight by the state and establish public sector internal



© OECD Asia Network on Corporate Governance of SOEs met in September 2017 in Malaysia, where **U.D. Choubey**, Director General, Standing Conference of Public Enterprises, and **Ram Kumar Mishra**, Director, Institute of Public Enterprise and India, spoke on risk management and evolutions in state ownership practices. (Photo: OECD/IDEAS Malaysia)



control requirements to mitigate risks in SOEs. Another 2018 OECD report *Professionalising Boards of Directors of State-Owned Enterprises* reviews India's national approaches to enhance SOE board governance, underlining the importance of defining the responsibilities of boards of directors through the centralisation of the ownership function and professionalisation of boards.

In 2017, India was included for the first time in the OECD's periodic data collection on the characteristics of national SOE sectors around the world, published in the report *The Size and Sectoral Distribution of State-Owned Enterprises*. India's experience in listing SOEs in comparison with other countries' approaches is analysed in the OECD report *Broadening the Ownership of State-Owned Enterprises: A Comparison of Governance Practice* published in 2016. The report shows that mixed ownership can improve enterprise governance and performance and specific arrangements can serve to mitigate potential for political intervention while ensuring predictability and transparency for non-state investors. India also sees listing SOEs advancing its capital market development. The report *Privatisation and the Broadening of Ownership of State-Owned Enterprises: Stocktaking of National Practices* published in 2018 showcases the analysis on evolving privatisation process to endure an effective corporate governance framework for SOEs among 20 OECD Member countries.

Reflecting the growing partnership between India and the OECD, the Institute of Public Enterprise of India (IPE) and the OECD will jointly organise the 11th meeting of the *OECD-Asia Network on Corporate Governance of State-Owned Enterprises* in Hyderabad on 6-7 September 2018. The main theme of this meeting will be ensuring responsible business conduct in SOEs.

[www.oecd.org/daf/ca/soemarket.htm](http://www.oecd.org/daf/ca/soemarket.htm)

The Size and Sectoral Distribution of State-Owned Enterprises

OECD Guidelines on Corporate Governance of State-Owned Enterprises

Broadening the Ownership of State-Owned Enterprises: A Comparison of Governance Practice

Privatisation and the Broadening of Ownership of State-Owned Enterprises: Stocktaking of National Practices

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# Ensuring transparent and efficient public governance

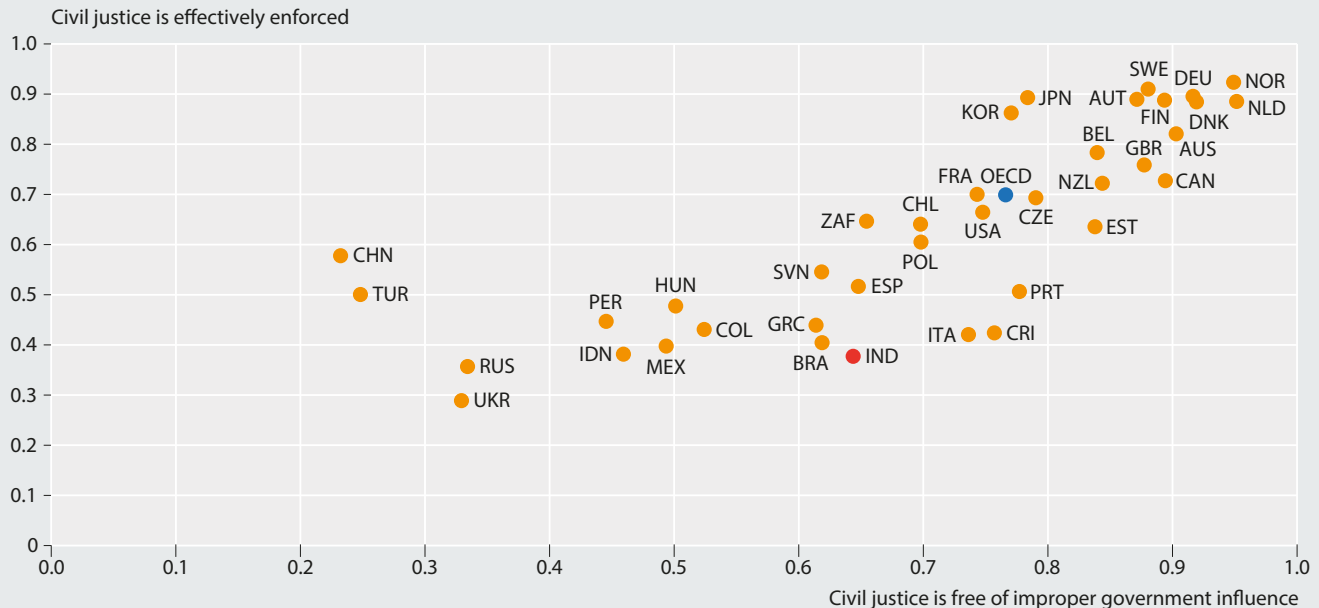
**The Government of India has continued to work to strengthen public governance by improving its public service delivery systems and the capacity of its public institutions. The country is upgrading its platform to improve access to digital data and use new technologies to respond more effectively to economic, social and environmental challenges.**

The OECD provides data, analysis and good practice to help countries improve public policy making and strengthen trust in government. Indian officials regularly attend the meetings of the *OECD Public Governance Committee*. Its permanent sub-body, the *Working Party of Senior Budget Officials*, assesses countries' budgeting systems and the underpinning

institutional frameworks to ensure that fiscal rules work well and are adhered to. The *OECD Recommendation on Budgetary Governance* provides a concise overview of good practices across the full spectrum of budget activities and practical guidance for designing, implementing and improving budget systems to achieve a better national economic performance.

The *OECD Regulatory Policy Committee* has also India's active participation. The *OECD Recommendation of the Council on Regulatory Policy and Governance* is the first international instrument to address regulatory policy, management and governance as a whole-of-government activity that can and should be addressed by sectoral ministries, regulatory and competition agencies.

**Effective enforcement of civil justice and freedom from improper government influence, 2016**



Source: World Justice Project : <http://dx.doi.org/10.1787/888933534366>





The OECD publishes *Government at a Glance* every two years to provide comparative data on government activities and their results in OECD Member and Partner countries, including India. The latest edition contains new indicators on public sector employment, institutions, budgeting practices and procedures, regulatory governance, risk management and communication, open government data and public sector innovation. This edition finds that when systematically measuring effectiveness in the rule of law by the indicators for constraints on government powers and protection of fundamental rights, India achieves substantially higher scores for the former indicator than for the latter. It also includes for the first time a number of scorecards comparing the level of access, responsiveness and quality of services in three key areas: health care, education and justice.

In 2017, the OECD produced a working paper *Regulatory Policy in India*, which lays out the landscape of India's regulatory governance, taking into account the potential for implementing good regulatory oversight, better governance of regulators, stakeholder engagement and regulatory impact assessments in the Indian context.

[www.oecd.org/governance](http://www.oecd.org/governance)



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# Fighting corruption and enhancing integrity

**Recent initiatives in India aim to tackle corruption and bribery through improved transparency measures, such as setting up online platforms for transactions. Effectively combating transnational bribery could enhance India's outbound investment growth.**

Pursuant to the G20 Anti-Corruption Action Plan for 2017-2018, India participates in the meetings of the G20 Anti-Corruption Working Group which monitors implementation and enforcement of the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* (Anti-Bribery Convention). India was also included in the G20 Self-Assessment Report on Combating the Bribery of Foreign Public Officials. Accession to the Convention would help enhance India's enforcement of transnational bribery and create a level playing field for fair competition, aligning itself with the international standards. Since 2009, Indian officials have attended the meetings of the *OECD Working Group on Bribery*, which monitors the implementation of the Anti-Bribery Convention.

Sanjay Kothari, Secretary of the Department of Personnel and Training, participated in the OECD Anti-Bribery Ministerial Meeting in Paris, in March 2016. As part of the Ministerial Meeting, India joined 50 other countries in adopting a *Ministerial Declaration of the OECD Anti-Bribery Ministerial Meeting*, which reaffirms states' commitments to fight foreign bribery and corruption.

India has also been a member of the *OECD Anti-Corruption Initiative for Asia and the Pacific* since 2001, and has endorsed the *ADB/OECD Anti-Corruption Action Plan for Asia and the Pacific*. This is a three pillar plan for fostering integrity in the public service, private sector, and through civil society involvement and is implemented through policy dialogue, analysis, and capacity building.



Family photo of the OECD Anti-Bribery Ministerial Meeting in March 2016 at the OECD, Paris with **Angel Gurría**, OECD Secretary-General (first row, fifth from left), **Gabriela Ramos**, OECD Chief of Staff and G20 Sherpa (first row, second left) and **Sanjay Kothari**, Secretary of the Department of Personnel and Training (sixth row, second right).



The OECD launched the report *OECD Strategic Approach to Combating Corruption and Promoting Integrity* at the *OECD Global Anti-Corruption and Integrity Forum* in March 2018, aiming to make the Organisation's work on anti-corruption and integrity more coherent, globally relevant and impactful.

In recent years, the OECD successfully co-organised several events in India with the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Confederation of Indian Industry (CII) to encourage Indian companies to support the passage of a foreign bribery bill in India, and help put in place effective internal controls, ethics and compliance measures for preventing and detecting the bribery of foreign public officials. This could also contribute to the fight against domestic corruption. The next events co-hosted with the CII and FICCI are expected to take place in mid-2018, back-to-back with visits to relevant government ministries and agencies.

In April 2018, an international conference on combating the financing of Daesh and Al-Qaeda took place at OECD headquarters, upon invitation by French President Emmanuel Macron. More than 50 ministers and 500 experts from nearly 80 countries attended the two-day conference. They adopted a common declaration to deepen the national involvement by reinforcing the mutual evaluation processes through the *Financial Action Task Force* (FATF), hosted by the OECD, and increasing transparency, in particular to address the risks potentially arising from the use of new technologies. M. J. Akbar, Minister of State for External Affairs, represented India and participated in the panel discussion on "Combating terrorist financing more effectively: what co-operation is needed?".

