RESEARCH ARTICLE

PROPOSAL AND SUGGESTIONS FOR KICK STARTING ECONOMIC ACTIVITY POST COVID 19 & CREATING BALANCED DEVELOPMENT AND EMPLOYMENT OPPORTUNITIES ACROSS THE NATION & AVOIDING LARGE SCALE MIGRATION OF LABOUR IN INDIA - A RESEARCH PAPER LINKING INFRASTRUCTURE & BALANCED ECONOMIC DEVELOPMENT

Dinesh Bandiwadekar
Founder & Director: The Engineers Forum and Persona Skill Development Institute.

Abstract

THIS PAPER FOCUSES ON how we should quickly utilise the highways and other infrastructure created for the economic growth of the nation post covid 19, and get a proper return on THE investment already DONE in these AREAS.IT ALSO EXAMINES WHETHER BEYOND A POINT, Does creation of an extensive HIGHWAY / infrastructure network drive the economy AND IF it creates LONG TERM EMPLOYMENT, or are there better ways of doing the same.

Items that are discussed more specifically are as under:
1. Leveraging current /existing development in the form of infrastructure to kick start further growth on an all India basis.
2. Promoting decongestion of cities from a health perspective & reduce migration across India.
3. Creating location based tax benefits to spur development and create new demand to overcome the economic slowdown by using the already well done highway infrastructure.
4. Creation of a modified tax administration system based on PIN Codes and tracking infrastructure growth and returns through PIN codes.

The paper takes the liberty of proposing multiple but closely related issues as listed above that should be possibly considered by the Government for further improvement and mainly swift improvement of our country.

Introduction:

Almost everyone knows that the greatest difference between the functioning of the Government of India and Government of China is the speed of implementation of any developmental project. For reasons well known, China can build any major infrastructure project much faster than India. Not only policy making and decision making, its actual implementation and construction is phenomenally faster than India’s despite the highly qualified and highly talented bureaucracy and technocrats in democratic India. However we need to review if China’s fast growth came in with infrastructure coming in first or due to the extensive incentives it provided its manufacturing first.

Infrastructure always happens, and will happen, in gradual / parallel terms in any country. So are we focusing on an infrastructure driven growth, or there are other ways of driving the economy, such local or regional growth driving the infrastructure?

Corresponding Author: Dinesh Bandiwadekar
Address: Founder & Director: The Engineers Forum and Persona Skill Development Institute.
Now, India has been given a fantastic opportunity to get major international companies and their vendors to set up a manufacturing base, with many Japanese, American, Korean and other countries leaving China. Why India? Because not only India would be a great manufacturing base with an educated labour force and engineering skills, India is also the third largest market in the world by itself.

If however anyone feels that India is going to be the cool and quick destination for these companies, we may simply be mistaken. Multinationals have already started moving into Cambodia, Vietnam and other much smaller nations, and India with its extensive spread, a cheap labour force and a huge market has not seen any significant proposal yet. Will any company invest in India because you are setting up 5 Industrial corridors in India in the next 10 years, and waiting for the completion and success of the first one? The first one in consideration is the Delhi Mumbai Industrial Corridor -originally conceived in the year 2009. ( Cost approx. USD 100 billion / INR 700,000 Crores approx. with a length of 1483 km ); or are you waiting for at least one smart city to get completed – like the Dholera Smart City or Dholera Special Investment Region ( cost USD 5.70 billion or approx. Rs. 40,000 crores )?

While we have been stuck with our major projects for years, we still have a laundry list of investment projects coming up. Now, we have a Mumbai Nagpur Super Communication SamruddhiExpressway coming up that needs Rs. 45,000 crores ( Approx USD 6 billion ) as an investment, which is a Maharashtra government flagship project which will have many industrial estates coming up on the expressway. Who will be investing in the manufacturing in these proposed industrial areas is possibly going to be a major issue, if there is no demand in the first place? Possibly we need to look at demand generation than further infrastructure creation.

As far as immediate investments from overseas conglomerates or even smaller enterprises looking to make India as their new manufacturing base, exiting China, the main lookout could be for ready availability of adequate infrastructure to soon commence operations, which could be just large industrial plots of 10 to 25 sq.km. or lesser. After 70 years of independence we do certainly have them, may be we need a proper marketing of the same.

