



ACTIVE WITH

INDIA



INDIA AND THE OECD: a mutually beneficial partnership



India has made significant progress over the past decades and is now the world's third largest economy. Innovative social and economic policies have lifted more than 60 million people out of poverty in the last ten years, spurred the development of a sizeable middle class, and led to the emergence of globally competitive companies in many sectors.

Building on this success will require tackling challenges such as creating jobs for the world's largest and youngest workforce, building sustainable cities to absorb record rural-urban migration flows, and closing development gaps between and within states. This will necessitate reforms in critical areas such as investment, education, infrastructure and taxation, among many others. Strong institutional capacity will be needed to make these reforms happen.

The OECD is proud to have India as a Key partner and is working closely with the Indian authorities to advance socioeconomic development and well-being. As a forum in which governments come together to share experiences and seek solutions to common policy challenges, our Organisation has played an important role as a global centre for policy development for over 50 years. Our analysis, dialogue, peer reviews and advice based on internationally comparable data and recognised good practices is helping advance international responses to some of the most pressing global challenges, many of them particularly affecting India.

The OECD stands ready to strengthen this partnership and support the new government in implementing its structural and institutional reform agenda. Our co-operation with India today covers a wide array of policy areas, including food security, trade, investment, economic growth, competition, domestic and international tax policy, employment, development assistance, anti-corruption, corporate governance, environmental sustainability, innovation and education. India's participation in the Organisation's bodies and activities has enriched our own policy debate at the OECD and has led to a better understanding of how to solve common policy challenges. We are also honoured to work with India in the context of the G20, including via the Base Erosion and Profit Shifting project, which aims to combat tax avoidance and evasion on a global scale.

This brochure gives an insight into the scope and depth of our collaboration and highlights its enormous future potential as we design, promote and implement better policies for better lives in India.

ANGEL GURRÍA, *OECD Secretary-General*

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BETTER POLICIES BETTER LIVES



THE OECD AND INDIA

India has grown to become the world's third-largest economy, with a 6.4% share of global GDP¹. It is home to the world's biggest democracy and fastest-growing workforce. India is one of the five major emerging economies with which the OECD has established a key partnership, together with Brazil, China, Indonesia and South Africa.

📍 **Raghuram Rajan**, the Governor of the Reserve Bank of India and **Angel Gurría**, Secretary General of the OECD, meeting at OECD headquarters in Paris.

1. Source: World Bank, calculated according to purchasing power parity.

The OECD and India have a longstanding relationship that has steadily developed since the late 1990s. Today, India is an active Key Partner of the OECD, participating in the work of over ten OECD committees and bodies in a multitude of policy areas. India is also an Associate, i.e. participating on equal footing with OECD members, in significant projects such as Base Erosion and Profit Shifting (BEPS) and the Review of the Principles of Corporate Governance.

Since 2002, Indian ministers have regularly attended Ministerial Council Meeting dialogue sessions with non-OECD countries, and India is currently a member of the OECD Development Centre Governing Board. The G20 has provided an important forum for dialogue between OECD countries and India, and has resulted in ground-breaking initiatives such as the BEPS project. In addition, India provides valuable support for the OECD's regional activities in Asia, hosting forums and workshops on issues including investment, taxation, corporate governance, financial education, private pensions, and development.

The enduring OECD-India partnership has fostered mutual learning and continues to enrich the global policy debate. It has given India the opportunity to discuss major policy issues and challenges and to learn from the experiences of OECD countries in overcoming similar obstacles. At the same time, the relationship has enabled OECD member countries and non-member economies, who are increasingly engaged with India through trade and investment, to gain a better understanding of India as a major actor in the globalised economy.



“OECD and India have a longstanding relationship that has steadily developed since the late 1990s. This partnership has fostered mutual learning and continues to enrich the global policy debate. It has given India an important platform to discuss major policy issues and challenges, to learn from the experiences of other countries in overcoming similar obstacles and to share its views and experiences on the economic, social and environmental fields. It has also helped us gain a better understanding of India’s perspectives as a major actor in the global economy”.

Paulo Vizeu Pinheiro, Ambassador of Portugal to the OECD, Chair of the External Relations Committee (which oversees the Organisation’s overall global relations)



“The OECD’s Global Relations Strategy seeks to make the Organisation a more effective and inclusive global policy network, through close co-operation with our five Key Partners (Brazil, China, India, Indonesia and South Africa) and strengthened engagement with all regions of the world. In that context, the OECD welcomes India’s active role in our work, including G20 related activities such as the global effort to tackle tax evasion and improve tax transparency. This engagement has led to a better understanding of the challenges faced by large emerging economies and has enriched the global policy debate at the OECD”.

Marcos Bonturi, OECD Director of Global Relations



“The past decade has been a particularly exciting time for India’s economic and social advancement, and the period ahead promises to be equally, if not more, dynamic. Over the years, India and the OECD have developed an important relationship based on mutual interests and respect, but we have much more still to learn from each other in terms of policy experience and much more to gain by advancing shared international standards.

India’s active role in the emergence of the G20 as a key international policy forum further underlines the opportunities for enhanced interaction with the OECD. The OECD Informal Reflection Group on India can contribute by seeking a broader and better appreciation of India within the OECD and its member states. This better appreciation should help us all as we face the shared global challenges ahead.”

Michael Forbes, Ambassador, Permanent Delegation of Ireland to the OECD, Chair of the India Informal Reflection Group





A GLOBAL PLAYER

Over the past decade, India's integration into the global economy has been accompanied by robust economic growth and an increasingly prominent role on the international stage. As a major economy with rich and innovative policy experience, India's perspectives are essential to the global relevance and impact of OECD work.



Finding global solutions at the G20

The OECD has been an active partner of India, via the G20, in helping strengthen the global economy, accelerate recovery from the crisis, and promote inclusive and rules-based globalisation.

The OECD has supported G20 work since the 2009 Pittsburgh Summit, participating both at high level (Sherpa, Deputy, Ministers and Leaders) and the more technical working group level. The OECD contributes to virtually all G20 working groups and provides data, analytical reports and policy recommendations to G20 members.

India has been strongly engaged with the OECD to support the G20 in tackling tax evasion and improving tax transparency. It has played a leading role in key OECD/G20 initiatives such as the *Base Erosion and Profit Shifting* project, and has

endorsed several important instruments such as the OECD Declaration on Automatic Exchange of Information (please see Improving tax transparency and compliance section for more information).

The OECD has been working closely with India and other G20 countries to identify and promote policies that enhance food security and increase agricultural productivity. India has shown keen interest in OECD work on agriculture and food security undertaken at the request of the G20, which has contributed to the elaboration of the *G20 Action Plans on Agriculture* and the *G20 Seoul Multi-Year Action Plan on Development*. The OECD and the UN Food and Agriculture Organization (FAO) are coordinating a report for the G20 Summit on *Opportunities for Economic Growth and Job Creation in Relation to Food Security and Nutrition*.



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Finding global solutions at the G20

India has also conveyed strong interest in the OECD's innovative work on trade in value-added and global value chains (GVCs). This approach was first introduced by the OECD – jointly with the WTO and at the request of the Mexican Presidency – at the G20 trade Ministerial meeting (Puerto Vallarta, Mexico, April 2012) and then developed into a ground-breaking approach to global trade. India will be a key focus of forthcoming GVC work on Asia intended to investigate the evolution of production networks in South East and South Asia. Services trade is another area of strong mutual interest: in 2014, the OECD released the *Services Trade Restrictiveness Indexes (STRI)* project, which includes analysis of India's services markets and those of 39 other countries across 18 sectors. As a major services provider, India can both benefit from and contribute to this new initiative.

The OECD has been working closely with India towards its ratification of the OECD Anti-Bribery Convention as part of G20 anti-corruption work. The OECD has organised several events to reach out to India in support of its G20 commitments, and India has been attending the meetings of the OECD Working Group on Bribery on a regular basis as an ad hoc participant.

