

# Policy Recommendations

India has two choices before it: Continue with economic growth of around 6 per cent a year or grow at 10 per cent per annum over the next 10 years to take the country to new levels of development and prosperity. The first option will create only 24 million jobs outside agriculture in the next 10 years and lead to an unemployment rate of 16 per cent. The second option will create 75 million jobs, which is enough to absorb the expected surge in the workforce and contain the unemployment rate at 7 per cent (**Exhibit 6.1**).

The second option is clearly the desirable one. But it will require improving productivity manifold, since that is the key to rapid growth. Encouragingly, the means to achieve this goal are at hand. Contrary to popular belief, it is not a lack of resources, either physical assets or human capital, which is holding India back. What is holding it back are barriers that prevent the effective utilisation of these resources – product market barriers, land market barriers and government ownership, which impact GDP growth by 2.3 per cent, 1.3 per cent and 0.7 per cent respectively (**Exhibit 6.2**). Apart from these, labour market barriers and lack of infrastructure also constrain growth, though their impact is significantly smaller. They affect the growth rate by only 0.3 per cent a year. We have described these barriers at length in the previous chapters. Here, we will focus on the prioritised actions that India needs to take to remove these barriers and the implementation challenges it must overcome.

What India needs is a broad-based reform programme focusing on 13 key actions that will collectively bridge close to 90 per cent of the gap between the current growth rate of 6 per cent and the target figure of 10 per cent. In this chapter, we describe the change programme that India must implement and the implementation challenges that it must overcome.

## **THE REFORM PROGRAMME**

In this section, we outline the 13 key actions that will collectively bridge most of the gap between the current growth rate and the target rate of 10 per cent. Actions 1-6 address the product market barriers, actions 7-9 deal with land market barriers, action 10 tackles the problems associated with government ownership and actions 11-13 address issues such as labour laws, transportation infrastructure and agricultural extension services.

## **1. Remove product reservation for small-scale industry**

The reservation of 836 products for manufacture by the small-scale industry (SSI) has a detrimental impact on output and productivity not only in the industries concerned, but also in the upstream and downstream industrial and services sectors. For example, we found that these reservations constrain the development of the domestic apparel sector and the retail sector. Moreover, the recent removal of quantitative restrictions, and the inclusion of 550 of the “reserved” items on the Free Import List, has created a peculiar situation – large and efficient manufacturers located in other countries can export products to the Indian market while Indian manufacturers are barred from capturing scale advantage while serving the domestic market.

To stimulate productivity and output growth and prevent Indian manufacturers from losing out to efficient, highly competitive foreign players, the government should remove the reservations in a phased manner, as described below:

- ¶ To maximise impact in the near term, the government should immediately de-reserve the 68 items (including garments, shoes, leather goods and hand tools) that account for 80 per cent of the production of all items on the reserved list (**Exhibit 6.3**).
- ¶ Around 500 items that are not among these but can be imported under the “Free Import List” should be liberalised within the next year, that is by the end of 2002. This will allow Indian manufacturers to gain scale and become competitive before import duties are reduced.
- ¶ The remaining items should be de-reserved by 2004.

## **2. Equalise sales tax and excise duties for all companies within a sector and strengthen enforcement**

The lower tax rates for small-scale industry combined with lax enforcement of these taxes among small and mid-sized players allow unproductive players to not only survive but also to compete with the more productive players. For instance, small-scale apparel producers manufacturing only for the domestic market do not have to pay the 16 per cent excise duty levied on products manufactured by larger players catering to both the export and the domestic market. Similarly, in the steel industry, tax evasion by sub-scale mini-mills is a key reason why these mills are able to survive despite their low productivity.

To address this issue, the government should:

- ¶ Equalise excise duties within a sector by removing the excise duty waiver granted to SSI and other sectors.

- ¶ Simplify the central and state sales tax structures by moving to a value-added tax system. A beginning in this regard has been made with the formation of a joint centre-states task force for sales tax reforms.
- ¶ Enforce excise and sales tax collection from small and mid-sized players by raising collection targets for tax department officials and giving them incentives to achieve the targets.