**Phenomenal growth in road infrastructure already achieved to be leveraged into quick development:**

1.1 We must note that we have already built around 50,000 kms of highways in the last 6 years. The construction of highways reached 9,829 km during 2017-18, with an all-time high average pace of 27 km per day. This represents 20% growth over 2016-17, when 8,231 km of highways were constructed. During 2017-18, 17,055 km road length was awarded as against 15,948 km in the previous year. The construction of national highways entailed an expenditure of USD 18 billion( Rs.1,26,000 Crore ) during 2017-18.

1.2 The Government of India is planning to expand the national highway network to over 200,000 km. The Government launched the BharatmalaPariyojana, which aims to build 66,100 km of economic corridors, border and coastal roads, and expressways to boost the highway network. It is envisaged that the programme will provide 4-lane connectivity to 550 districts, increase the vehicular speed by 20-25% and reduce the supply chain costs by 5-6%. The first phase of the programme will require USD 82 billion( Rs. 574,000 crore ) investments by 2022 for the development of 34,800 km of highways.

1.3 By the way, the state of Maharashtra which is building the Mumbai-Nagpur Samruddhi Expressway, is one of the most industrialised states of India, and has already built 225 industrial complexes on 1,300,000 acres (5,300 km²) of land over the last 60 years, and most of which are already functional. The state’s Maharashtra Industrial Development Corporation (MIDC), has already developed specialized parks for different industrial sectors, including IT, BT, wine (grape processing) Park, Silver Zone, gems and jewellery, textiles, leather, chemical industry, electronics, food processing, floriculture etc. We must also note that there are 30,000 kms of state highways and 6000 kms of National Highways already in the state. If the presence of so many industrial estates and an extensive highway network has not created enough employment avenues, possibly more highways and industrial areas is not the answer to economic development. May be we need more manufacturing and service level activity to counter this issue.

1.4 Now these types of investments already done so far, must be leveraged into getting huge corporations to invest in India, manufacture here, export from here and also sell within the country. However, how do we really utilise the existing highways and other infrastructure for the economic growth of the nation as a whole and get a proper return on investment (ROI) on these initiatives already one? It is well understood that roads and highways bring in connectivity regionally and nationally and ensures easy movement of people, goods and services. However, does
creation of a more extensive and continuing road network drive the economy? Does it create permanent jobs? Does mere presence of an extensive road network assure us of other important infrastructure like hospitals, schools, colleges, court buildings, office spaces, industrial hubs and associated long term employment in a region?

Boosting economic development through investments in infrastructure and measuring returns

2.1 Worldwide, highways are built to connect people and creation of jobs and boost economic development. In India it is the same, but perhaps the last two objectives are not being achieved, the way they were originally expected to.

2.2 In a research paper presented way back in the Journal of Advanced Transportation, Vol. 21, Spring 1987, based on work being performed at the University of Minnesota under contact to the Minnesota Department of Transportation; titled HIGHWAY IMPACTS ON REGIONAL EMPLOYMENT, the time-series analysis presented indicated that increases in highway expenditures do not, in general, lead to long term increases in employment levels. During the years of construction, employment levels do increase. However, this effect is only temporary and disappears when the construction ends. In conclusion, generally, changes in highway expenditures do not cause changes in total employment. Hence there have to be other methods of driving economic growth and employment to ensure investments in highways will ensure local development, and not just help move goods better and faster between two places.

Some important statistics related to India.

Have a look at the current scenario in India, despite thousands of kilometres of highways being constructed:

1. 350 million (35 crore) Indians will live in the cities by 2030
2. 700 million (70 crore) Indians will live in the cities by 2050 (2 times the current entire current population of the USA)
3. To accommodate these people India needs 100 to 200 new cities/towns/satellite towns
4. In India farming accounts for 58% of India’s population, but accounts for only 14% of its GDP.
5. To survive, Indian needs to grow at 8% but agriculture can only sustain growth at 3%. It is inevitable that millions of Indians will move from villages to the cities for employment, daily wages and lower level jobs.
6. When we decided to create 100 Smart Cities, urbanisation was considered as an important and unavoidable necessity and for which smart cities were thought of as a solution.

2.4. However, this urbanisation cannot be in the form of growth of current large cities and creation of new mega cities or large or special industrial zones. They have to be systematic development of smaller towns into cities and villages into smaller towns and extensions of the same initiatives in time to come. How many new green field cities have we built in the last 5 years or even 20 years is a serious question. And how much time the cities took to build and finally prosper? What is our experience in developing cities from scratch? Do cities just survive on their own in terms of real estate or other infrastructure creation? Don’t they need supporting industries, manufacturing and service oriented investments to keep the population and labour engaged? Perhaps the solution lies in supporting the industries and service sector with incentives or subsidies, specifically at this point of time.