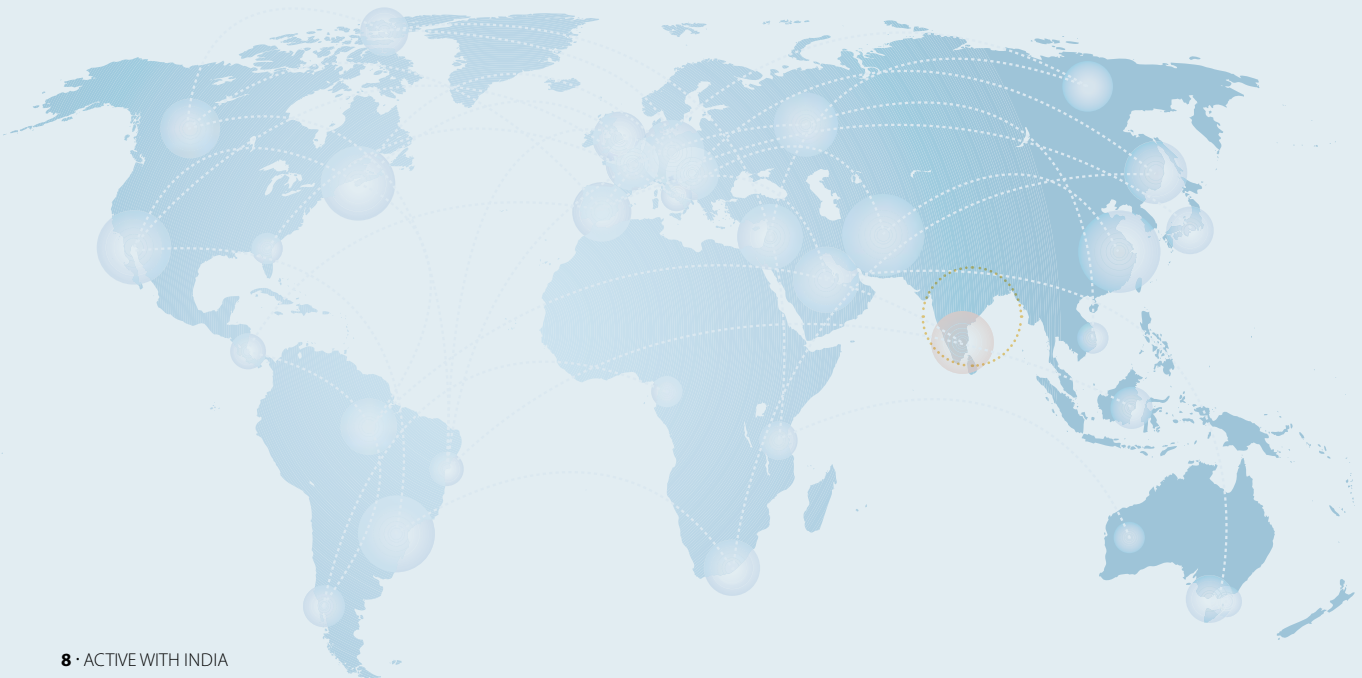
Under the Energy Sustainability Working Group (ESWG), work on phasing out fossil fuels subsidies has continued in 2014. The OECD is currently working to expand the coverage of the fossil fuel subsidies and tax breaks inventory beyond OECD countries to include India, as well as Russia, Brazil, China, Indonesia and South Africa.

www.oecd.org/g20

www.oecd.org/corruption/oecdantibriberyconvention.htm

www.oecd.org/ctp/beps.htm

www.oecd.org/tad/services-trade/services-trade-restrictiveness-index.htm



Promoting effective development co-operation



India has a long tradition of South-South co-operation, especially with its neighbouring countries, and is expanding co-operation with Africa, particularly since the First India-Africa Forum Summit in 2008. Recognising this, the Development Administration Partnership (DPA) was created within the Ministry of External Affairs in January 2012 to implement India's grant and technical co operation programmes.

Under the OECD development strategy, the Organisation is focusing on sharing knowledge, policy experiences, and analytical tools with countries of different policy experiences and traditions. There are no “one size fits all” solutions for today’s challenges, and the benefits of learning from others can be significant.

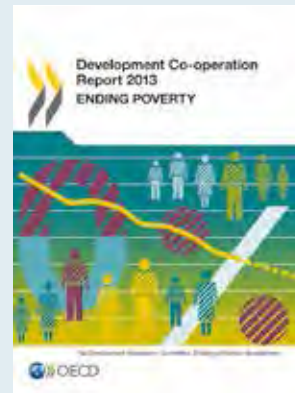
The OECD offers more than 50 years of development policy experience with both member and non-member countries across the world. The OECD Development Assistance Committee (DAC)

– the leading international forum for bilateral providers of development co operation – welcomes closer co-operation with India and stands ready to engage in policy dialogue and knowledge sharing, fostering joint action on development co-operation and other policies that contribute to sustainable development.

Collaboration between the OECD and India on development co-operation has been expanding. In 2011, India endorsed the *Busan Partnership for Effective Development Co-operation*, which sets out shared principles, common goals and differential commitments for improving development effectiveness. India has attended several DAC High Level and Senior-Level Meetings and regularly participates in the OECD Global Forum on Development, as well as the OECD-WTO tracking of aid for trade.

www.oecd.org/dac

www.oecd.org/dac/effectiveness/busanpartnership.htm



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SUSTAINABLE, BALANCED AND INCLUSIVE GROWTH

Growth in India has slackened since 2009, due partly to the global economic slowdown and partly to a lack of reforms in key policy areas. Restarting growth will require enhancing economic resilience through structural policy reforms, encouraging green growth, improving productivity in agriculture and reducing barriers to trade to facilitate greater participation in global value chains. Better data is key to guiding India's reform agenda and evaluating progress made.



Strengthening economic growth

India experienced nearly a decade of strong inclusive growth until 2008, reducing poverty by almost 50%. However, growth has since faltered. How can the economy be put back on a strong, sustainable and inclusive growth path?

A range of OECD reports offer potential answers: **OECD Economic Surveys** identify the main economic challenges faced by each OECD member and key partner country and analyse various policy options.

The 2014 Economic Survey of India finds that macroeconomic reforms are needed to help reduce the fiscal deficit and lower inflation. Achieving a strong, sustainable and inclusive growth path would also require improving the business environment and giving priority to public investment in physical and social infrastructure, including education and health, which has a strong impact on long-term growth.

Twice a year, the **OECD Economic Outlook** analyses the major trends and forces that shape the short-term economic prospects of OECD members and selected non-members, including India. The latest version, published in May 2014, projects a rebound in growth as investment projects are cleared, business sentiment improves and external demand firms. However, it underscores that fiscal consolidation and supply bottlenecks, coupled with high non-performing loans, will weigh on the recovery. It recommends implementing pending tax reforms and changing the public spending mix away from energy subsidies towards better targeted social and infrastructure investment. Reforming labour regulations and improving the education and training systems are also seen as priorities to support the creation of better quality jobs and promote economic growth.

Going for Growth is the OECD's flagship report highlighting the main growth challenges and developments in structural policy reforms. Since 2011, India has been included in the analysis together with other key emerging economies (Brazil, China,

Indonesia, Russia and South Africa). Based on a broad set of internationally comparable indicators of structural policies and performance, five priorities are identified for each country with the aim of improving labour productivity and utilisation. Potential effects of the reforms on policy objectives other than GDP growth are discussed.

Structural policy reforms, essential for increasing long-term growth in India, include:

- **Reducing administrative and regulatory burdens on companies.** Administrative and regulatory procedures and rules (e.g. acquiring land, creating and closing a business) are often too complex and long, while outcomes are uncertain. This hinders entrepreneurship.
- **Simplifying and modernising labour laws.** Labour regulations are complex, and some of them – such as employment protection legislation – are stringent, especially for large industrial firms. This reduces labour market dynamism, contributes to labour market duality and drives many workers into informality or out of jobs.
- **Enhancing access to, and quality of, the education system.** Though rising, participation in education remains low and the quality of provision is often poor.
- **Promoting more effective infrastructure-related regulations.** Severe infrastructure bottlenecks endure, partly reflecting ineffective procedures for land acquisition and approval of investment projects.
- **Undertaking wide-ranging financial sector reforms.** Reforms to promote the development of a dynamic and efficient financial sector are needed to support investment and inclusive growth.

Strengthening economic growth

The annual **Economic Outlook for Southeast Asia, China and India**, jointly produced by the ASEAN Secretariat and the OECD Development Centre, provides both near- and medium-term economic trends. The report discusses policy challenges and focuses on a different topic of overarching importance to the region each year. This year's Outlook focus is on how countries can grow beyond the middle-income trap and strengthen institutions to better harness growth potential.