[www.oecd.org/corruption/anti-bribery](http://www.oecd.org/corruption/anti-bribery)

[www.oecd.org/gov/ethics](http://www.oecd.org/gov/ethics)

➦ Following the international conference on combating the financing of Daesh and Al-Qaeda, **Angel Gurría**, OECD Secretary-General, and **M. J. Akbar**, Minister of State for External Affairs, had a bilateral meeting in April 2018 at the OECD, Paris.



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# Improving international tax transparency and compliance

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**The Government of India has made great strides in its reforms to improve tax transparency and compliance in recent years. Its steps to increase the capacity of field officials and streamline reporting process have also helped boost implementation of international standards. In addition, these reforms have helped India strengthen its domestic resource mobilisation.**

The OECD leads the development of international tax rules, addressing tax barriers to trade and investment while also tackling tax evasion and avoidance. India has been actively engaged since 2006 in the work of the *OECD Committee on Fiscal Affairs* as a Participant. India is an important contributor to the OECD standard-setting work on enhancing international tax co-operation. In June 2017, India signed the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI)*. As a member of the OECD Committee on Fiscal Affairs Bureau Plus, India is involved in setting the direction of the BEPS project and its implementation, which seeks to prevent unintended double non-taxation, and ensure that profits can be taxed where economic activities occur and value is created. India is an Associate

to the BEPS project and the project's report *Developing a Multilateral Instrument to Modify Bilateral Tax Treaties*, published in October 2015, was endorsed in the G20. India is also a member of the Steering Group of the *Inclusive Framework on BEPS*. This Framework was developed to engage all interested countries and jurisdictions – 116 as of May 2018 – on an equal footing in the remaining standard setting, monitoring and implementation process.

India is also a member of the *Global Forum on Transparency and Exchange of Information for Tax Purposes Steering Group* hosted and supported by the OECD since 2009. It has acted as Vice-Chair of the Peer Review Group and Automatic Exchange of Information Group, as well as a member of its Steering Group. The Forum brings together 150 member jurisdictions, more than half of which are developing countries, and monitors the effective implementation of the international standards on transparency and exchange of information for tax purposes, including that provided on request and automatically. India was recently assessed by the Global Forum in respect of its implementation of the standard of exchange of information on request and its *Peer Review Report* published in November 2017 assigned it

✪ **Angel Gurría**, OECD Secretary-General, and **Arun Jaitley**, Minister of Finance and Corporate Affairs, had a bilateral meeting in June 2017 during OECD Week 2017 at the OECD, Paris.





a rating of overall “Largely Compliant” with this standard. In 2015, India hosted a Global Forum Group Meeting of Automatic Exchange of Information Group in New Delhi. In the same year, India signed the *Multilateral Competent Authority Agreement* to implement the common reporting standards on the *Automatic Exchange of Financial Account Information in Tax Matters* and started automatic exchanges of information in September 2017.

India also takes an active part in the Committee’s *Global Relations Programme* by hosting international events, providing expertise and participating in events held at the OECD *Multilateral Tax Centres*. The OECD jointly organised workshops with the Indian Revenue Service at India’s National Academy of Direct Taxes in Nagpur in 2017; the first workshop held in

September focused on Tax Treaties and the second workshop held in December focused on the Transfer Pricing Guidelines.

OECD work on taxation has focused on developing unique international tax standards and guidelines, including the OECD *Model Tax Convention on Income and on Capital*, new standards to counter BEPS, the *Transfer Pricing Guidelines for Multinational Enterprises*, the *International VAT/GST Guidelines*, the *Standard for Automatic Exchange of Financial Account Information in Tax Matters* and its *Second Edition* developed in response to the G20 request.

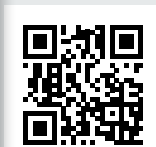
[www.oecd.org/tax](http://www.oecd.org/tax)

[www.oecd.org/tax/beps](http://www.oecd.org/tax/beps)

[www.oecd.org/tax/transparency](http://www.oecd.org/tax/transparency)



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# EMPLOYMENT AND SOCIAL DEVELOPMENT



## Creating more and better jobs

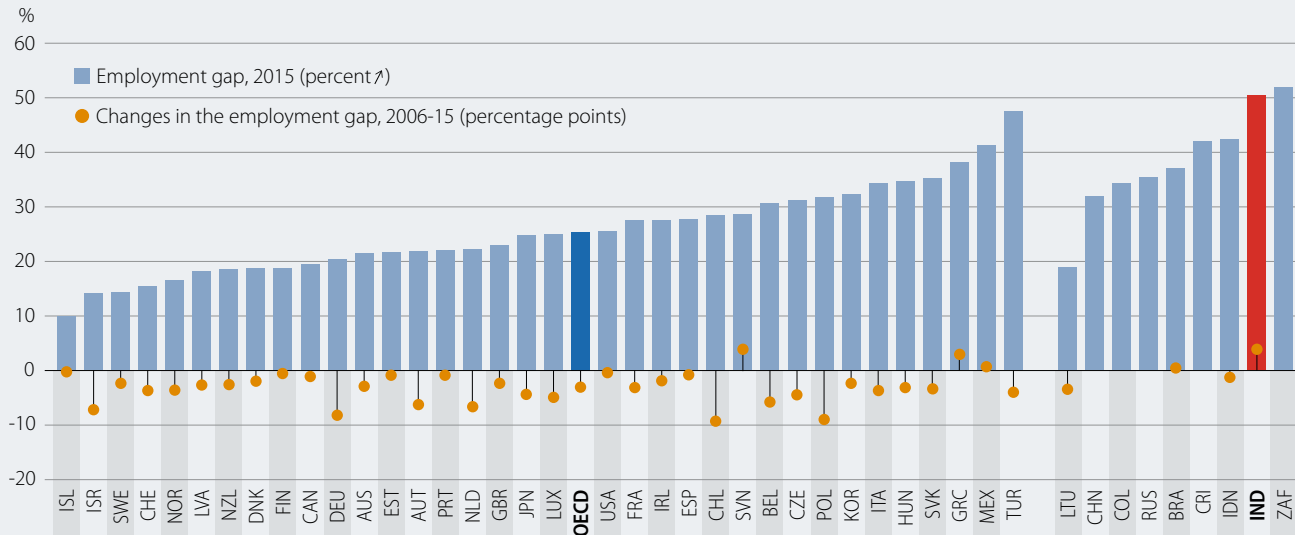
**Increasing job opportunities, particularly outside agriculture, simplifying labour laws, promoting formalisation and encouraging participation of women in the labour market are key to inclusive growth in India. In February 2018, the Indian Cabinet approved the Action Plan for the 12 identified champion service sectors to harness the potential and increase the competitiveness of these sectors and create more jobs.**

The OECD publishes a wealth of data analysing employment trends to help Indian policymakers create more and better quality jobs. The *OECD Employment Outlook* analyses labour market trends annually. It monitors reforms and provides country-specific recommendations to help governments create

jobs, particularly for vulnerable groups such as younger, older and disabled workers. The 2017 edition finds that the overall employment gap for disadvantaged groups in India remains high at nearly 50%. The report also notes that the shares of low- and medium-skill occupations have decreased relative to high-skill occupations over the past decade.

The OECD also released several working papers in 2015 on female labour market participation in India, *Raising the economic participation of women in India - a new growth engine?*, *Determinants of the Low Female Labour Force Participation in India* and *Determinants of Female Entrepreneurship in India*. These papers find that social and cultural factors remain the principal driving factors of keeping women outside the labour

### Overall indicator of employment gaps for disadvantaged groups



**Note:** Countries are sorted in ascending order of the employment gap (i.e. from best to worst performing). For each group, the employment gap is the difference between the employment rate of prime-age men (aged 25-54 years) and that of the group, expressed as a percentage of the employment rate of prime-age men.

**Source:** *OECD Employment Outlook 2017*, OECD, Paris

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## Creating more and better jobs

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force in India. Conversely, financial inclusion initiatives can positively impact women's participation in productive and entrepreneurial activities. The key recommendations include further modernising laws to ensure equal work opportunities for women and expanding higher education and skills training for them. Another working paper, *Gender Equality and Economic Growth in India A Quantitative Framework*, estimates that raising female labour force participation could boost economic growth rate in India by about two percentage points over time.

Through the *OECD Reviews on Local Job Creation*, the OECD can mobilise international expertise to provide support to India in better gearing employment services and training programmes to reduce skills mismatches, which can impede job creation and productivity growth at the regional and local level.

The OECD works with India on labour market policies in the context of the G20 in co-operation with the International Labour Organisation, the International Monetary Fund and the World Bank. The work focuses on promoting employability, good-quality jobs and entrepreneurship as a source of jobs and growth.