2.5 In a research report on ECONOMIC DEVELOPMENT BENEFITS OF TRANSPORT INVESTMENT published in 2008 by Ian Wallis, Booz and Company (NZ) Ltd (formerly Booz Allen Hamilton, Ltd) Auckland, New Zealand for NZ Transport Agency Research (Report 35) the conclusions and observations were summarised as under:

1. Evidence of a ‘special role’ played by transport infrastructure investment for economic growth (as opposed to the growth generated by other public spending, such as on education or health) is limited. The high rates of return to transport investment claimed by some past studies are likely the result of statistical correlation or other model specification issues.
2. Likewise, there is nothing ‘special’ about investment in transport infrastructure from a regional perspective. While there is some evidence regarding the responsiveness of growth to investment in transport infrastructure, this is no less true than other forms of public spending. It is unlikely that investment in transport infrastructure will have dramatic effects on regional economies.
3. In general, development of transport infrastructure is a necessity, but not a condition for national and regional economic development and growth.
4. The incremental economic gains of further investment in transport infrastructure in developed economies are likely to be small. Arguably, there is a spectrum within which some developed economies may experience greater gains more than others, but solid evidence to this effect is lacking.
3.0 The Reserve Bank of India has worked out a number of well thought measures recently, during Covid-19 to boost the economy. The biggest spend, the infrastructure has to be looked into further detail. Perhaps is it not the right time to consider the huge spend/investment to be done in many of the proposed mega infrastructure projects, to be actually moved in as tax benefits or waivers into the manufacturing sector?

The mega development projects are in all cases going to see a cost overrun and delay in completion due to land acquisition and other projects. The situation of the country is such that it needs immediate creation of jobs across India. We can further delay the already developed mega projects and shift the funding to areas which will create immediate business and job opportunities.

Can we not consider further lowering of interest rates to come closer to international lending rates? This will boost demand due to lower prices and reduced taxation of products and services. Specially in the real hard times to follow for a few years the diversion of funding from long term infra commitment into spurring immediate manufacturing might turn out to be a great idea.

4.0 A research paper on HIGHWAY INFRASTRUCTURE AND THE ECONOMY - IMPLICATIONS FOR FEDERAL POLICY, published in 2011 by the well known RAND Corporation in the USA, confirms that broad measures of public infrastructure have a positive and significant effect on economic outcomes, and that highways have such an effect on productivity and output specifically. However, it also observed that studies often do not take the next step of calculating whether the benefits stemming from the infrastructure outweigh the costs of building it. It also observed that private capital investment tends to have larger effects on economic outcomes than public capital investment or highway investment, although the public investment can serve as a complement to the private investment. In this connection, it has become really important that we must have some practical and rational ways of measuring the economic changes that the highway or overall government investments in transport infrastructure bring in to the economy of a particular region.

4.1 In India, we are collecting all kinds of taxes to fund infrastructure in the country, but the infrastructure is certainly not giving great measurable returns in terms of job creation and demand generation. Are we spending too much on infrastructure projects without measuring the real impact of the huge investments that we are making? And if we are to measure that impact, how do we do that? A detailed methodology is proposed in the next few paragraphs.

Modifying tax filing and measuring returns and giving tax concessions for moving out to newer areas (for investors, contractors and manufacturers)

5.1 If industry and offices and work places have to move out, we need excellent communication in the form of highways, roads, building infrastructure and telecommunications. All this seems to be falling in place now, or actually has in the last 10 years, but still industry and business is not moving out to smaller cities and towns. Despite being a well connected nation, our industry, workplace and population seem to be working and residing in the urban areas. The issue as of date in front of the government is not as much of possessing monetary resources for development, collecting more and more taxes, and financing projects; but of driving the economy, creating employment and ensuring demand generation for new products and services. Creating new demand in semi urban areas and smaller towns and creating job opportunities at all levels of society seems a viable option. As of now jobs and employment are restricted to major cities, and this has to change. Industry and business will never move to smaller towns unless fiscal incentives drive this change.

5.2 That support accordingly can come in only from tax benefits like reduced GST and reduced Income Tax for employers and employees which are ready to move to smaller cities or towns. We must reward companies which will set up offices, and factories in lesser known cities and towns, with linked benefits to their staff, and also to the Government officers who move in there. The highways already built and industrial areas already created have to be used as a tool for the massive change.