The 2014 edition also contains an assessment of national structural policy reforms, including for India, with a focus on education. It assesses quality, institutional and equity aspects of the Indian education system. India's youth bulge means the country needs to improve the quality of and access to education, and it will be particularly important over the coming decade to provide workers with the skills needed to work in innovative fields.

www.oecd.org/eco/economic-survey-india.htm

www.oecd.org/eco/outlook/india-economic-forecast-summary.htm

www.oecd.org/dev/asia-pacific





Achieving greener growth and more sustainable development

Rapid economic growth in India has brought many benefits, but it has also accentuated demand for energy and natural resources. While continued growth is essential for further improving living standards, efforts are needed to increase energy and resource efficiency.

The OECD provides targeted advice to OECD member and partner countries as they design and implement economic, environmental, investment, regional and innovation policies. When tailoring green growth strategies to developing and emerging countries, the OECD assesses the links between green growth and poverty reduction and identifies the changes needed in sectors such as agriculture and infrastructure to enhance sustainable development.

Putting Green Growth at the Heart of Development examines how greening the development pathway can accelerate economic growth and poverty reduction, and proposes policy actions in support of green growth in developing countries. It covers 74 policies and measures from 37 developing countries and five regional initiatives.

The publication **Policy Instruments to Support Green Growth in Agriculture** explores country experiences in developing and implementing policies, programmes and initiatives related to green growth in the agricultural sector. It discusses the overall approach adopted by countries towards establishing a green growth strategy in agriculture; the implementation of the OECD framework for monitoring progress towards green growth in agriculture, and the various policy instruments used. Forthcoming work will examine the role of soft agro-environmental measures, and the impact of conservation farm management practices on resource productivity and efficiency, and propose a set of green growth indicators for agriculture.

As part of the OECD collaboration with the Donors' Committee for Enterprise Development (Green Growth Working Group) and the Planning Commission of India, a study on **Skills Development by Green and Inclusive SMEs in India: Entrepreneurs' Approaches** was conducted. It provides insights into small companies' green transition today.



Achieving greener growth and more sustainable development

As India is urbanising rapidly, addressing the social and environmental pressures that accompany this transformation will be a crucial policy priority. Infrastructure development is specifically linked to the sustainable growth and quality of life of cities. In addition, governance reforms and capacity building at various levels of government, as well as better co-ordination of land-use, urban planning, infrastructure provision, transport, environmental protection will be necessary. The OECD's National Urban Policy Reviews could be of value in facing the various challenges of urbanisation.

India has incorporated sustainable growth as a focus in its growth strategy under the 12th Five-Year Plan (2012-2017), *Faster, Sustainable and More Inclusive Growth*. India's priorities for green growth centre on providing food and energy security, including actions on sustainable agriculture, waste management, resource efficiency and energy access, sustainable water provision, sustainable transport and green housing. By integrating environmental considerations and the value of natural capital into economic decision making and development planning, green growth can help India achieve sustainable development.

India's TERI – The Energy and Resources Institute – will serve as a key partner in the planning and delivery of the Third *Green Growth Knowledge Platform (GGKP) Annual Conference*, which will be held in Milan, Italy on 29-30 January 2015. The Conference will address the topic *Fiscal instruments for a green economic transition*. The OECD is one of four founding organisations of the GGKP.

www.oecd.org/greengrowth
www.enterprise-development.org/page/ggwg
www.oecd.org/gov/regional-policy/





Enhancing agricultural productivity and food security

With the second biggest population in the world, India relies heavily on the agricultural sector – the country's main employer – to provide a foundation for a strong, sustainable and inclusive society.

The annual **OECD-FAO Agricultural Outlook** analyses world commodity market trends for key agricultural products and projects how global agriculture will develop over the next 10 years. The 2014 edition of the Outlook focuses on India, which, despite having the world's largest number of farmers, still faces widespread food insecurity.

India attaches high priority to increasing agricultural productivity as a means of raising its (primarily rural) population out of poverty. The OECD has been working closely with G20 economies, including India, to identify and promote policies that enhance food security and increase agricultural productivity. This year, the OECD and the UN Food and Agriculture Organisation (FAO) are co-ordinating a report for the G20 Summit on *Opportunities for Economic Growth and Job Creation in Relation to Food Security and Nutrition*.

The OECD has collaborated with the FAO and others in the development and implementation of the *Agricultural Market Information System (AMIS)* and the *Rapid Response Forum (RRF)*, which aim to improve availability of commodity market information and enable timely dialogue and co-ordination amongst governments in the event of an abnormal market situation.

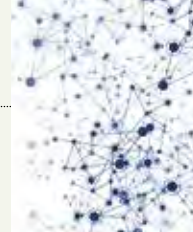
The OECD is a key reference for the certification and standardisation of certain agricultural and forestry inputs and commodities, with the aim of facilitating international trade. India is an active member of both the OECD Tractor Codes and the OECD Seed Schemes.

www.agri-outlook.org
www.oecd.org/agriculture



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Upgrading participation in global value chains



Trade in intermediate inputs makes up over 50% of goods and 70% of services trade, underscoring the importance of global value chains (GVCs) for India and the world.

The OECD developed with the WTO the **OECD-WTO Trade in Value Added database** to measure trade in value-added terms and to generate new insights about the commercial relations between economies and the process of value creation. The database, released in May 2013, provided metrics that precisely measure the value of goods and services traded in 57 economies, including India, covering the years 1995, 2000, 2005, 2008 and 2009.

The next release in late 2014 will further extend the database to more countries and industries. The data show that India participates strongly in GVCs for chemicals, electrical equipment and other manufactures (e.g. jewellery), although this mainly represents the sourcing of intermediate inputs from abroad, rather than the production of intermediate inputs for use in the exports of other countries. India is also heavily involved in GVCs for business services, and here intermediate inputs produced in India are a major input for exports of other countries.

Investment in innovation is important in helping countries move up the value chain. Disaggregation of production into separate stages allows firms not only to find their place on the ladder, but to move up the rungs as their skills improve. GVCs encourage upward movement by rewarding skills, learning, and innovation.

Knowledge-based capital – data, software, patents, designs, and new organisational processes – is particularly important in this regard. In India, such investments, including research and development, are still relatively low compared with other emerging economies, despite rising in recent years.

The OECD Development Centre, as part of the *OECD Strategy on Development*, launched a Policy Dialogue Initiative on Global Value Chains (GVCs), Production Transformation and Development in 2013. This platform aims at fostering policy dialogue and knowledge sharing among OECD and non-OECD countries on how to promote development by participating in and upgrading of GVCs. *The Perspectives on Global Development 2014* report shows that India can build on its successful information technology-enabled service exports, provided improvement in the quality of higher education. Improved secondary education, infrastructure and investment environment could help develop a competitive manufacturing export sector.

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Fostering better data for better policies



Better data is essential to monitor policy progress, achieve development targets and promote evidence-based decision making. The OECD develops and maintains comprehensive databases with comparable statistics on a wide range of policy areas, and works with countries to help them produce and manage statistics.

The OECD develops international statistical standards and coordinates statistical activities, both within the OECD and with other international organisations. One key pillar of deepening engagement between the OECD and India is the inclusion of Indian data in OECD statistical databases and a move closer to standardised and comprehensive statistical indicators, which are the basis for making meaningful country comparisons. For example, economic data on India are regularly collected and disseminated, including via a number of OECD Statistical News Releases.

Indian statisticians participate in OECD statistical official bodies, such as the Working Parties on Financial Statistics and National Accounts, and make frequent visits to the OECD and its member countries to learn about commonly-used statistical methodologies.

India has expressed strong interest in the OECD's *Better Life Index* and measuring well-being work. Indian experts have participated in past conferences, and in 2012, the Indian Ministry of Statistics and Programme Implementation and the OECD jointly organised the 4th OECD World Forum on Statistics, Knowledge and Policy in New Delhi, which focused on measuring well-being for development and policy-making.

www.oecd.org/std/statisticsnewsreleases.htm





EFFICIENT FUNCTIONING OF MARKETS

Well-functioning markets are essential to growth and development. Making rules more open, fair, transparent and predictable for trade, investment and competition will be key to re-starting and maintaining inclusive and sustainable growth in India, thus contributing to greater prosperity. Consumers too need protection and information to make informed purchasing decisions in rapidly-changing markets.