[www.oecd.org/employment](http://www.oecd.org/employment)



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# Promoting social inclusion and improving healthcare system performance

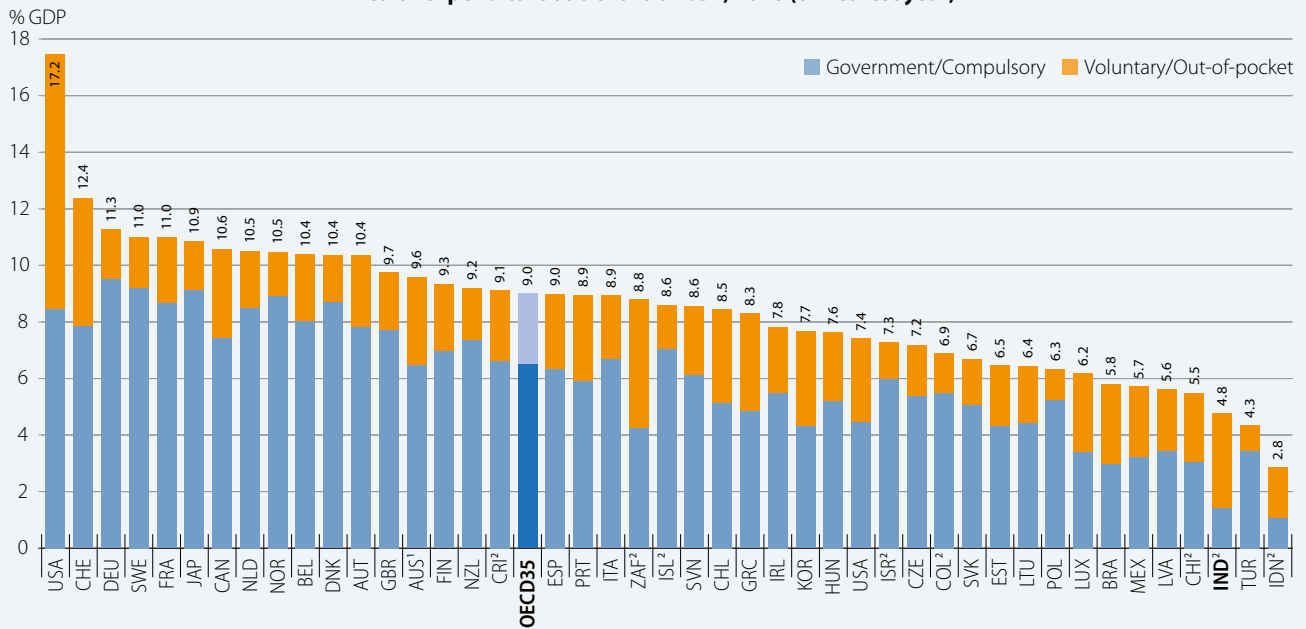
**The Government of India is pursuing its reform efforts to bring social security coverage to the entire population. While its budgetary expenditure on health and social protection continues to increase, overall public social spending as a percent of GDP in India remains low at 2% in 2016. India introduced a new National Health Policy in 2017 and is aiming to launch the vast government funded health care programme in 2018.**

The OECD helps countries improve social welfare and health outcomes through people-centred policy in a context of demographic change, digitalisation and globalisation. India has

been a Participant to the OECD Working Party on Private Pensions (WPPP) since 2007 and a governing member of the International Organisation of Pension Supervisors (IOPS), hosted by the OECD, since 2016. India has been very active in the standard setting work of the WPPP and IOPS, including the recent revision process of the OECD Recommendation of the Council on Core Principles of Occupational Pension Regulation. The OECD Health Committee also welcomes India's regular participation.

The OECD continuously seeks out new good practices to help align changing socio-demographic profiles with labour market conditions. The Organisation biennially publishes *Society at a*

**Health expenditure as a share of GDP, 2016 (or nearest year)**



**Note:** Expenditure excludes investments, unless otherwise stated.

1. Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services. 2. Includes investments.

**Source:** OECD Health Statistics 2017, WHO Global Health Expenditure Database.

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## Promoting social inclusion and improving healthcare system performance

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*Glance*, *Pensions at a Glance* and *Health at a Glance*, and their Asia/Pacific editions. The latest data shows that India's public health spending in relation to GDP was lower than 2% in 2016. At the same time, the country achieved considerable gains – about 20 years – in life expectancy since 1970. The OECD actively engages in collecting health data in collaboration with the World Health Organisation (WHO) Regional Office for South-East Asia.

The OECD *Social Institutions and Gender Index (SIGI)* is a database on social institutions accompanied by in-depth country profiles for over 160 countries, including India. The database captures discriminatory social institutions across five areas: decision making within the family, son preference, secure access to land and assets, civil liberties, and violence against women. The *synthesis report* published in 2014 notes that India has put in place a legal framework to counteract prejudice against women and provides evidence that national and local solutions can catalyse more equitable social transformation.

India also participated in the first *OECD Joint Network meeting of Senior Budget and Health Officials for Asian countries* in May 2017. The meeting brought together budget officials from the finance and health ministries to discuss challenges in health system budgeting and identify effective policies to ensure the financial sustainability of health systems in the context of changing demographic, epidemiologic and economic conditions.



[www.oecd.org/els](http://www.oecd.org/els)

[www.oecd.org/finance/private-pensions](http://www.oecd.org/finance/private-pensions)

[www.genderindex.org](http://www.genderindex.org)



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## Fostering education and skills for the future

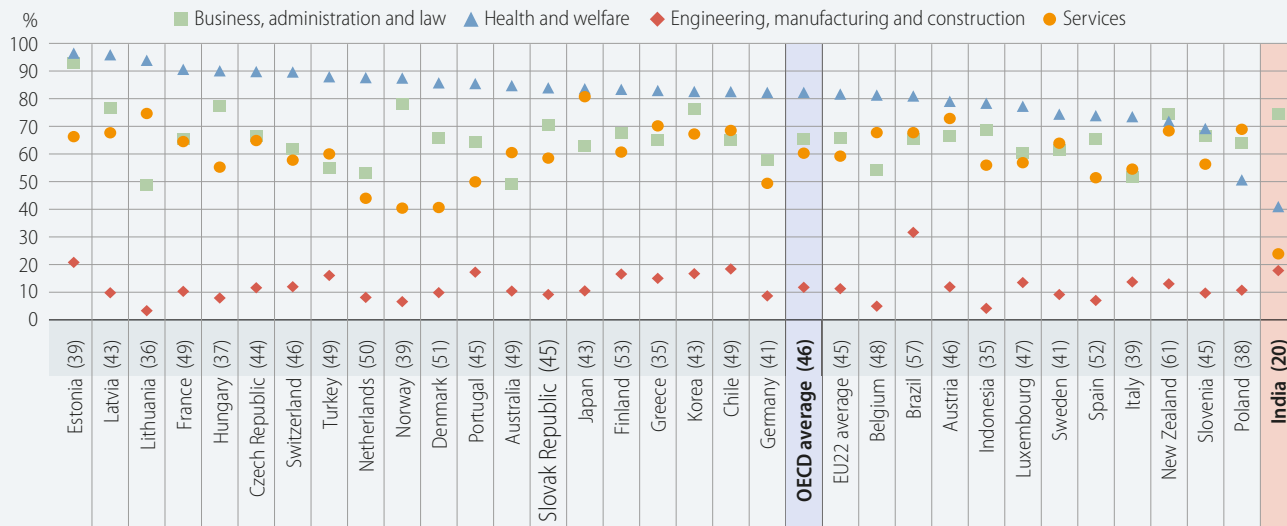
**Over the next six years, 100 million Indian youths are expected to join the workforce. India has made upgrading the skills of its large young population a top national priority for development and for moving up global value chains. The Skill India initiative was launched in 2015 and seeks to train over 400 million people in different skill areas by 2022.**

The OECD's work on education helps identify and develop the knowledge and skills that drive better jobs and better lives, generate prosperity and promote social inclusion. As India continues to expand access to education, the focus among Indian policymakers is moving towards ensuring quality education for all. In 2009, two Indian states – Tamil Nadu and Himachal Pradesh – took part in the *Programme for International Student Assessment (PISA)*, which evaluates education systems

worldwide by testing the skills and knowledge of 15-year-old students. Participation in PISA could provide Indian policy makers with valuable evidence on the factors associated with student outcomes and the types of interventions that could raise performance and narrow achievement gaps across socioeconomic groups. India also participates in the OECD's Centre for Educational Research and Innovation (CERI) project *Teaching, learning and assessing creative and critical thinking skills* which assesses creativity and critical thinking in students.

India is actively involved in the OECD's *The Future of Education and Skills: Education 2030* project. The project aims to help countries find what knowledge, skills, attitudes and values students need to thrive and shape their lives, as well as how instructional systems can effectively help improve their competencies. The OECD also

**Share of female graduates from upper secondary vocational programmes, by field of study (2015)**



**Note:** The number in parentheses corresponds to the share of female graduates (all fields combined).

Countries are ranked in descending order of the share of female graduates from upper secondary vocational programmes in health and welfare.

**Source:** OECD/UIS/Eurostat (2017), Table A2.1. See Annex 3 for notes ([www.oecd.org/education/education-at-a-glance-19991487.htm](http://www.oecd.org/education/education-at-a-glance-19991487.htm)).

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## Fostering education and skills for the future

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works with countries to develop skills *strategies* tailored to specific needs and contexts. The evidence shows that using both cognitive (literacy, numeracy) and “soft” (communicating, influencing, negotiating) skills in the workplace and maintaining them over a lifetime is strongly related to greater skills proficiency – which, in turn, is linked to economic and social well-being.

Data from India continues to be included in the annual OECD flagship publication, *Education at a Glance*. While India has made significant progress on access to primary education in recent years, the report finds the share of younger adults not completing upper secondary education is about 65% in India and the share of upper secondary students enrolled in vocational programmes is less than 10%.

In 2017, the OECD examined recent reforms to India’s apprenticeship system and published recommendations about how to boost local employer engagement within *Engaging Employers in Apprenticeship Opportunities: Making It Happen at the Local Level* in collaboration with the International Labour Organisation (ILO). Having worked with over 40 Members and emerging economies on the *design of effective VET systems*, the OECD can mobilise international knowledge and experience to support reforms in a range of priority areas for India, from the development of apprenticeship schemes to meet employer and individual learner

demand at the local level, to new ways to assess skills directly and facilitate their recognition across formal and informal sectors.

As fostering youth entrepreneurship has gained importance in the global and national development policy agenda, the report *Unlocking the Potential of Youth Entrepreneurship in Developing Countries* published in June 2017 provides new empirical evidence on the determinants of youth entrepreneurial performances and proposes a policy roadmap based on lessons learned from recent analyses of the effectiveness of entrepreneurship programmes. It includes policy options and examples of entrepreneurship programmes in India, including the Reserve Bank of India’s financial literacy project.