### **3. Establish an effective regulatory framework and strong regulatory bodies in the telecom and power sectors**

Fair and consistent regulatory frameworks in critical infrastructure sectors help attract investment and protect consumer interests. The government should reform the regulatory framework in the power and telecom sectors and set up strong regulatory bodies to enforce this framework:

- ¶ Review telecom regulation to make it clear and level: The development of the telecom sector has been slowed down by repeated changes in regulation. For example, the rules have repeatedly been changed in both basic and mobile services, making it difficult for players to size up the opportunity and develop sound strategies. This has discouraged investment. We believe that the policy framework should be redesigned to address the key issues (*see* Volume III, Chapter 6: Telecom):
  - Industry structure: Replace the existing technology and service based licensing scheme with a single licence for all telecom services.
  - Pricing: Raise the price caps on basic services and remove price caps on all telecom services in areas where there is “sufficient competition”.
  - Interconnection rules: As in the case of service licences, make interconnection rules independent of technology.
  - Equal access: To neutralise the incumbents’ inherent advantages, give all carriers equal access. This will involve guaranteeing number portability, ensuring that the incumbent is not the only long distance carrier, allowing consumers to choose between all long distance carriers with equal ease and allowing, but not mandating, unbundling of the local loop.
- ¶ Develop a regulatory framework for the power sector that drives out inefficiencies: Today, inefficiencies in all parts of the power sector – generation, transmission and distribution – are passed on to paying consumers or to the government that has to keep providing subsidies. As a result, Indian industrial consumers pay among the highest tariffs in the

world, and the subsidies to the power sector amount to approximately 1.5 per cent of GDP. To protect consumer interests and remove the burden on the treasury, the government should:

- Disaggregate State Electricity Boards into separate generation, transmission and distribution entities so that each can be regulated independently.
  - Privatised the power sector starting with the distribution companies (see action 10).
  - Allow direct purchase by industrial consumers after tariff rebalancing i.e., removing the high level of cross subsidization that exists today in the power sector.
  - Mandate that any additional generating capacity should be acquired at the cheapest possible price through competitive bidding. This will ensure that the SEBs and the central government power plants compete to supply power at the lowest possible price.
  - Move from the current cost plus regulation in which all the inefficiencies are transferred to the consumers to a performance-based regulation that provides the players with an incentive to reduce costs (e.g., price caps), for both distribution and transmission. Countries such as the UK and Argentina have adopted this regulation, which motivates producers to reduce costs.
- ¶ Create independent regulators to enforce the regulatory framework: To be able to effectively enforce the regulatory framework and to command the trust of the players in the industry, the regulators have to be – and have to be seen to be – independent. To guarantee the independence of the regulators, the government should ensure that:
- The regulators’ funding is not dependent on the executive decisions of the government. The funding should be fixed either by the legislature or be generated from a fee levied on industry participants.
  - The government does not have the power to dismiss members of the regulatory body. Dismissal of a member should require impeachment by the legislature or High Court/Supreme Court ratification.
  - The decisions of the regulatory body are binding on the government and not subject to its ratification. Specifically, if the government wants to provide any subsidies other than those mandated by the regulator, it should be required to do so through its budget.

#### **4. Remove all licensing and quasi-licensing restrictions that limit the number of players in an industry**

Licensing and quasi-licensing barriers exist in many sectors and constrain productivity and output growth by restricting new entrants.

In our dairy processing case study (*see* Volume II, Chapter 5: Dairy Processing), we have seen the competition-constraining effects of licensing through the Milk and Milk Products Order (MMPO). Similar barriers exist in many other sectors of the economy. They include branch licensing for foreign banks, sugar mill licensing and the requirement to invest in upstream refining in order to market petroleum products. All such licensing and quasi-licensing barriers that restrict competition should be removed.

#### **5. Reduce import duties to ASEAN levels (10 per cent) over next 5 years**

High import duties reduce the incentive to improve productivity and allow unproductive players to survive. For example, import duties in the steel sector have allowed unproductive sub-scale mini mills to survive and have reduced the pressure on the large mills to maximise their productivity. Similarly in the apparel sector, the absence of competitive pressure from global best practice players has contributed to the relative underdevelopment of the domestic apparel sector.

We propose that the government immediately announce, and subsequently adhere to, a schedule to reduce duties on all goods to 10 per cent (comparable to 1999-2000 ASEAN levels) by 2006. This, as we have seen in the steel and automotive sector studies, will give the players enough time to restructure and become competitive. This rate of duty reduction is consistent with that of Brazil in the early '90s and China's recently announced duty reduction plans (**Exhibit 6.4**).