Improving the investment climate

Boosting the confidence of both domestic and foreign investors through a more predictable and conducive business environment will be critical to sustaining growth in the coming years.

The OECD and the Government of India have been collaborating on investment-related issues for many years. In 2004, the *Global Forum on International Investment* was held in Delhi. In 2009 an *Investment Policy Review of India* was published, outlining India's investment policy framework and presenting recommendations for further reforms. Discussions are ongoing to include India in the work to update the Policy Framework for Investment, with focus on investment policy, green growth and responsible business conduct. India also regularly participates in the *Freedom of Investment Roundtables*, through which the OECD and its partners regularly monitor G20 countries' investment

protectionism, in collaboration with UNCTAD and the WTO, and facilitate international dialogue on international investment agreements, including the investor-state dispute settlement system.

India has also made considerable progress in establishing a number of regulatory mechanisms which are conducive to competition in markets for goods and services. In order to develop its regulatory governance system further, a 'whole of government' approach for a coherent and co-ordinated regulatory environment and implementing a range of regulatory quality tools to improve effectiveness and transparency of the regulatory system will be both necessary.

www.oecd.org/daf/inv

www.oecd.org/regreform



Improving financial education



The global financial crisis brought to the forefront the need for comprehensive financial education programmes in economies at different stages of development. Financial education is necessary to develop awareness and skills among both consumers and investors.

Acknowledging the importance of financial literacy for achieving more inclusive growth, India has designed the *National Strategy for Financial Education*. The Strategy is consistent 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 100 countries and 200 institutions.

The four 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 and the Ministry of Finance – are all members of the INFE. RBI acts as the Network's

Vice-Chair and SEBI as the co-leader of the Project on Financial Education and Women. SEBI is an important member of the Investor Education Expert Sub-Group and of the G20/OECD *Task Force on Financial Consumer Protection*, in which it acted as the Vice-Chair for the development of effective approaches to support the implementation of Principle 9: Complaints Handling and Redress.

In the framework of their cooperation, the OECD and Indian administration have co-organised several events on financial education (e.g., in New Delhi in 2006, Hyderabad in 2008, and Bangalore in 2010). In early 2012, the OECD and SEBI also launched the first *International Conference on Investor Education* in Goa. SEBI and the OECD are organising a seminar on “Emerging Trends in Financial Consumer Protection Across Asia” and the 2nd Asian Financial Consumer Protection Roundtable “The Challenges in Developing and Implementing Financial Consumer Protection Polices in Asia” in Mumbai in November 2014.

www.oecd.org/daf/fin



Promoting trade

Trade liberalisation has played a key role in the economic transformation of India. The enhancement of the multilateral trading system through improved trade facilitation and a better understanding of global value chains can benefit the Indian economy even further.

The OECD carries out extensive analytical and policy-related work on trade. In recent years, the Organisation has undertaken studies on trade facilitation, trade in services, nontariff barriers, comparative advantage, trade and structural adjustment, (agricultural) trade and employment, and the links between trade policy and foreign direct investment in the agro-food sector.

Trade and investment liberalisation has played an important role in India's rise as an economic powerhouse. The OECD has examined the relationship between trade, growth and jobs in OECD countries and emerging economies (including India) under the *International Collaborative Initiative on Trade and Employment*. The results have been published in **Policy Priorities for International Trade and Jobs**.

Discussions are ongoing to deepen India-OECD collaboration on services trade. In 2014, the OECD released the *Services Trade Restrictiveness Indexes (STRI)* project, which includes analysis of India's services markets as well as those of 39 other countries across 18 sectors. The STRI can help participating economies identify regulatory good practices in specific sectors. As a major services provider, India can both benefit from and contribute to this new initiative.

To help governments improve their border procedures, reduce trade costs, boost trade flows and reap greater benefits from international trade, the OECD has developed a set of *Trade Facilitation Indicators (TFIs)* that identify areas for action and enable assessment of the potential impact of reforms. The OECD TFIs cover the full spectrum of border procedures from advance rulings to transit guarantees for 133 countries,

including India. The TFIs can help the Indian government prioritise trade facilitation actions and guide policymakers on resource allocation. OECD analysis shows that lower middle income countries such as India could potentially reduce trade costs by as much as 15.1% by fully implementing the WTO Agreement on Trade Facilitation.

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Promoting sound competition



Strengthening competition law enforcement and competition policy co-operation leads to greater benefits for consumers and more efficient and effective markets.

India's Competition Law was enacted in 2002 to protect and promote competition as part of the transition from a state-planned to a market-based economy. India has progressively implemented the key elements of a modern competition law and enforcement framework, including the establishment of the Competition Commission of India (CCI).

The OECD works closely with the CCI to address the various challenges facing a new competition regime. It helps strengthen the institution and its enforcement capabilities through tailored training programmes for CCI staff. The introduction of a National Competition Policy in India will be accompanied by an OECD capacity building project on implementing the **OECD Competition Assessment Toolkit**, to guide all Ministries, regulators and other government bodies, including at the local level, on the screening of laws and regulations for unnecessary restrictions to competition.

India is heavily involved in the OECD's work to develop and implement international standards on competition enforcement and co-operation, including the recent revision to the 1995 OECD **Recommendation on International Co-operation in Competition Law Enforcement**. India is a participant in the OECD's Competition Committee and a regular attendee at the OECD's annual *Global Forum on Competition*. CCI staff frequently participate in the OECD-Korea Regional Policy Centre's training programme for enforcement officials from across South-East Asia and the Asia-Pacific region.

“The Competition Commission of India appreciates the work of the OECD on competition policy and proposes to strengthen capacity building initiatives with the Competition Committee of the OECD.”

Mr Ashok Chawla, Chair, Competition Commission of India

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Strengthening consumer protection

Governments have an important role to play in helping consumers understand their rights, protect their own interests and make informed purchasing decisions in rapidly-changing markets.

The OECD helps governments develop effective consumer policies to support efficient, transparent and fair global markets for consumers. The **2010 Consumer Policy Toolkit** and related 2014 OECD **Recommendation on Consumer Policy Decision Making** were developed with this goal in mind. Both member and partner governments are using the Toolkit to address specific consumer issues.

OECD work in this area currently focuses on e-commerce and product safety. Regarding e-commerce, the 1999 OECD *Guidelines for Consumer Protection in the Context of Electronic Commerce* are being revised, drawing notably on the committee's 2014 policy guidance on mobile and online payments, and on digital content products, as well as analyses of participative e-commerce. The work will feed into the ongoing revision of the UN Guidelines on Consumer Protection, to which India is contributing. On product safety, an OECD portal with information on countries' product recalls, injury data collection and reporting is being developed to help enhance international co-operation in these areas. As a Participant in the Committee on Consumer Policy and its Working Party on Consumer Product Safety, India can both contribute to and benefit from the work in the above key areas. In particular, its contribution to the revision of the 1999 e-commerce guidelines would be highly valued.

www.oecd.org/sti/consumer-policy

www.oecd.org/sti/consumer-policy/productsafety



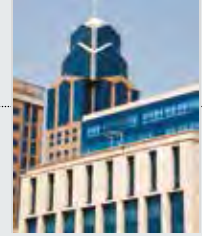
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PUBLIC AND CORPORATE GOVERNANCE

Effective public sector management, reduced 'red tape' and sound corporate governance are key to promoting growth and development. Good governance of the public and private sectors requires streamlining administrations, reforming tax and fiscal policies, combating corruption in business and the public sector, and strengthening the efficiency and transparency of corporate practices for both private and state-owned enterprises. E-governance plays a significant role in bringing transparency to government functions.



Improving corporate governance

Good corporate governance is central to developing healthy capital markets and sustaining growth in India. Although significant efforts have been made to improve legal and regulatory frameworks, some challenges remain on enforcement and actual practices at the company level. Given India's need for risk capital, regulatory reforms and better enforcement are critical for market integrity and building investor trust.