The OECD’s new publication series *Investing in Youth* analyses the school-to-work transitions of youth in OECD countries and emerging economies, with a specific analysis on disadvantaged groups of young people and a review of cash transfers and in-kind programmes aimed at helping youth. It can provide India with policy options to help develop education systems and labour market arrangements that work together well.

[www.oecd.org/edu](http://www.oecd.org/edu)

[www.oecd.org/edu/ceri](http://www.oecd.org/edu/ceri)

[www.oecd.org/youth.htm](http://www.oecd.org/youth.htm)



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# INDUSTRY AND INNOVATION

# Advancing a knowledge economy



**India is currently implementing policies to foster a culture of innovation and entrepreneurship and to harness the digital economy. Ravi Shankar Prasad, Minister for Electronics and Information Technology and Law and Justice, highlighted the Digital India programme's efforts and outcomes at the G20 Digital Ministerial Meeting in 2017 and provided an important contribution to advance G20 co-operation on the digital economy.**

The OECD develops evidence-based policy advice on the contribution of science, technology and innovation to our economies and societies. It supported G20 discussions in 2017 on shaping digitalisation for an interconnected world, which culminated in a *Roadmap for Digitalisation* that G20 Leaders recognised as a guide for future work. The *OECD Committee for Scientific and Technological Policy* welcomes India's further participation.

The OECD also engages with India on the digital economy, covering domestic and cross-border economic, societal, regulatory and technical issues. Since India joined the *Seoul Declaration for the Future of the Internet Economy* in 2008, India's digital transformation has gathered pace. In May 2018, a representative of an Indian mobile network operator Reliance Jio presented developments in mobile access in India at the *Working Party on Communications Infrastructure and Service Policies* of the *OECD Committee on Digital Economy Policy*.

India is also included in OECD publication promoting a knowledge economy. *The Innovation Imperative: Contributing to Productivity, Growth and Well-being* sets out a concrete agenda to strengthen innovation performance by identifying priorities for policy makers that together provide the basis for a comprehensive and action-oriented approach to innovation. India's policy agenda for innovation has broadened to a specific focus on improving the welfare of low-income and excluded groups. The report highlights examples of inclusive innovations in India, such as the Narayana Health Cardiac Care Centre which provides heart surgery at a much lower price due to standardisation and the use of less skilled labour.

India is one of the countries featured in the *OECD Science, Technology and Innovation Outlook* and *Science, Technology and Industry Scoreboard*, published every other year, which benchmark key trends and the performance of innovation and R&D policies in more than 45 OECD and major non-OECD economies. The Scoreboard highlights that India has almost 600,000 tertiary information and communication technologies (ICT) graduates, about five times as many as the United States, and specialisation in ICT patents more than doubled during 2002-15. It also became the third largest producer of scientific documents on machine learning after the United States and China and fourth behind the United Kingdom on a quality-adjusted basis.

[www.oecd.org/sti](http://www.oecd.org/sti)



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## Addressing excess capacity in the steel sector

**India has grown to become the world's third largest steel producer, behind China and Japan. The country's crude steelmaking capacity has more than doubled over the last decade, reaching approximately 125 million tonnes in 2017. India continues to enjoy solid growth in steel demand, supported by infrastructure development, housing construction and growth in the domestic automotive sector.**

The OECD is working closely with India to address global challenges in the steel sector and alleviate market distortions and trade frictions. As a Participant in the *Steel Committee*,

officials from the Ministry of Steel join other delegates from major steel-producing economies to explore ways to facilitate industry restructuring, enhance transparency of government policies applied to the steel sector, and develop guidelines aimed at improving the functioning of the steel market. The *OECD Steel Market Developments* series, the *OECD Steelmaking Capacity Portal* and a number of reports released by the Steel Committee provide access to analyses and data on global steel market and steel policy developments. The latest report published in July 2017 shows steelmaking capacity in India has been increasing at a fast rate in recent years, mainly by

**Steel trade developments across major steel producing economies**

Thousands of metric tonnes		2013	2014	2015	2016	2017 Q1	2016 Q1	% Change 2017 Q1 / 2016 Q1
China	Exports	61 083	92 348	110 928	107 531	20 430	27 520	-25.8%
	Imports	14 642	14 734	13 048	13 467	3 547	3 227	9.9%
EU-28 (external trade)	Exports	36 087	36 451	32 998	29 251	6 887	7 003	-1.7%
	Imports	27 872	31 931	37 385	41 008	11 266	10 167	10.8%
Japan	Exports	42 406	41 247	40 720	40 452	9 691	10 206	-5.0%
	Imports	5 345	6 657	5 850	5 965	1 580	1 518	4.0%
United States	Exports	12 182	11 581	9 620	8 920	2 490	2 231	11.6%
	Imports	29 727	40 285	35 564	29 918	8 094	6 835	18.4%
Russian Federation	Exports	23 598	26 939	29 605	31 096	8 007	7 386	8.4%
	Imports	6 453	5 644	4 309	4 299	1 287	794	62.2%
India	Exports	9 646	9 828	7 117	9 933	4 915	1 841	167.0%
	Imports	7 347	9 310	13 249	9 857	2 023	3 573	-43.4%
Rest of the World	Exports	88 713	95 172	85 692	87 129	22 473	21 435	4.8%
	Imports	104 883	122 958	127 521	134 026	30 805	33 063	-6.8%
World total	Exports	273 715	313 566	316 680	314 312	74 892	77 622	-3.5%
	Imports	196 269	231 519	236 926	238 540	58 602	59 177	-1.0%

**Note:** The definition of steel used in this table is HS 7 206 to 7 302, 7 304-7 306, and 7 307.21-7 307.99 excluding some forgings (7 326.19), points and switches/crossings (7302.30 and 7302.90), some forged cold finished sections (7 216.69 and 7 216.99), some cold formed sections (7 216.61 and 7 216.91), welded shapes and sections (7 301.20) and steel castings (7 325.99). This definition may differ from the total steel exports figures provided by ISSB.

**Source:** OECD calculations based on data from ISSB.

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## Addressing excess capacity in the steel sector

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expanding existing steelmaking facilities. It also indicates the rate of capacity growth is expected to slow in the period until 2019 as rising imports and lower steel consumption growth has led to the postponement of some greenfield projects.

The OECD is also co-operating closely with India on excess capacity issues. India is a founding member and currently Co-Chair of the *Global Forum on Steel Excess Capacity (GFSEC)*, a G20 initiative facilitated by the OECD. The GFSEC was established at the end of 2016, and brings together 33 economies representing more than 90% of global steel production and capacity. At a ministerial meeting in Berlin in November 2017, the Forum's 33 members agreed to specific policy recommendations to resolve excess capacity in the global steel sector, calling for the removal of subsidies and other measures that distort steel markets, as well as other actions that will improve how the market functions in the steel sector. A *report* was released in November 2017, noting that the Government of India is monitoring modernisation and expansion plans of the public sector steel enterprises and will facilitate improvement in energy and ecological balance through various mechanisms. India and other GFSEC members are currently focusing on the application of the agreed principles and policy recommendations.

[www.oecd.org/sti/ind/steel.htm](http://www.oecd.org/sti/ind/steel.htm)



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## Meeting transport infrastructure needs



**India's growing economy has seen rapid transport development. The Government of India initiated a regional connectivity scheme to expand airport capacity in 2017, and 4 000 km of electrified railway network is scheduled for commissioning during 2017-18.**

The *International Transport Forum (ITF)* is an intergovernmental organisation of 59 member countries hosted by the OECD. The ITF works to help shape the international transport policy agenda, ensuring its contribution to economic growth, environmental protection, social inclusion and the preservation of human life. India joined the ITF in 2009.

The *ITF Transport Outlook* examines scenarios for the development of long-term global passenger and freight transport volumes. The 2017 edition includes five Indian cities; Ahmedabad, Bangalore, Delhi, Jaipur, and Mumbai that were selected as part of a passenger transport focus study on 15 Asian cities in China, India and Southeast Asia. Motorisation trends were compared and analysed across cities and three policy scenarios were developed to evaluate the different carbon emissions impact in 2030 and 2050. Policy options for sustainable transport in Asian cities will vary depending on existing transport preferences, constraints and needs. High increases of private vehicle use in Indian cities require strong governmental regulations and economic instruments, as well as an integrated land use and transport planning strategy.

In March 2018, the ITF participated in a stakeholder discussion on India Urban Mobility Model. Mukund Kumar Sinha, Officer on Special Duty and Ex-Officio Joint Secretary of Ministry of Housing and Urban Affairs, and Ravinder Goyal, Advisor of NITI Aayog, opened the sessions and the ITF presented the findings from its work on decarbonising policies for Indian cities, in collaboration with the World Bank and the Energy and Resource Institute (TERI). The main output of the project is a flexible modelling tool for identifying cost-efficient urban mobility pathways. A special emphasis is put on the evaluation of investment strategies for



◉ **Gerald Ollivier**, Transport Cluster Leader, and **Nupur Gupta**, Senior Transport Specialist, from the World Bank; and **Jari Kauppila**, Head of Statistics and Modelling, and **Guineng Chen**, Modeller and Analyst, from OECD/ITF (left to right) at India Urban Mobility Model: Stakeholder Discussion in March 2018 in New Delhi.

public transport and non-motorised transport infrastructures. One module of the tool is dedicated to the simulation of different fund allocation strategies, among modes of transport (metro, BRT, bus, walking and cycling) and between different cities (megalopolises vs. smaller cities).

[www.itf-oecd.org](http://www.itf-oecd.org)



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# ENVIRONMENT AND ENERGY



## Mitigating climate change

**In recognition of the risks of climate change for development and livelihoods in India, the country signed the Paris Agreement in April 2016 within the United Nations Framework Convention on Climate Change (UNFCCC). By the end of that year, India developed a 2500-acre solar power park with a capacity of 648 MW. It also introduced rules to govern the green bond issuance locally to support market mobilisation for its low-carbon transition.**

During the 21<sup>st</sup> session of the Conference of the Parties to the UNFCCC (COP21) held in Paris in December 2015, the OECD committed to helping its Members and Partner countries obtain a comprehensive picture of their performance on climate change.