We need to link the actual road infrastructure created, with industrial development and measurable gains. Example: Currently, industry is paying GST and Income tax for years, from which indirectly highways are getting funded. In return once infra projects like highways are in place and when a little later, more industrial estates are in place, the industry should have the option to fully or partly move in there / or expand at those locations at reduced tax rates, and thus recover the taxes they paid - which in the first place financed the development. This could be ideally for the
first 5 years of an industry’s operations- at a new location earmarked by the government - ensuring tax rebates on the production generated / sales turnover actually created. If they do not produce, at the new location, automatically they do not get any benefit. Thus If we can indirectly ‘refund’ the tax paid by the investors, we will see more and more industries moving out to new locations.

If such initiatives are not taken, we will have still have industries and commercial service providers in the cities and existing locations paying huge taxes from wherever they are and funding national development without creating new job opportunities / industrial in the country side and without getting tangible benefits themselves. The movement into new locations will ensure they get the returns and also ensure development of new areas and promote decongestion. With lower real estate costs, lower rentals and lesser taxation, our international service providers / BPOs and KPOs can be also be more cost effective in the international market. Only financial benefits can drive this.

6.0 Our Income Tax department, GST department and highly talented government officers are more than competent to work out a detailed plan to implement the same, but here is a list of a few key steps as a road map:

6.1 Primary Step / Policy Step:(i) Identify National Highways in existence as of now and those locations ( towns ) on the same, which are approximately 200-300 kms away from any major cities . These are to be considered as investment hotspots.

Example: When a National Highway project is declared, a declaration of incentives applicable to locations ( using PIN codes ) through which the highway passes must be announced . Example The Mumbai–Vadodara Expressway is an under-construction, 380 km (long, six-lane, controlled-access expressway, connecting the cities of Vadodara, Gujarat and Mumbai, Maharashtra . The cost of the project is expected to be ₹44,000 crore. When we are investing so much, then we may as well fuel job growth and livelihood for people in the entire region. So we may give a consideration to tax holidays/tax incentives for companies investing in this region, but only outside municipal limitsof those Urban Local Bodies that are present around/on the highway.

6.2 Step (ii) Identify towns and cities on national highways by their PIN codes, which are between 2 major cities and which have a population base under 10 lakh, and publicise the information well in advance of a green field highway or extra-laning happening on the existing highways.

Once you have identified these towns and cities, implement steps to promote development to these areas.

Recommended Stages For Implementation

First stage( developmental stage ): Exempt builders and developers from taxes if they set up office complexes for rent/ selling, and industrial parks in designated areas far from cities, andin the earmarked PIN code zones on the highways. This will bring down real estate costs and rents in smaller towns. ( Set a 5 year time frame from date of commencement of road project construction ). Smart cities have to be included in this initiative if they are green field projects and atleast 100 km away from existing cities. Example: For say every 50 kms. of highways built or planned -the NHAI or SHA must have plans for one hospital, one school, one cultural hub, one market place, one mall, one court building, all for which concessional taxes will apply. The entire master planning must be driven by the NHAI itself, though local bodies will ensure engineering and architectural compliance. Tax benefits to those investing in greenfield smart cities is also a must.

Second stage: ( Investment stage ) Anyone investing in industry/ infrastructure in these locations will get GST benefit. ( 5 year time frame from date of completion of road project construction )

Third Stage( Delivery/ Output stage ) I.T. benefits will be applicable only for specific investments made / outputs from earmarked locations. ( Set a 5 year time frame from date of commencement of road project construction )

Fourth Stage( Employee benefit stage ) Any employee working in these offices and industrial areas/ factories should get 20% reduction in Income Tax. Unless employees / people are motivated to go and work in these newer location, industry will not succeed. ( A 5 to 10 year time frame from date of commencement of the road project construction will be a relevant time frame. )
Fifth Stage: (Reward Stage) Extend additional IT benefit for businesses if they generate more than 1000 jobs in these areas in a year’s time for next 3 years. (3 year time frame from date of exceeding 1000 jobs)

Sixth Stage: (Penalty stage – 10 years from now) (Sixth stage is indirectly related to the success of the first 5 stages) Stop permitting new buildings and office space in Metro cities- Municipal Limits. This comes in after the first 5 stages are implemented properly.

How important is tracking real-time development now? Can we attempt to track through PIN codes?
For implementing the above, we can attempt the following:
1. Link & measure manufacturing output and taxation to PIN codes. Keep track of highway growth and PIN codes of the areas through which the highways pass and the GST/ I.T. returns filed by companies. GIS technology can easily help the IT department. Softwares can easily be developed within the country for these applications.
2. Link I.T. returns to manufacturing locations via PIN codes
3. Ensure much lower or Nil GST & Income Tax to the new production locations. Every manufacturer and service provider will have variable GST charges and I.T. rates.