India has recently introduced major reforms with the enactment of the new Companies Bill 2013 and an overhaul of its Clause 49, the Equity Listing Agreement that deals with corporate governance of listed companies, to take effect in October 2014. Aligning with global good practice, reforms are expected to boost investor confidence, especially by empowering minority shareholders through e-voting, enhanced disclosures on remuneration, and requiring independent shareowner approval for RPTs.

The OECD has engaged actively with India for over a decade, and recent reforms concerning RPTs have benefitted from that work. India volunteered to participate in the **OECD Corporate Governance Committee peer review on Minority Shareholder Protection and RPTs**. A follow-up bilateral programme focused on implementing the peer review recommendations by supporting policies for improved monitoring and prevention of abusive RPTs.

The **OECD Principles of Corporate Governance** are the global benchmark in this area and have served as a basis for our work with India. They are intended to help countries evaluate and improve their legal, institutional and regulatory framework for corporate governance, and to provide guidance and suggestions for stock exchanges, investors, corporations and other parties involved in the development of good corporate governance. They are recognised by the Financial Stability Board (FSB) as one of the key standards for international financial stability, and form the basis for the corporate governance component of the World Bank Reports on the Observance of Standards and Codes.

The public sector has also played an important role in India's development. The OECD Principles and the OECD *Guidelines on Corporate Governance of State-Owned Enterprises (SOEs)* recommend that SOEs should be as accountable to the general public as private enterprises are to their shareholders. The State can benefit from using the Guidelines to organise its ownership responsibilities and regulatory roles more efficiently. The Guidelines are also intended to assist governments in improving the performance of SOEs and raise the bar on transparent governance of individual SOEs.

In 2014, the OECD is undertaking a review of the Principles and the Guidelines. India, along with other FSB members, participates in the review as an Associate (i.e. on an equal footing with OECD members) to ensure that the updated standards truly reflect an international perspective.

“It is heartening to note that awareness of the OECD Principles of Corporate Governance is now very high in the Asian region.”

Prashant Saran, *Whole Time Member, Securities and Exchange Board of India* (February 2014, at the OECD-Asian Roundtable on Corporate Governance in Mumbai, India)

www.oecd.org/statistics/howslife.htm



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Fighting transnational corruption



Corruption, and the lack of transparency and accountability in business transactions, remain high on the list of investment risks in India. Bribery is a primary threat to good governance, sustainable economic development, democratic process and fair business practice.

India is among the world's fastest-growing economies. However, with increased exposure to foreign markets comes increased risk of corruption, which poses a threat to India's growth and Indian companies' ability to compete. Fighting bribery in international business transactions supports development, reduces poverty and bolsters confidence in markets. The *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* ("Anti-Bribery Convention") is a leading OECD instrument and a key weapon against bribery worldwide.

The OECD's *Working Group on Bribery* monitors the implementation of the Convention by its 41 OECD and non-OECD Parties. Joining the Convention would strengthen India's corporate reputation and investment climate, and allow India to impact the development of international criminal law. India has actively participated in the

meetings of the *OECD Working Group on Bribery* since 2009. The OECD also held awareness-raising events for the Indian private sector in collaboration with the Federation of Indian Chambers of Commerce and Industry in 2011 and 2012, and with the Confederation of Indian Industry in 2013.

In addition, India has been a member of the *Asian Development Bank (ADB)/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*. In September 2011, over 700 participants from 28 Asian countries attended the 16th Steering Group Meeting and the 7th Regional Conference of the ADB/OECD Initiative in New Delhi. In July 2013, India attended the Initiative's 18th Steering Group Meeting and 12th Regional Seminar in Dili, Timor-Leste.

www.oecd.org/site/adboecdanti-corruptioninitiative



ADB/OECD Anti-Corruption Initiative for Asia and the Pacific
The Criminalisation of Bribery in Asia and the Pacific

ADB/OECD Anti-Corruption Initiative for Asia and the Pacific
Fighting Bribery in Public Procurement in Asia and the Pacific

ADB/OECD Anti-Corruption Initiative for Asia and the Pacific
Fighting Bribery in Public Procurement in Asia and the Pacific

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Leveraging e-governance for better public service delivery

E-governance can help simplify citizens' access to public services and improve the overall effectiveness of service delivery. India is committed to expanding its e-governance capacity to respond to the needs of its diverse population.

With a highly connected youth population and a considerable rural community, e-governance will become an increasingly important channel for public service delivery in India. The OECD *Recommendation on Digital Government Strategies*, adopted by the OECD Council on 15 July 2014, highlights e-governance challenges in OECD countries and provides policy responses which could also be relevant for India in responding to the evolving societal and technological environment.

www.oecd.org/gov/public-innovation



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Improving tax transparency and compliance

Improving tax transparency and compliance strengthens domestic resource mobilisation and contributes to sustainable economic growth. OECD bilateral and multilateral co-operation with India in this area has expanded rapidly.

The OECD plays a leading role in developing international tax standards and guidelines, including the *OECD Model Tax Convention on Income and on Capital*, the *Transfer Pricing Guidelines for Multinational Enterprises*, *international VAT/GST Guidelines*, the *international standards for Exchange of Information “on request”*, and *Automatic Exchange of Information*.

India has actively participated in the OECD Committee on Fiscal Affairs (CFA) since 2006, and in 2011, the OECD and India agreed on a three-year tax co-operation programme. India also takes an active part in the OECD’s *Global Relations Programme* by hosting global relations events, providing expertise, and participating in events held at the OECD Multilateral Tax Centres.

In 2013, the OECD and G20 members, including India, approved the **Base Erosion and Profit Shifting Action Plan** that targets multinational enterprises exploiting gaps and mismatches in tax rules to pay little or no corporate taxes. The *OECD/G20 BEPS Project* is the largest reform of international tax rules in decades, and is aimed at preventing unintended double non-taxation or less than single taxation, and ensuring that profits can be taxed where economic activities occur and value is created. India is an Associate in the BEPS project, together with the other seven non-OECD G20 members. As a member of the CFA’s Bureau Plus, India is directly involved in setting the direction of the BEPS Project. The Project delivered its first output in September 2014, with the remaining elements of the BEPS Action Plan to be concluded by the end of 2015.

To further enhance international tax co-operation, in November 2011 at Cannes, G20 leaders strongly encouraged all jurisdictions to join the joint *OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters*, and in February 2012, India became one of the first G20 countries to become a party to the Convention since it was opened to adherence by non-OECD members. Most recently, following a 2013 G20 mandate, the OECD delivered a global common standard on the Automatic Exchange of Information (AEOI) in February 2014 – the latest tool in the fight against tax evasion. In May 2014, India endorsed the OECD’s *Declaration on Automatic Exchange of Information*, committing to implement the new standard. Together with more than 40 other jurisdictions, India has agreed to an ambitious timeline for implementation.



Improving tax transparency and compliance



Since 2009, India has been active in the Global Forum on Transparency and Exchange of Information for Tax Purposes Steering Group (hosted and supported by the OECD) and has been Vice-Chair of the Peer Review Group. The Global Forum brings together 122 member jurisdictions, including over 60 developing countries, and monitors commitments to the international exchange of tax information standard “on request”. The Global Forum’s peer review process examines both the legal and regulatory issues of exchanging information (Phase 1 reviews) and its practical aspects (Phase 2 reviews). India received the highest overall rating in the Global Forum’s Phase 2 report, published in July 2013. India also hosted a regional training seminar for tax auditors and other tax officials on good practices for ensuring effective exchange of information (July 2013).

India was the first non-OECD country to join the OECD Fiscal Network, a multidisciplinary body created in 2004 that provides the analytical and statistical underpinnings for organising financial relations among central, regional and local governments.

www.oecd.org/tax

www.oecd.org/tax/beps.htm

www.oecd.org/tax/transparency



GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report
Phase 2
Implementation of the Standard
in Practice
India
2013

Standard for Automatic Exchange of Financial Account Information in Tax Matters

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EMPLOYMENT AND SOCIAL DEVELOPMENT

India has made substantial progress in social and human development in the last several decades. Poverty levels are falling, incomes are rising, living standards in old age are improving, and education and health outcomes are improving. However, there is great scope for further improvement, particularly in skills development.



Creating more and better jobs

Increasing job opportunities, particularly outside agriculture, enhancing labour market flexibility and strengthening social protection is essential to more inclusive and sustainable growth.