Against this backdrop, the OECD Environment Policy Committee (EPOC) has been actively welcoming India's participation. The OECD and International Energy Agency (IEA) serve as a Secretariat for the Climate Change Expert Group (CCXG), which organises regular seminars and the Global Forum on Environment, bringing together a wide variety of country delegates and experts, including from India. The CCXG provides analytical input to international climate change negotiations. They held the latest Forum in March 2018 at OECD headquarters, and discussed the transparency of reporting on technology transfer, capacity-building and financial support, accounting for baseline Nationally Determined Contribution (NDC) targets, investment pathways, and the role of land-use in the transition to a low-carbon and climate resilient economy.

⇒ The OECD co-organised a seminar with ORF on "Growth, Investment and the Low-Carbon Transition in India" in March 2017 in Delhi. The panel from left to right are **Rathin Roy**, Director, National Institute of Public Finance and Policy (NIPFP), **Samir Saran**, Vice President, ORF, **Geraldine Ang**, Policy Analyst, Environment Directorate and Directorate for Financial and Enterprise Affairs, OECD, and **Christian Kastrop**, Director of the Policy Studies Branch, Economics Directorate, OECD. (Photo: Samir Saran, President, ORF)



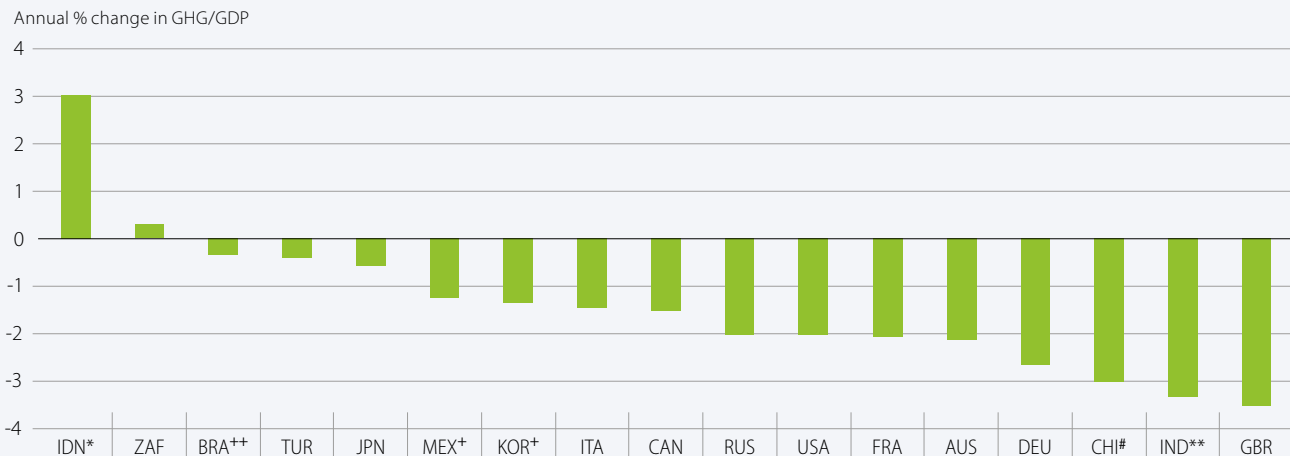
## Mitigating climate change

Far greater investment will be needed in the coming decades to achieve the Sustainable Development Goals and the ambition of the Paris Agreement. To facilitate this, the OECD established the *Centre on Green Finance and Investment* in 2016. The Centre organises the annual Forum on Green Finance and Investment to help catalyse and support the transition to a green, low-emissions and climate-resilient global economy. The next Forum will take place on 13-14 November 2018 at OECD headquarters. The Centre has also begun undertaking the Clean Energy Finance and Investment Country Reviews and Implementation Support programme in selected emerging economies, with a focus on supporting the development of policy frameworks to attract finance and investment in renewable energy and energy efficiency.

*Investing in Climate, Investing in Growth* presented to the G20 in 2017 identifies how governments can generate inclusive economic growth in the short term, while making progress

towards climate goals to secure sustainable long-term growth. It describes the development pathways required to meet the Paris Agreement objectives and sets out the structural, financial and political changes needed to enable the transition. Stakeholders from India, including representatives from The Energy and Resources Institute (TERI) and the Observer Research Foundation (ORF) played key roles in the preparation of the report. An OECD-ORF workshop on Growth, Investment and the Low-Carbon Transition in India was held in Delhi in March 2017. It examined India's low-carbon transition, including the rural-urban divide in access to public services and modern energy, growing urbanisation and infrastructure needs and local pollution. India also presents a number of opportunities, such as a vibrant service sector, a rapidly growing renewable energy supply, and has undertaken recent efforts to reform environmentally harmful subsidies. A follow-up conference on Investing in low-carbon India is planned in July 2018.

**Annual % change in GHG emissions per unit of GDP for selected G20 economies**



**Note:** Data refer to gross direct emissions excluding emissions or removals from LULUCF. The GDP used to calculate intensities is expressed in USD at 2010 prices and PPPs. The periods covered is 1990-2014 except for: \*1990-2013; \*\*1994-2000; #1994-2005; +1990-2013; ++1990-2012.

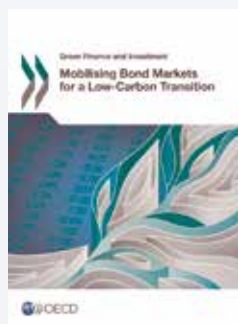
**Source:** UNFCCC (2016) and replies to the OECD State of the Environment Questionnaire (accessed through OECD-STAT). <http://dx.doi.org/10.1787/888933484150>



The OECD also produced an array of reports to support both developed and emerging countries to contribute to the successful implementation of the Paris Agreement. *Taxing Energy Use* published in 2018 assesses the magnitude and coverage of taxes on energy use. It finds that charging for environmental and health damages from energy use and taxes on energy use can reduce excessive emissions, while raising revenue that can be used to fund vital government services. *Mobilising the Debt Capital Markets for a Low-carbon Transition* released in 2016 reviews the evolution of and trends in green bond markets, and looks at domestic policies being implemented to promote green bond market development. It highlights the Government of India's support to the Securities and Exchange Board (SEBI) in development and harmonisation of guidelines and definitions of green bonds.

[www.oecd.org/env/cc](http://www.oecd.org/env/cc)

[data.oecd.org/india.htm#profile-environment](http://data.oecd.org/india.htm#profile-environment)



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# Moving towards a cleaner and healthier environment



**Along with many other countries, India faces high social costs caused by environmental degradation, air, and water pollution. The Government of India has taken several initiatives, including the adoption of upgraded emission standards, Bharat Stage VI, by 2020 for major on-road vehicle categories to regulate air pollutant outputs.**

The OECD helps countries in their efforts to integrate environmental concerns into various sectoral policies, and promotes pollution prevention. India takes part in meetings of the *OECD Environment Policy Committee* and its *Working Group on Pollutant Release and Transfer Registers (PRTR)*. PRTR is a key tool for governments to provide the public with data regarding the amount of chemicals and pollutants released in the air, water and soil, and transferred off-site for treatment or disposal.

The OECD published *The Economic Consequences of Outdoor Air Pollution* in 2016, which provides evidence on health and economic impact of air pollution. The analysis showed that in 2010, air pollution in India caused nearly 700 000 premature deaths with the estimated economic costs of USD 0.5 trillion. The level of air pollution is projected to become significantly worse by 2060, which can result in up to 3.3-million premature deaths and negatively impact agriculture, labour productivity, and health expenditures.



The *OECD Database on Instruments for the Environment* provides quantitative and qualitative information on taxes, subsidies and other economic instruments used in environmental policy. The database includes information on India's environmentally motivated subsidies such as those on generation of electricity from renewables and waste paper production, as well as environment related taxes imposed nationally such as, on motor vehicles, motor vehicle fuels and electricity. It also identifies that these taxes co-exist with environmentally harmful subsidies, such as for diesel fuel, that worsen local air pollution and related health problems.

The OECD also works on analysing the effectiveness and efficiency of economic instruments to support the transition towards a circular economy. OECD experience can provide useful insights into extended producer responsibility (EPR) systems, and how can they be successfully designed and implemented, avoiding pitfalls. In 2016, India updated its EPR regulations on e-waste and plastics and is considering the use of such schemes in other areas, including end-of-life vehicles. To draw lessons from OECD experts and Member and Partner countries, the OECD jointly co-organised a workshop with the Indian Ministry of Environment, Forest and Climate Change and the Central Pollution Control Board in May 2016 in New Delhi.

[www.oecd.org/env](http://www.oecd.org/env)  
[www.oecd.org/environment](http://www.oecd.org/environment)  
[pinedatabase.oecd.org/](http://pinedatabase.oecd.org/)



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 The Economic Consequences  
of Outdoor Air Pollution



 OECD



## Protecting biodiversity

**India recognises that addressing biodiversity loss begins with emphasising the economic value of diversity. Agriculture, fisheries and forestry have been set out as priority sectors for adopting sustainable development measures.**

The OECD provides governments with analyses to support the development of biodiversity policies that are economically efficient, environmentally effective and distributionally equitable. The *OECD Working Party on Biodiversity, Water and Ecosystems* focuses on valuation of biodiversity and the use of economic instruments, incentives and other policy measures to promote the conservation and sustainable use of biodiversity and ecosystem services. Ongoing work on *Biodiversity and Development: Mainstreaming and Managing for Results* seeks to derive lessons learned and good practices on mainstreaming biodiversity at various government levels and entry-points. Insights have been drawn from India, which aligned the goals in its national biodiversity and development strategies, and set clear targets to include the value of biodiversity in national and state planning processes, development programmes and poverty alleviation strategies.