The overall benefits of the proposed changes are many fold:
1. Drive decongestion of cities and towns in a practical way & reduce migration across India.
2. Creation of jobs across the country, not just in major metros
3. Driving demand for many things including offices, construction, housing, labour employment etc..which will boost the economy.
4. Drive demand for the PMAY (PradhanMantriAwasYojana) which has a great success potential from the viewpoint of low cost housing at locations other than major metros.

A Few Points Discussed Briefly Above Need To Be Dwelled In Deeper:
IT & ITES industry is going is going to be a mainstay for India in the future (next 25 years atleast)
This is one area where we are really strong in and much stronger than China. This is one area which employs millions of young Indians. As more and more young Indians become qualified, learn skills and learn English to a certain extent, India is going to dominate the world market. The ingredients which drive these businesses are large office spaces, which have to be cheaper, trained manpower, extensive computer (both hardware & software) literacy and IT skills besides English language skills.

Everything other than cheap office space is available in India. More are needed to be created are to be created in far off locations from metro cities and connected with the already existing highways. But no company will take the risk of moving too far, unless real time tax benefits or financial benefits are thrown in. The government has to integrate large real estate office space, connectivity (existing highways) and residential space availability for people and also possibly low cost housing together.

Adequate, well qualified talent is now available in plenty for such businesses even in smaller towns and cities. The formula is simple, but everything has to be integrated together. Bulk of the business investment is going to be from the private sector and international investors and not from the government in this type of business, but the government has to coordinate things well and set the ball rolling.

Linking Highway Growth with Healthcare facilities
The entire budget for health care for 2020-21 is just Rs 64,000 crore, while the outlay for roads is a phenomenal Rs 91,000 crore for another 20,000 kms. The government has allocated ₹1,70,000 crore as budgetary allocation for the transport sector for 2020-21. This includes investment in roads, railways, shipping, ports and civil aviation. Unless you link health care investment as a percentage of infrastructure investment, you are not reaching to the masses across India. If we are planning infrastructure development across the nation, health care has to be linked to it. So for every 300 kms of highways built, an healthcare facility built such as hospitals, primary health care centres in the new areas that are going to develop because of the infrastructure. This will again drive the economy in many ways.

Making a new developmental body that includes NHAI to drive integrated development (Highways and industries combine)
We have multiple bodies dealing into various objectives of development. We have Urban Local Bodies, Municipal corporations, ZillaParishads, we have Smart Cities (and the SPVs created), and we have the state PWDs. An
integrated plan for development of roads, specially with health care, industrial corridors / hubs and real estate investment or even FDI needs to be driven by one organisation. NHAI as a national organisation, should be entrusted with a wider task and made responsible as an overall development authority. A formula for driving calculated growth through investment in roads and highways with hospitals, residential and commercial property, industrial hubs need to be driven by one single body. Unless done soon, we will have tremendous overcrowding in cities. The 35 crore (350 million) to 70 crore (750 million) Indians that are going to live into Urban India from 2030 to 2050 need to be spread over 50 to 100 new locations where you will have employment, housing and healthcare facilities in place. Other schemes which have been very successful like the Pradhan Mantra AwasYojna (PMAY) should continue within this framework.

Is there a quick solution?

There are some initiatives which could be quickly taken to kick start the process for change considering the current situation of the economy and the crisis created by Covid-19

10.1 Move the highway development funding of mega development projects for next 5 years into the following schemes/ initiatives to create local employment and enhance local production.

10.2 Exempt building and construction material industry from GST, or make it into a standard 5% for all materials making products cheaper, driving sales and lowering construction costs and create employment. This sector employs maximum people after the agriculture sector.

10.3 Move more funds into PMAY and local housing for the poor from large road projects. This creates a local and regional employment instead of interstate movement of labour. Increase the target of 1.95 crore houses proposed in the 2nd phase.

10.4 Continue with local roads and village road construction under PMGSY (Pradhan mantra Gram SadakYojana) which currently has a budget of Rs 19,000 crores (approx. USD 3 billion) which will boost local employment.

10.5 A reduced GST should be seen as a move to boost sales through lower prices, thereby enhancing demand. You cannot tax a manufacturer or an end customer at the manufacturing end through a high GST like 28% or 18% on many essential items, and then again tax him on his income. To create demand generation, one will have to be lenient at either on one of the two, preferably at the production stage as a lower price will generate demand. In turn one may see an increase in tax returns if business succeeds. Manufacturers are already hosting large scale inventories, the disposal of which depends on demand generation. Putting more money in the hands of the buyer can kick-start the movement / sales of products and services.