Employment generation has been identified as a key challenge in India's 12th Five Year Plan 2012-17. To help governments create more and better jobs, the OECD collects and compiles employment statistics that allow for cross-country comparisons on labour market indicators, policies and institutions. Through its annual **Employment Outlook**, the Organisation analyses labour market trends, monitors advanced and emerging economy reforms and provides country-specific recommendations to help governments create jobs, particularly for vulnerable groups such as younger, older and disabled workers. The 2014 edition of the OECD Employment Outlook reviews recent labour market trends and short-term prospects in OECD and key emerging economies. It zooms in on how the crisis has affected earnings, provides country comparisons of job quality, examines the causes and consequences of non-regular employment, and estimates the impact of qualifications and skills on labour market outcomes.

More recently (September 2014), the OECD, the International Labour Organization (ILO) and the World Bank worked together to produce the reports *Short-Term Labour Market Outlook and Key Challenges and Policy Responses*; *Preventing Unemployment and Underemployment From Becoming Structural*; *Achieving Stronger Growth By Promoting A More Gender-Balanced Economy*; and *Promoting Better Labour Market Outcomes For Youth*, all including data and analysis for India.

www.oecd.org/employment/



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Promoting social inclusion and health system performance



Well-targeted social and health policies, including those enhancing the well-being of senior citizens, are key to fostering more inclusive growth and reducing poverty.

OECD work on social policy continuously seeks out new good practices to match changing socio-demographic profiles and labour market conditions. With the global financial crisis putting social protection systems under budgetary pressure, the OECD is assisting governments; including India, to design effective policies that are sensitive to the human dimension of the crisis.

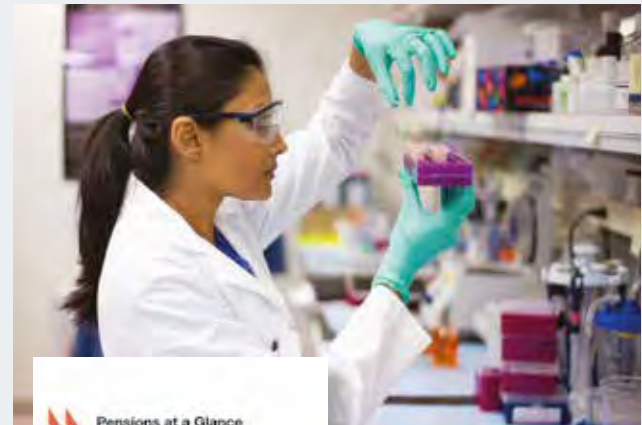
The forthcoming (November 2014) *OECD Economic Survey of India* will include a chapter on health. India has a national health care system that in principle offers a comprehensive array of services to all at no cost, but in practice struggles to do so consistently. The strength of public health care services is the ability to reach rural communities where the poor are located. Considerable progress has been achieved – infant mortality has almost halved since 1990, life expectancy has increased, and in early 2014 India celebrated its victory over polio. However, health outcomes remain poor, even compared with countries at a similar level of economic development. India's government spending on health as a share of GDP has dropped over the past decade. An increase in public spending would help reduce disparity, improve access to health and strengthen health professionals' capacity.

Through the OECD/Korea Policy Centre, the OECD biennially publishes three Asia/Pacific editions of the **Society at a Glance**, **Pensions at a Glance** and **Health at a Glance** publications, each including data on India. The 2014 edition of *Society at a Glance* (Asia/Pacific) includes a special chapter on gender equality in education, employment and entrepreneurship, including in India. The OECD actively engages in health data collection in collaboration with the World Health Organisation Regional Office for South-East Asia.

Since 2004, when the Government of India introduced the new National Pension System, India has been involved in the activities of the OECD Working Party on Private Pensions (WPPP) through the exchange of ideas and experiences, and participation in the standard-setting activities. In 2007 the Pension Fund Regulatory and Development Authority (PFRDA) of India became a regular Participant in the WPPP. In addition, the WPPP engages with the International Organisation of Pension Supervisors (IOPS), of which India is a governing member.

www.oecd.org/els

www.oecd.org/finance



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Fostering skills through education and training

Equipping citizens with the skills necessary to achieve their full potential, participate in an increasingly interconnected global economy, and ultimately convert better jobs into better lives is a central preoccupation of policy makers. India is keen to improve its skills requirements to foster an innovative economy.

Access to education and skills development is key to inclusive growth. In its 12th Five-Year Plan, India places an unprecedented focus on education. It recognises education as “the most important lever for social, economic and political transformation”. India’s National Policy on Skill Development seeks to improve the quality of skills training, make education more responsive to employers’ needs, and increase access to education for disadvantaged groups. The aim is to skill 500 million youths by 2022.

In May 2012, the Planning Commission and the OECD Centre for Educational Research and Innovation (CERI) launched a joint *Initiative on Education and Innovation* to foster innovation in India’s higher education system and help it align with the skill requirements for an innovative economy. The initiative culminated in an international conference in July 2014, and is planned to continue with further networking of innovative initiatives in India and elsewhere.

The OECD is working with the Indian Institute for Competitiveness on skills development at the local level in the context of the *OECD Employment and Skills Strategies in Southeast Asia Initiative*, in partnership with the ILO. A report on skills development pathways in Asia was published in 2012. Engagement with the OECD’s vocational education and training review programme could help to develop this collaboration further and enable India to draw on international experience as it move ahead in implementing its National Policy on Skills Development. In 2009, two Indian states – Tamil Nadu and Himachal Pradesh – participated in the *Programme for*

International Student Assessment (PISA). Conducted in more than 70 economies, PISA assesses both what 15-year-olds know and how well they can apply their knowledge in professional and social settings.

www.oecd.org/education/innovation-education



OECD-CII-Planning Commission Workshop on Innovative Efforts for Universal Quality Education, July 2014, New Delhi.



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INDUSTRY AND INNOVATION

In the knowledge economy of the 21st century, science and technology and their applications are major sources of economic growth. India must not only foster and harness technological innovations but also invest in transport infrastructure to drive growth and employment.



Building a knowledge economy

The OECD develops evidence-based policy advice on the contribution of science, technology and innovation to well-being and economic growth. How can Indian policy makers promote a supportive environment for innovation?

Innovation is a critical driver of growth and employment, but its impacts are not always inclusive and can increase inequality. The *Innovation for Inclusive Growth* project analyses innovation and related policies from the perspective of social, industrial and territorial inclusiveness, and its findings will be published in January 2015. India is one of five core partners in the project (together with Indonesia, South Africa, China and Colombia), and is an active member of the project Advisory Group since inception.

OECD digital economy work helps governments maximise information and communications technology benefits as drivers of innovation, productivity, growth, sustainable development and social well-being. The OECD digital economy policy framework is comprehensive, covering domestic and cross-border legal, regulatory, technical and educational issues related to the whole ecosystem. This includes communication infrastructure, the ICT sector, evolving business models, cybersecurity, critical information infrastructures, privacy and consumer protection.

The OECD provides the statistical definitions, classifications and methods to measure the digital economy. These tools help policymakers benchmark their domestic performance and better understand the economic impact of ICTs and applications such as e-commerce. The **2011 Recommendation on Principles for Internet Policy Making** provides an overview of the current policy framework and was developed through an active multi-stakeholder process and endorsed by all 34 member countries and several partners. The **2008 Seoul Declaration for the Future of the Internet Economy**, also endorsed by India, provides a roadmap for advancing all key building blocks of the Internet economy.

India is a Participant in the OECD Committee for Scientific and Technological Policy (CSTP) and is included in the flagship publication *OECD Science, Technology, and Industry Outlook*.

www.oecd.org/sti/stpolicy

www.oecd.org/sti/ict

www.oecd.org/sti/industryandglobalisation

<http://oe.cd/inclusive>



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Promoting a first-class steel industry



India's share in global steel activity continues to rise, driven by increasing domestic demand. Ensuring the economic and environmental sustainability of new steelmaking capacity will be vital.

In 2013, India was the fourth largest producer in the world, accounting for more than 5% of global steel output, with its steelmaking capacity expected to grow at the world's fastest rate until 2020. Growth in Indian steel activity is supported by plentiful domestic raw materials, such as iron ore and coal, although a number of social and land acquisition issues have delayed several projects in recent years.