A 2016 OECD publication on *Biodiversity Offsets: Effective design and implementation* draws on experiences from the Indian compensatory afforestation scheme, to help examine the key design and implementation features of effective biodiversity offset programmes. The OECD also produced a working paper *Indicators on Terrestrial and Marine Protected Areas: Methodology and Results for OECD and G20 countries in 2017*, which details a methodology for calculating the extent of terrestrial and marine protected areas. India's marine protected areas and terrestrial protected areas fall short of the Aichi biodiversity targets – a set of 20 global targets of the Strategic Plan for Biodiversity 2011-2020 – which promote the coherent and effective implementation of the Convention on Biological Diversity at the regional and national levels.

[www.oecd.org/env/biodiversity](http://www.oecd.org/env/biodiversity)

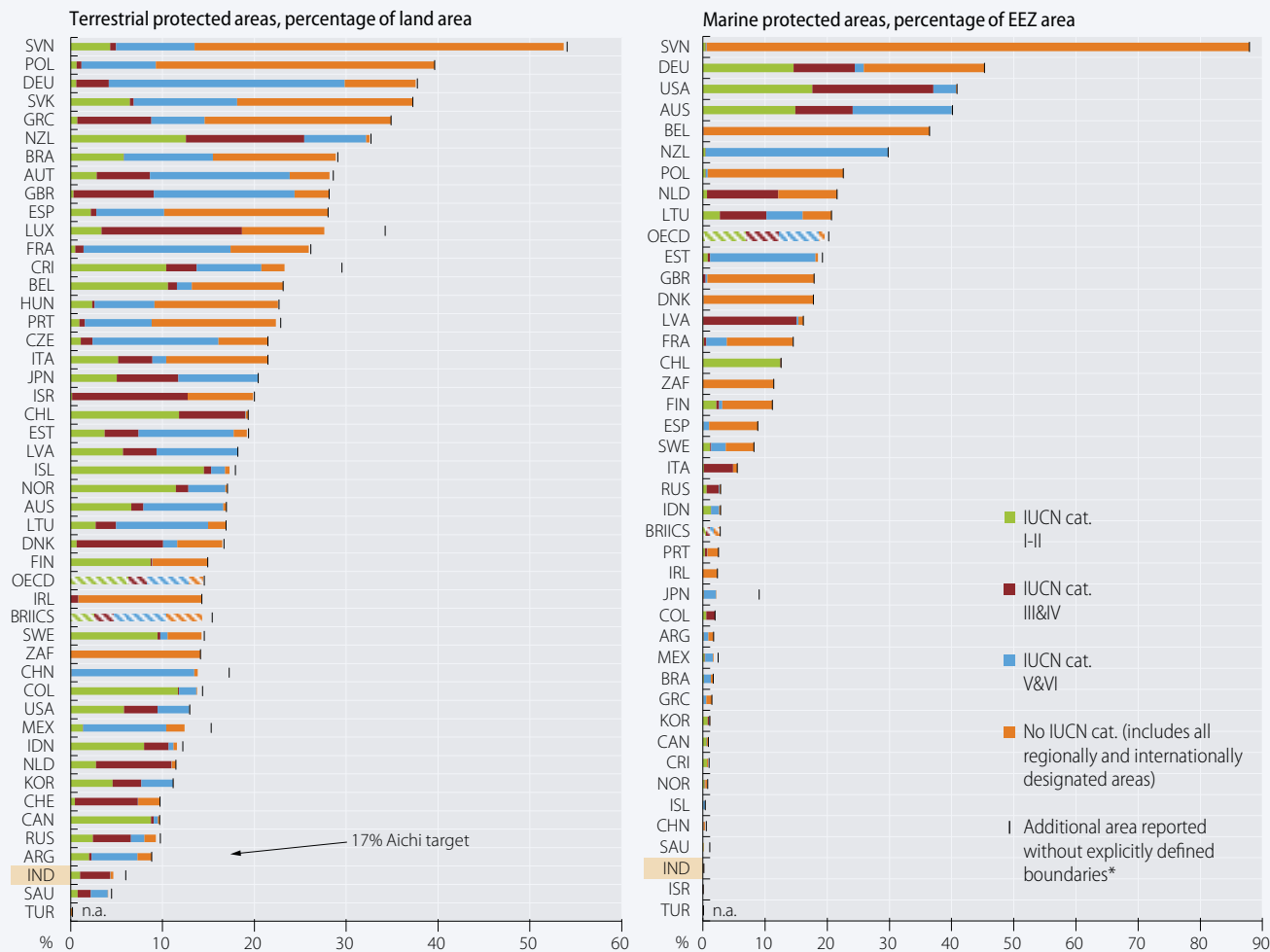


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# Protecting biodiversity

## Marine and terrestrial protected areas in OECD and G20 countries, by type of designation and IUCN management category



**Note:** OECD calculations based on the January 2017 release of the WDPA. Data refer to metropolitan or mainland countries, overseas territories are not included.

TUR: data not available in the WDPA; according to official national sources about 6% of the territory is protected. Landlocked countries are not shown in panel B.

\* These are shown cumulatively however in practice they may overlap areas that have already been accounted for in the other categories.

**Source:** OECD Environment Working Papers No. 126. *Indicators on Terrestrial and Marine Protected Areas*





## Improving water management

**With total water demand in India expected to rise by over 70% by 2025, a huge gap between demand and supply is expected in the coming years. In November 2017, the Indian Cabinet approved the continuation of the National Rural Drinking Water Programme, with more outcome-based sustainable approaches, to ensure quality service delivery to rural populations.**

The OECD facilitates collaborative efforts to reduce shared water risks through common understanding, strategies, solutions and well-aligned incentives. In 2016, the OECD Council adopted the *Recommendation of the Council on Water*. The Recommendation provides concise high-level policy guidance on a range of topics relevant for water resources management and the delivery of water services: managing water quantity, risks and disasters; improving water quality; ensuring good water governance and sustainable finance, investment and pricing for water and water services. Partner countries, including India are invited to adhere to the Recommendation, which can serve as a guidance for policy reforms. The OECD *Principles on Water Governance* published in June 2015 translated into Hindi, and the 2018 *Implementing the OECD Principles on Water Governance* provide a framework for governments to implement better water policies.

The report on *Groundwater Allocation* published in 2017 focuses on the sustainable, efficient and equitable use of groundwater

resources for cities, farms, industry and the environment. The publication draws on a series of case studies, including one on efforts to address groundwater depletion in the state of Gujarat. Specifically, it explores how a scheme to ration electricity for the agricultural sector has reduced groundwater use as well as the cost of electricity subsidies. The report *Water Risk Hotspots for Agriculture* released in 2017 highlights that India is facing high agriculture water risks that could have global consequences. In particular, the semi-arid region of Northwest India is known as India's breadbasket, with large wheat and rice production, but its production is supported by intensive groundwater irrigation with worrying current and projected consequences for the water table and for the region's water quality.

To facilitate good practice sharing in support of better governance in the water sector, the OECD launched the *Water Governance Initiative*, an international multi-stakeholder network, and members from the public, private and civil society sectors and academia gathering twice a year. The next 11<sup>th</sup> meeting will take place in Fall 2018. A global public-private platform, the *Roundtable on Financing Water*, was also launched in 2017 by the OECD, the World Water Council and the Netherlands with the aim to scale up financing for water investment and sustainable growth. The high-level session was held at the 8<sup>th</sup> World Water Forum in Brasilia in March 2018.

[www.oecd.org/water](http://www.oecd.org/water)



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# Strengthening chemicals and biotechnology safety



**India became the seventh largest producer of chemicals in the world with a market size of USD 145 billion. It also aims to become a world-class biotech hub and has supported a number of biotech projects and companies which have generated 66 products and technologies and 120 intellectual property rights in the past five years.**

The OECD and India are working together to harmonise chemicals testing and assessment, and to share the burden of testing. India has Associate status in the Joint Meeting of the *Chemicals Committee* and the Working Party on Chemicals, Pesticides, Biotechnology for bodies related to the *Mutual Acceptance of Data (MAD)* since 2011. It adhered to Decision of the Council concerning the MAD in the Assessment of Chemicals. It is estimated that sharing non-clinical safety test results for chemical products saves governments and chemical producers at least EUR 150 million per year across OECD Members and other participating countries. The MAD system requires testing based on the *OECD Test Guidelines* and the *OECD Principles of Good Laboratory Practice (GLP)*. This has helped in creating economic opportunities for local testing laboratories and removing

potential trade barriers for Indian chemicals exported to OECD Members and other MAD countries – Argentina, Brazil, Malaysia, Singapore and South Africa. India participates in overseeing the MAD system implementation and in on-site evaluations of other countries' GLP compliance monitoring systems.

In November 2017, the OECD participated in the 4<sup>th</sup> Chemistry Everywhere Conference: Energizing Make in India through the Chemical & Petrochemical Industry in New Delhi organised by the Confederation of Indian Industry (CII) in close partnership with the Department of Chemicals & Petrochemicals. The OECD presented its work in the session on “Trends Shaping the Future of the Chemicals and Petrochemicals Industry”.

In the framework of *OECD Environment Policy Committee*, India also participates in *OECD Working Groups* on the Harmonisation of Regulatory Oversight in Biotechnology and the Safety of Novel Foods and Feeds. These working groups aim to harmonise the risk assessments of modern biotechnology products, such as genetically engineered organisms, and facilitate relevant information sharing. India provided expertise on the biology and composition of tropical crops such as maize, rice, sorghum and cowpea, helping the safety assessment of new varieties. The *OECD Global Forum on Biotechnology* reviews how knowledge in the life sciences and biotechnology is governed, shared, regulated and managed. It explores new linkages between the life sciences and information and communication technologies – areas in which India's expertise is greatly welcome.