10.6 Out of the revenue budgeted for 2020-21 of Rs. 24,61,195 crores, a contribution Rs. 19,98,343 crore, i.e. 80% of the same comes from 3 main taxes as under:

(Figures:- Budget 2020-21, Government of India).

| All Figures in Rs. Crores. (Approx. USD 1 billion= Rs. 7000 crore) | Actuals 2018-19 | Budgeted 2019-20 | Revised 2019-20 |
|---|---|---|---|
| Gross Tax Revenue | 20,80,465 | 24,61,195 | 21,63,423 |
| of which: | | | |
| Corporate Tax | 6,63,572 | 7,66,000 | 6,10,500 |
| Taxes on Income | 4,73,003 | 5,69,000 | 5,59,500 |
| Goods and Services Tax | 5,81,560 | 6,63,343 | 6,12,327 |

Each of the above three is accounting for approximately Rs. 600,000 Crores individually. In such a situation, it will be good to measure how a change or reduction in one or more taxes can affect the others. A reduction in GST amount and Taxes on Income as well could perhaps drive up corporate tax collection, after boosting sales.

From a balanced development perspective (read - reduced migration), one should identify some items like cement and steel, which are essential for basic economic development like roads, housing, sanitation, and other infrastructure and related job localised job creation. These carry a high GST like 18% to 28%. A big reduction in
GST after making it half of its current rate, will perhaps drive the demand and progress in this areas mentioned. Maximum spending should then be for schemes such as PMGSY, the very successful PMAY (low cost housing) specially for rural homes, MGNREGA (Rural Employment) and (UJALA) Rural Electrification. (PMGSY= Pradhan Mantri Gram Sadak Yojna, PMAY= Pradhan Mantri Awas Yojna, MGNREGA= Mahatma Gandhi National Rural Employment Guarantee Act)

10.5 Invest in a creating a few destinations within 100-200 km of existing metros that will encourage manufacturing, IT & ITES sectors, which are already connected by highways to airports and ports (no new mammoth road projects are expected for this), create subsidised real estate – offices and housing, give GST/Income tax waiver for first 3 years of operation for builders, investors and manufacturers/service providers, invite private sector and FDI participation, and give IT benefits to employees as well for moving out. No one needs to wait for more road development projects or Smart Cities to get done gargantuan projects like the DMIC and the Mumbai Nagpur Super Communication Expressway to take off/complete. Of course, one of the good things these projects do is to drive up the land prices at a certain stage of the project take off, which benefits a lot of people in the know, not excluding the farmers. However these are not the benefits that the government should work for.

Conclusions:

11.1 Monetary benefit can be the greatest motivator for business and industry, not necessarily infrastructure. The other benefits of industrial development will follow automatically. India has adequate talent everywhere. We are now a much educated and connected country. Now the path to success is not through the cities, but through the number of smaller cities, towns and villages of India.

11.2 All this can be done only considering that huge development has already happened in the roads sector and many places are now accessible, which were not earlier. The government has done a fantastic job to get so many things in place and we have reached an adequate mass for a take off. To ensure rapid growth of the country it is now essential to mobilise and promote investment in well defined areas in manufacturing and in services, across India.

11.3 We need to keep in mind that whatever infrastructure we create for business through the government spending, the investment in manufacturing and services will be however originating from the private sector, and that needs a big support right now. Lowering of prices of products and services through reduction in all forms of taxes, will be the best way for demand generation. So move the huge expenses to be incurred on large highway projects and proposed industrial corridors into concessions for the private sector soon. In time to come, we can re-launch the gargantuan infrastructure projects, once we recover from the Covid-19 shock.

11.4 If we do not give the industry the sops to move to cheaper destinations, manufacturing and development will keep happening at select locations only and migration will keep happening to select states and regions which are more developed and in general from locations in rural India to locations in urban India. Industry will keep manufacturing in select locations and sending our goods to across India through the developing highway network.

11.5 Unless we give excellent direct and indirect tax benefits to employers and employees in rural and semi urban India, we can rest be assured that large scale migration will keep happening and most of rural India and many states will remain backward.

11.6 Fiscal reforms including availability of funding, direct and indirect tax reductions, infrastructure creation and location wise incentives for business must go together for well rounded progress of the country.