New capacity should be sustainable, both economically and environmentally. Investment in the country's steel industry is increasing rapidly to meet growing demand, particularly in infrastructure construction, and despite significant domestic raw materials, India will need to rely more heavily on imports. This shows the importance of global efforts to avoid restricting trade in raw materials.

The OECD Steel Committee and India have had a positive and mutually beneficial relationship over the past several years. As a Participant in the Committee, Indian officials from the Ministry of Steel and Industry join other delegates from major steel-producing economies to discuss industry challenges. India's steel and raw material policies are covered extensively in OECD documents and publications. The biannual publication **Steelmaking Capacity Developments in Non-OECD Economies** provides in-depth information on investment projects in India, and Indian raw material policies have been covered in the study **Steelmaking Raw Materials: Market and Policy Developments**.

www.oecd.org/sti/steel



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Meeting transport infrastructure needs



Since the 1990s, India's growing economy has seen the development of infrastructure at a rapid pace, and today there exists a wide variety of modes of transport. Rail transport in particular could greatly benefit from the liberalisation underway in this sector.

In 2009, India joined the *International Transport Forum* (ITF), an intergovernmental organisation of 54 member countries, hosted by the OECD. The Forum aims to help shape the international transport policy agenda, ensuring its contribution to economic growth, environmental protection, social inclusion and the preservation of human life.

In December 2013, an ITF Roundtable on the Economics of Investment in High-Speed Rail was held in New Delhi to examine the key factors that drive the costs of high-speed rail investment and review the potential economic benefits of high-speed rail services. The *ITF Transport Outlook* examines scenarios for the development of long-term global passenger and freight transport volumes. Important attention has been given to analyzing the impact of diverse urban transport policy scenarios, especially in developing regions where most urban population growth will occur in the following decades. The **2014 Transport Outlook** will focus on development and analysis of urban transport policy scenarios for India and China.

www.internationaltransportforum.org



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ENVIRONMENT AND ENERGY

India faces environmental risks, including increased heat extremes and droughts that may degrade regional food security. Pollution and natural resource depletion also threaten sustainable growth. A strategic approach to current vulnerabilities, while preparing for future climate impacts, is essential for climate resilience.



Combating climate change through investment, adaptation and dialogue

Climate change is a major risk for development and livelihoods in India. Combating climate change and building climate resilience requires greater investment in clean energy infrastructure, a better understanding of effective climate adaptation and mitigation policies, and enhanced international dialogue to strengthen knowledge and mobilise resources. Effectively tracking, managing and allocating climate finance is also critical in assisting developing countries to adapt to climate change.

By 2050, the Indian economy and population are projected to grow significantly, contributing to a quadrupling of global GDP and a world population of over 9 billion. According to the **OECD Environmental Outlook to 2050**, the environmental consequences will be alarming if governments do not change their policies. Consequences include an acceleration of climate change, further biodiversity loss, worsening water stress and health impacts from pollution. More recent data indicate that the health impact of air pollution is even more serious than previously thought.

In 2010, close to 0.7 million Indians died prematurely due to air pollution, according to WHO analysis. The recent OECD book **The Cost of Air Pollution: Health Impacts of Road Transport** indicates that the costs to society of these mortalities were USD 0.4 trillion in 2010.



The OECD database on environmental policy instruments identifies many environmentally related taxes, for example on motor vehicles and motor vehicle fuels, and on electricity. However, these taxes coexist with environmentally harmful subsidies, such as for diesel fuel, that worsen local air pollution and related health problems.

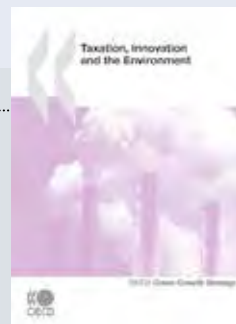
www.oecd.org/environment

www.oecd.org/env/policies/database

www.oecd.org/env/tools-evaluation



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Improving water management



Communities, businesses, and governments are all exposed to common water risks such as scarcity and inadequate quality, caused by pollution, ageing infrastructure, floods, droughts, and climate change. These collective risks call for collective action and a robust policy framework.

India's Prime Minister Narendra Modi has highlighted the importance of reducing water risks. Collaborative cross-sectoral efforts to reduce shared water risks can emerge through common understanding, strategies, solutions and well-aligned incentives. These are often the most effective paths towards sustainable water management and governance.

A seminar on Water Risks and Stewardship in India held in August 2014 in New Delhi – jointly organised by the OECD, the Federation of Indian Chambers of Commerce and Industry

(FICCI), the Asian Development Bank (ADB) and the 2030 Water Resources Group (WRG) – had three main objectives:

- Build a common understanding of water risks and risk sharing to promote practical efforts to manage water risks and improve stewardship;
- Provide a platform for policy dialogue involving various stakeholders (industry, development co-operation agencies, government officials from state and national levels, and NGOs);
- Draw out lessons learned from water stewardship approaches and recent experience with policy reforms to support the exchange of good practice.

www.oecd.org/water

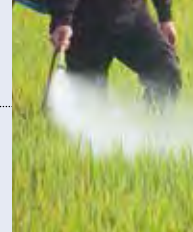


© Minister for Water Resources, River Development and Ganga Rejuvenation **Uma Bharati**, speaking at the OECD-FICCI-ADB-2030 Water Resources Group's Seminar on Water Risk and Water Stewardship, August, 2014, New Delhi.



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Strengthening chemicals and biotechnology safety



The OECD supports efforts to protect human health and the environment by improving chemical safety and making policies more transparent and efficient. This saves resources and prevents unnecessary distortions in the trade of chemicals, and emerging technologies.

CHEMICALS

The chemicals industry is one of the world's largest, and many countries have comprehensive regulatory frameworks for managing chemicals based on testing and health/environmental impact assessments. Since many chemicals are produced in more than one country (and traded across countries), different national chemical management policies can lead to duplication in testing and assessment and wasted industry and government resources. The OECD and India are working together to harmonise chemicals testing and assessment, and to share the burden of testing.

The *OECD Mutual Acceptance of Data (MAD)* system is a multilateral agreement that saves governments and chemical producers at least EUR 150 million per year by allowing sharing of non-clinical safety test results for chemical products – such as industrial chemicals and pesticides – across OECD members and other participating countries.

India has been part of the OECD MAD system since 2011, 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 is an active member of the Working Group on Good Laboratory Practice (GLP), which oversees MAD system implementation, and participates in on-site evaluations of other countries' GLP compliance monitoring systems.

www.oecd.org/ehs/mad
www.oecd.org/env/glp
www.oecd.org/env/testguidelines

BIOTECHNOLOGY

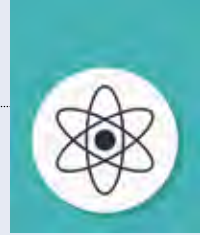
The OECD aims to harmonise risk and safety assessments of modern biotechnology products (genetically engineered organisms) and facilitate relevant information sharing. This is done via two programmes, on environmental safety issues and the safety of novel foods and feeds, which help make risk and safety assessment procedures more efficient.

India participates actively in these programmes, providing expertise on the biology and composition of tropical crops such as maize, rice, sorghum, sugarcane and cowpea. This enables the risk and safety assessment of crop species derived from genetically engineered varieties. In addition, the Centre for Research in Medical Entomology of Madurai is contributing to an OECD document on the biology of the *Aedes aegypti* mosquito, a vector of dengue fever being fought with biotechnology. The OECD-World Bank-CERA partnership and the OECD's *Global Forum on Biotechnology* allow for increasing Indian participation in these activities.

www.oecd.org/env/ehs/biotrack
www.oecd.org/environment/cost-of-air-pollution.htm



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Enhancing nuclear energy

With a population of over 1.2 billion, India's electricity needs are already significant and, looking ahead, potentially enormous. To respond in a low-carbon and sustainable fashion, nuclear energy is being further developed.

India's 21 mostly small- and medium-sized nuclear power reactors represent only 3.5% of total electricity generation, but six large reactors are under construction, and there are plans for many more. Nuclear power is to represent 25% of the electricity mix by 2050.