The Centre for Research in Medical Entomology, Madurai contributed to an OECD document to be published in 2018 on the biology of the *Aedes aegypti* mosquito, a vector of harmful diseases such as dengue fever, which is being fought with biotechnology. Collaboration with Indian industry experts is starting on micro-algae issues.

[www.oecd.org/env/ehs](http://www.oecd.org/env/ehs)





## Providing affordable and low-carbon energy

**The International Energy Agency (IEA), an autonomous body within the OECD, works to ensure reliable, affordable and clean energy for its 30 member countries and beyond.**

The IEA welcomed India as an Association country in March 2017, expanding its partnership for a more secure and sustainable energy future with the world's third-largest energy consumer. This was a major milestone for global energy governance. The announcement was made in New Delhi during a joint press conference with Fatih Birol, IEA Executive Director, Piyush Goyal, Minister of State with Independent Charge for Power, Coal, New and Renewable Energy and Mines, and Dharmendra Pradhan, Minister of State with Independent Charge for Petroleum and Natural Gas.

As India moves to the centre of global energy affairs, the new institutional ties with the IEA mark a critical addition to the IEA's global outreach. India is one of the bright spots of the global economy and is emerging as a major driving force in

global energy trends, with all modern fuels and technologies playing a part. Thanks to its unmatched expertise in global energy market and policy analysis, the IEA can support India's efforts and collaborate in its energy transition. With India, the IEA's growing family now accounts for about 70% of the world's total energy consumption.

*“This is a landmark day in terms of India's engagement in global energy markets. IEA Association will help India plan better and serve the needs of Indians better, ensuring energy security for days and years to come.”*

**Piyush Goyal**, Minister of State, with Independent Charge for Power, Coal, New and Renewable Energy and Mines

*“IEA has helped in promoting understanding of India's interests and concerns as the third-largest consumer of energy. I am confident that Association status for India will bring mutual benefit for both IEA and India.”*

**Dharmendra Pradhan**, Minister of State, with Independent Charge for Petroleum and Natural Gas



📍 **Piyush Goyal**, Minister of State with Independent Charge for Power, Coal, New and Renewable Energy and Mines, **Fatih Birol**, IEA Executive Director, and **Dharmendra Pradhan**, Minister of State with Independent Charge for Petroleum and Natural Gas (left to right), jointly announced activation of IEA Association in March 2017.

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## Providing affordable and low-carbon energy

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☞ **Fatih Birol**, IEA Executive Director, and **R K Singh**, Minister for Power and New and Renewable Energy (left to right) agreed to a comprehensive three-year bilateral work program in November 2017.

In November 2017, the IEA Ministerial Meeting was held under the chairmanship of Ibrahim Baylan, Swedish Minister for Policy Coordination and Energy, with a theme of “Bolstering energy security for sustainable global growth”. The Meeting highlighted IEA’s role as the world’s leading energy authority and a global hub for clean energy. It provided a unique opportunity for governments and industry to discuss major energy issues, including how to create the right conditions for energy investments and building a framework for 21<sup>st</sup>-century energy markets, stimulating energy and technology innovation, and examining the transformative potential of digital technologies on energy systems in coming decades. In line with the IEA’s strategy to open its doors to emerging countries, the Ministers invited Mexico as the agency’s 30<sup>th</sup> Member.

R K Singh, Minister for Power and New & Renewable Energy joined the Ministers from IEA Member countries, 7 Association countries, as well as more than 30 CEOs from across the energy spectrum, for the 2017 Ministerial Meeting. He provided a keynote speech on India’s energy transition, which prioritises access at affordable prices, improved energy security and independence, greater sustainability and economic growth. He also spoke of the progress India has made towards achieving its ambitious renewable energy targets and the global leadership India has shown in establishing the International Solar Alliance (ISA). In the margins of the Ministerial Meeting, Minister Singh and Fatih Birol, IEA Executive Director, adopted a comprehensive three-year work program covering a range of bilateral co-operation in areas including:

- Energy Security
- Data and Statistics
- Energy Efficiency
- Clean Energy (including the IEA’s supporting role in the ISA)
- Power Market Reform
- Energy market analysis
- Energy technology collaboration (through the IEA’s *Technology Collaboration Programmes*)

[www.iea.org](http://www.iea.org)



## Developing clean and safe nuclear power

**The Government of India has made a strong commitment to expand nuclear power capacity as a way to meet the rising energy needs and enhance energy security on a low-carbon basis. India currently has a flourishing and largely indigenous nuclear power programme with plans to multiply its nuclear power capacity tenfold by 2030.**

Co-operation between India and the OECD Nuclear Energy Agency (NEA) continues to grow, with Indian experts participating in an increasing number of NEA meetings,

notably on nuclear safety and regulation, and nuclear legislation. India also participates in the meetings of the Joint NEA/IAEA Group on Uranium. Since 2012, the Atomic Energy Regulatory Board (AERB) has been a full member of Multinational Design Evaluation Programme (MDEP), a Secretariat-serviced body that brings together the nuclear regulators of 16 countries to collaborate on safety design reviews of new reactors. In addition, India participates in the NEA Thermal hydraulics, Hydrogen, Aerosols and Iodine (THAI-3) Project, which investigates severe accident phenomena in containment conditions.



☉ The NEA lectured at the "Nuclear Energy and Law" course organised by the NLAIN and Teri University in March 2017 in New Delhi.

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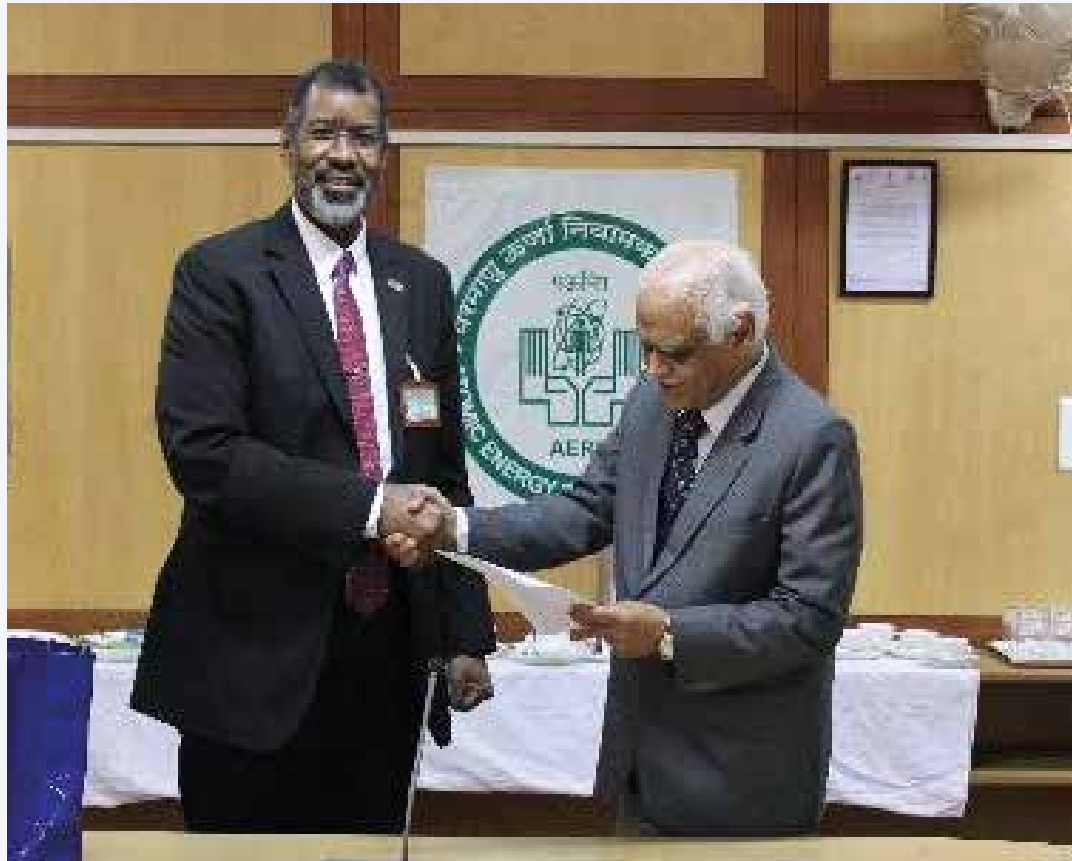
## Developing clean and safe nuclear power

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William D. Magwood, IV, NEA Director-General, undertook his first official visit to India in November 2017 for meetings with the Atomic Energy Commission of India, the AERB, the Bhabha Atomic Research Centre (BARC) and the Nuclear Power Corporation of India Limited (NPCIL). The Director-General also delivered a lecture at the Centre for Excellence in Basic Sciences (CBS) in the University of Mumbai.

The NEA has been regularly co-sponsoring and supporting nuclear law courses organised by the Nuclear Law Association (NLA) of India and TERI University. In March 2017, the NEA visited the Indian Law Institute to give lectures to graduate law students on the NEA activities in the areas of nuclear law and international nuclear law.

[www.oecd-nea.org](http://www.oecd-nea.org)



➔ **William D. Magwood, IV**, NEA Director-General, and **S.A. Bhardwaj**, Chairman, AERB, had a bilateral meeting at the AERB offices in Mumbai in November 2017.

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# Annexes

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📍 Château de la Muette, OECD Headquarters.

## Today's OECD: Better policies for better lives

**The OECD is an intergovernmental organisation created to promote policies that will improve the economic and social well-being of people all over the world. The OECD provides a forum in which governments can work together to seek solutions to common problems, share experiences and identify best practices.**

Governments of Members and Partners work with the Organisation to understand the key drivers of economic, social and environmental change. The OECD measures productivity and global flows of trade and investment, it analyses and compares data to predict future trends, and it sets international standards on a wide range of areas, from governance, the fight against bribery and corruption, taxation to the environment.

### GLOBAL RELATIONS

Through its relationship building over the last 50 years, the OECD has transformed itself into a global organisation, with 35 Members from America, Europe, Asia, and Oceania, including developed and emerging countries.