Co-operation between India and the *OECD Nuclear Energy Agency* (NEA) has significantly increased in recent years, with Indian experts participating in a number of NEA meetings, notably on nuclear safety and regulation, radioactive waste management, radiological protection, and nuclear legislation. Indian experts have also been invited to take part in the NEA's economic studies.

In 2012, India's Atomic Energy Regulatory Board (AERB) became a full member of the *Multinational Design Evaluation Programme* (MDEP), for which the NEA acts as Technical Secretariat. The MDEP brings together the nuclear regulators of 14 countries to collaborate on safety design reviews of new reactors. India's membership helps contribute to the MDEP goal of facilitating convergence of codes and standards, and the licensing of new reactors. India also participates in the *OECD/NEA Hydrogen Mitigation Experiments for Reactor Safety (HYMERES) Project*, which is specifically aimed at topics of high safety relevance for both existing and future nuclear power reactors.

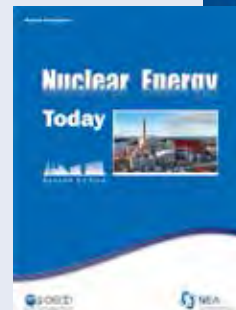
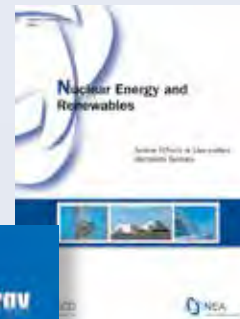
www.oecd-nea.org

www.oecd-nea.org/mdep

www.oecd-nea.org/jointproj/hymeres.html



📍 Kudankulam Nuclear Power Plant in Tamil Nadu with first unit (1,000 MW) commissioned in the year 2013. With initial capacity of 2,000 MW, this station will be expanded to 6,800 MW capacity.



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Annexes



Annexes

INDIA'S ADHERENCE TO OECD INSTRUMENTS

Instruments: facilitating international co-ordination

The OECD has created several legal instruments based on the substantive work of the Organisation's committees, many of which have become worldwide standards. They are based on in-depth analysis and reporting by the Secretariat and cover a wide range of topics, from anti-corruption to the environment. Instruments can be formal agreements ratified by countries, such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or standards and models, such as the Standards of Transparency and Exchange of Information for Tax Purposes, or Recommendations, for example the Recommendation on Fighting Bid Rigging in Public Procurement. Instruments may also take the form of guidelines, for example the Guidelines for Multinational Enterprises.

A concerted effort is being made to further integrate the perspectives of India and other partner countries into OECD standard-setting. In particular, the participation of India and other Key Partners in developing new instruments and revising existing ones is crucial to ensure their global relevance.

- OECD Declaration on Automatic Exchange of Information (2014)
- OECD Convention on Mutual Administrative Assistance in Tax Matters (2012)
- OECD Council Decisions on Mutual Acceptance of Data in the Assessment of Chemicals (MAD) (2011)
- Busan Partnership for Effective Development Cooperation (2011)
- Declaration for the Future of the Internet Economy, "Seoul Declaration" (2008)
- OECD Seed Schemes (2008)*
- Paris Declaration on Aid Effectiveness (2005)

- Declaration on Fostering the Growth of Innovative and Internationally Competitive SMEs, "Istanbul Declaration" (2004)
- Bologna Charter on SME Policies (2000)
- OECD Tractor Certification Scheme (1988)*
* *India contributes financially to these Schemes as a member.*

Other:

- Joint Statement with the IEA (2009)

INDIA'S PARTICIPATION IN OECD BODIES AND RELATED ORGANISATIONS

Associate in six OECD bodies:

- OECD/G20 BEPS Project (2014)
- OECD Network on Fiscal Relations Across Levels of Government
- Mutual Acceptance of Data – Joint meeting of the Chemicals Committee and the WP on Chemicals, Pesticides, Biotechnology:
 - WG on Good Laboratory Practice (2011)
 - WG of National Coordinators of the Test Guidelines Programme (2011)
- Global Forum on Transparency and Exchange of Information for Tax Purposes (headed by Monica Bhatia). India is also a Vice-Chair of the Forum's peer review group (2009)
- Joint OECD/ITF Transport Research Committee (2009)
- Governing Board of the Development Centre (2001)

Other/Membership in organisations hosted by the OECD:

- Multinational Design Evaluation Programme, serviced by the OECD Nuclear Energy Agency (2012)
- Financial Action Taskforce (2010)
- International Transport Forum (2009)

Participant in six OECD Bodies:

- Competition Committee (2012)
- Committee for Information, Computer and Communications Policy and its subsidiary bodies (2009)
- Committee on Consumer Policy and its Working Party on Consumer Product Safety (2006)
- Committee on Fiscal Affairs and its subsidiary bodies (2006) - including the Forum on Tax Administration and the Forum on Harmful Tax Practices
- Working Party on Private Pensions, Insurance and Private Pensions Committee (2006)
- Steel Committee (1998)

Pending:

- PIAAC Board
- Freedom of Investment Roundtables of the Investment Committee
- Committee on Statistics

Forthcoming and recent peer reviews and country studies:

- Improving Corporate Governance in India: Related Party Transactions and Minority Shareholder Protection (2014)
- Global Forum on Transparency and Exchange of Information for Tax Purposes Peer Reviews: India 2013/Phase 2: Implementation of the Standard in Practice (2014)
- Low-Carbon Technology for the Indian Cement Industry (2013)
- India: Sustaining High and Inclusive Growth (2012)
- India: Review of Related Party Transactions and Minority Shareholder Rights (2012)
- Economic Survey of India (2007, 2011, 2014 – to be launched in New Delhi in November by the Secretary General of the OECD)
- Investment Policy Review of India (2009)

DIALOGUE AND DATA

The OECD discusses its data and analyses with Indian stakeholders through a range of channels.

The Trade Union Advisory Committee to the OECD (TUAC) and the Business and Industry Advisory Committee to the OECD (BIAC) bring their perspectives to the policy dialogue.

- TUAC works with the Indian labour movement both directly and through the ITUC (International Trade Union Confederation) to ensure a voice for Indian workers in the OECD. INTUC is an active participant in the L20 forum organised by TUAC and the ITUC to present workers concerns to the G20 governments.
- BIAC has two leading observer associations from India: the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI). Through their involvement, the Indian business community is able to contribute its perspectives and expertise to BIAC and OECD policy discussions on a broad range of issues.

Moreover, two Indian companies, Tata and Mahindra, participate in OECD Development Centre's Emerging Markets Network (EmNet), a platform for top multinational corporation executives and policy-makers to discuss business strategies in emerging markets.

In addition, the Indian Observer Research Foundation (ORF) is an official Knowledge Partner of the OECD Forum. This strategic co-operation allows for the organisation of joint events and common activities.

News and information about OECD work and events involving India and the region are available at www.oecd.org/india.

www.tuac.org

www.biac.org

www.oecd.org/dev/oecdemergingmarketsnetworkemnet.htm

www.oecd.org/forum



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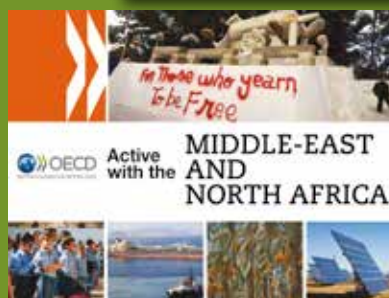
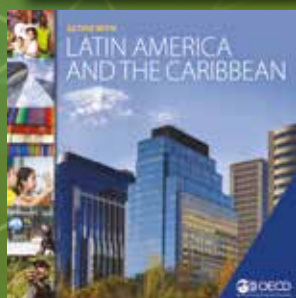
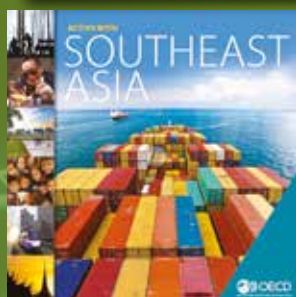
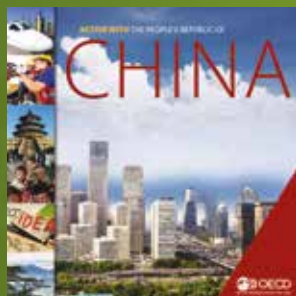
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The OECD: A Global Policy Network



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, 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.



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