Colombia, Costa Rica and Lithuania are in the accession process towards OECD membership.<sup>1</sup>

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1. On 3 and 25 May 2018, respectively, the OECD Council invited Lithuania and Colombia to become Members. Since March 2014, activities related to the accession process of the Russian Federation to the OECD have been postponed.

In 2007, the OECD identified Brazil, China, India, Indonesia and South Africa as “Key Partners” and has been enhancing engagement with these countries.

OECD's relations with non-Members have been further extended. Its regional initiatives cover Southeast Asia, South East Europe, Eurasia, the Middle East and North Africa, as well as Latin America and the Caribbean. The OECD has also developed Country Programmes with Kazakhstan, Morocco, Peru and Thailand.

### FAST FACTS

*History:* Established in 1961

*Headquarters:* Paris, France

*Secretary-General:* Angel Gurría

*Membership:* 35 countries

*Accession:* 3 countries

*Key Partners:* 5 countries

*Regional Programmes:* 5 regions

*Country Programmes:* 4 countries

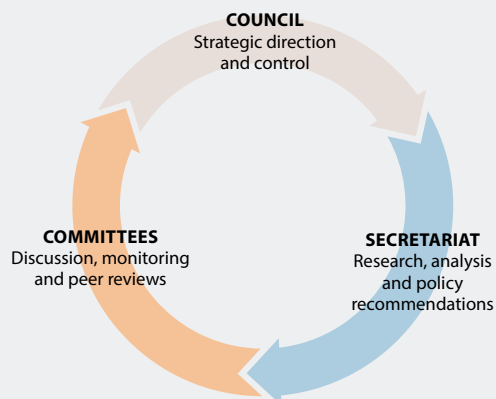
*Publications:* About 250 new titles per year

*Committees:* About 250 Committees and their subsidiary bodies

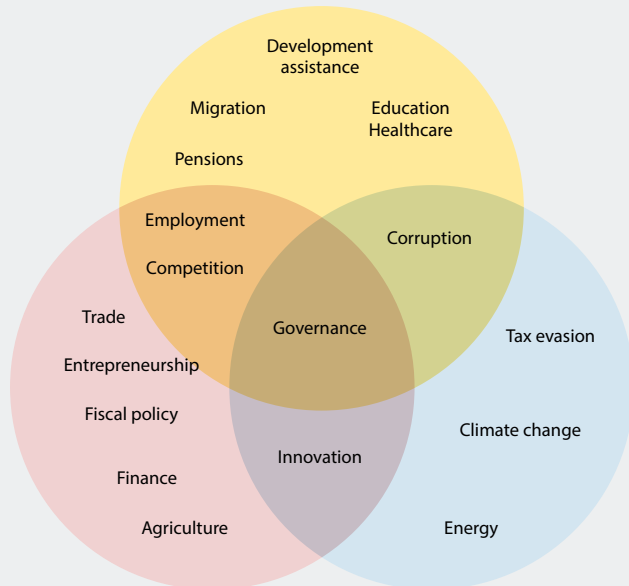
The OECD is structured around the Council, substantive committees and the Secretariat:

- Decision-making power is vested in the OECD Council. Overseeing the Organisation's functioning and giving strategic direction, it is made up of one representative per Member country plus a representative of the European Union. The Council take decisions by consensus.
- At the committee level, representatives of Member countries and Partners from the permanent delegations to the OECD or their capitals participate in meetings, to request, review and contribute to work undertaken by the Secretariat. Terms for Partner participation in committees and their subsidiary bodies are discussed on page 79.

### Governance structure of the OECD



### The OECD works in a broad range of policy areas



- The Secretariat collects data, conducts research and analyses and produces policy proposals. The Secretary-General heads the Secretariat and is assisted by one or more Deputy Secretaries-General. The Secretary-General also chairs the Council, providing the link between national delegations and the Secretariat.

Through the OECD, governments work together with a multidisciplinary approach to develop evidence-based policy guidance, increasingly involving different stakeholders including parliaments, business communities and civil society. On the basis of comparable statistics collected across Member and Partner governments, the OECD Secretariat analyses countries' policy experiences and identifies good practices, to inform policy making in participating countries and beyond. "Peer reviews", based on dialogue and consensus-building, allow for an effective monitoring of reform progress in a broad range of policy areas. Identified good practices and policy recommendations contribute to designing new international standards that can be embodied into OECD legal instruments as described on pages 78-79.

### OECD LEGAL INSTRUMENTS

Since the creation of the OECD in 1961, around 450 substantive legal instruments have been developed within its framework. These include OECD Acts (i.e. the Decisions and Recommendations adopted by the OECD Council in accordance with the OECD Convention) and other legal instruments developed within the OECD framework (e.g. Declarations, International Agreements).

There are five categories of OECD legal instruments:

**Decisions** are legally binding on all Adherents. While they are not international treaties, they entail the same kind of legal obligations. Adherents are obliged to implement Decisions and must take the measures necessary for such implementation.

**Recommendations** are not legally binding but practice accords them great moral force as representing the political will of Adherents. There is an expectation that Adherents will do their utmost to fully implement them.



**Declarations** are prepared within the Organisation, generally within a subsidiary body. They usually set general principles or long-term goals, have a solemn character and are usually adopted at Ministerial meetings of the Council or of committees of the Organisation.

**International Agreements** are negotiated and concluded in the framework of the Organisation. They are legally binding on the Parties.

**Arrangements, Understandings and Others:** several ad hoc substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.

Bringing India and other Partners closer to OECD standards is an important priority for the Organisation. A concerted effort is being made to further integrate the perspectives of India and other Partners in the OECD's standard-setting activities. In particular, the participation of India and other Key Partner countries in developing new legal instruments and revising existing ones is crucial to ensure their global relevance.

### OECD LEGAL INSTRUMENTS TO WHICH INDIA HAS ADHERED

#### Decisions:

- Decision of the Council concerning the Mutual Acceptance of Data (MAD) in the Assessment of Chemicals (2011)
- Decision-Recommendation of the Council on Compliance with Principles of Good Laboratory Practice (2011)
- Decision of the Council revising the OECD Schemes for the Varietal Certification or the Control of Seed Moving in International Trade (2008)
- Decision of the Council revising the OECD Standard Codes for the Official Testing of Agricultural and Forestry Tractors (1988)

#### Recommendations:

- Recommendation of the Council on Principles of Corporate Governance (2015)

### PARTICIPATION IN OECD BODIES AND PROGRAMMES

Non-OECD Members can be invited to participate in the work of OECD committees and their subsidiary bodies with three forms of Partnership:

- **Associates** participate in a Committee, a project or the development or revision of a legal instrument usually for an open ended period with the same rights and obligations as OECD Members, with the exception of discussions related to the accession of new Members to the Organisation, adherence of a non-Member to a legal instrument to which the Associate or the member itself has not adhered or any other activities specified in the invitation. They are sometimes referred to as members.
- **Participants** participate in OECD Bodies except in discussions marked as confidential, usually for an open-ended period.
- **Invitees** are invited to one meeting at a time, for non-confidential items only.

#### Declarations:

- Declaration on the Fight Against Foreign Bribery – Towards a New Era of Enforcement (2016)
- Declaration on Automatic Exchange of Financial Account Information in Tax Matters (2014)
- Declaration for the Future of the Internet Economy (The Seoul Declaration) (2008)
- Paris Declaration on Aid Effectiveness (2005)
- Istanbul Ministerial Declaration on Fostering the Growth of Innovative and Internationally Competitive SMEs (2004)
- The Bologna Charter on SME Policies (2000)

#### International Agreements:

- Convention on Mutual Administrative Assistance in Tax Matters (2012)

## Annexes

### INDIA'S PARTICIPATION IN OECD BODIES

#### Associate in:

- OECD Network on Fiscal Relations Across Levels of Government (2013)
- Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides, Biotechnology for bodies related to the Mutual Acceptance of Data (MAD) (2011)

#### Project Associate of:

- Inclusive Framework on Base Erosion and Profit Shifting (BEPS) (2016-)

#### Participant in:

- Competition Committee (2012)
- Committee on Consumer Policy (2006)
- Committee on Fiscal Affairs (2006)
- Working Party on Private Pensions, a subsidiary body of Insurance and Private Pensions Committee (2006)
- Steel Committee (1998)

India has participated in the Programme for International Student Assessment (PISA) as a survey participant in 2009-2010.

### INDIA'S PARTICIPATION IN PROGRAMMES

- Financial Action Task Force (2010)
- International Transport Forum (2009)
- Global Forum on Transparency and Exchange of Information for Tax Purposes (2009)
- OECD Development Centre (2001)
- International Energy Agency (IEA) (2017), as an Association Country

As a Key Partner, India may be invited as an **Invitee** to the meetings of all OECD Bodies.

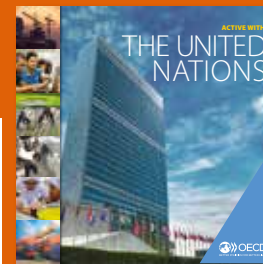
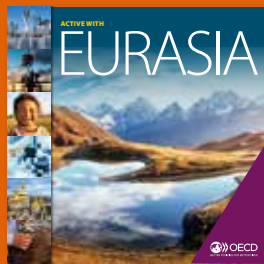


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# The OECD: A Global Policy Network



**The Organisation for Economic Co-operation and Development (OECD)** is an international organisation helping governments tackle the economic, social and governance challenges of a globalised economy. It provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD Member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America.



**Global Relations Secretariat**

OECD, 2 rue André Pascal  
75775 Paris Cedex 16  
France

**[www.oecd.org/globalrelations](http://www.oecd.org/globalrelations)**

[GRS.contact@oecd.org](mailto:GRS.contact@oecd.org)

**[www.oecd.org/india](http://www.oecd.org/india)**

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