To further ensure that the domestic players have enough time to equip themselves to face the intensified competition, the duty on capital goods and inputs can be reduced before the duty on value added products. Eventually, however, there should be a flat 10 per cent duty on all products.

#### **6. Remove ban on FDI in the retail sector and allow 100 per cent FDI in all sectors**

During our retail case study (*see* Volume III, Chapter 3: Retail), we found that restricting FDI is a key reason for the under-development of the sector. To unleash the potential of this sector and create jobs, it is vital that FDI in retail be allowed, with no limits on the equity share of the foreign investor. Retailing is a highly complex business, requiring a network of relationships with a large number of manufacturers, a complex supply chain with thousands of products, and

merchandising, display, pricing and promotions across hundreds of store locations. Global retailers already have the skills to manage these complexities. They are able to rapidly expand operations, given their experience in tailoring formats to the local environment and their rapidly expanding operations. The retail revolution in many emerging economies, in fact, has been started by global retailers such as Carrefour and Wal-Mart. As the sector develops, Indian retailers too can replicate the business systems being established by their global competitors and build their businesses faster.

While FDI is allowed in sectors such as telecom and insurance, it is still subject to limits, particularly on full ownership by foreign players. These limits, as we have seen in the telecom sector, constrain the growth of these sectors. The local equity markets and the pockets of the Indian players are not deep enough to provide the necessary equity commitment. Therefore, it is critical to allow 100 per cent FDI in all sectors except some strategic sectors like defence.

We expect that Indian players will still be inducted as joint venture partners by global players, but these decisions will be based on the skills, assets and relationships that they bring to the table rather than on binding regulatory restrictions.

## **7. Resolve unclear real estate titles**

The ownership of a large part of real estate in India is unclear, keeping it off the market and thereby creating land scarcity. According to some estimates, titles to almost 90 per cent of the country's real estate are unclear.

The result is high land prices and depressed economic growth and employment through the adverse impact on the construction and retail sectors directly and upstream manufacturing sectors such as apparel and food processing indirectly. In fact, if we remove the land market barriers, the housing construction and retail sectors alone could create 3.2 million and 8.5 million jobs respectively (*see* Volume III, Chapter 1: Housing Construction and Volume III, Chapter 3: Retail for details).

To address the issue of unclear titles, the government should:

- ¶ Rescind the laws and regulations that result in unclear titles. These include the Urban Land Ceiling and Regulation Act and restrictions on the sale of certain kinds of property (such as apartments constructed on land leased by the Delhi Development Authority, the main developer of public housing in the capital). Although the central government has repealed the Urban Land Ceiling and Regulation Act, few states have ratified it.

- ¶ Increase transparency about land ownership by computerising land records and making them available on the Internet. Starting this process with urban and semi-urban land will have the maximum impact on GDP growth since this will unshackle the growth of the retail and construction sectors.
- ¶ Set up special fast track courts to deal with property disputes. It is estimated that at the current rate, these cases will take a hundred years to be resolved. These courts should be required to resolve individual cases within 6 months.

## **8. Rationalise property taxes, stamp duties and user charges**

One of the main reasons for the scarcity of land in India is that local governments earn very little from property taxes and municipal charges, leaving them with little incentive or funds to develop suburban land.

Currently, the structure of property taxes, municipal charges and stamp duties is unbalanced. Property taxes and municipal charges are low and stamp duties are high. Property tax collected in Mumbai amounts to only 0.002 per cent of the estimated capital value of the buildings: The usual ratio in developed countries is around 1-2 per cent. On the other hand, stamp duties are high, amounting to 8-10 per cent of the value of a property compared to 2-3 per cent in developed countries. Similarly, water is supplied at 10 per cent of its economic cost.

This unbalanced system has two ill effects. One, local governments lack the financial means and incentives to develop much needed land. Two, buyers and sellers have an incentive to not register transactions leading to the problem of unclear titles (discussed earlier).

The subsidisation of municipal services does not benefit consumers. In fact, consumers face shortages – as the municipalities lack the funds to supply these services at low cost – and are forced to buy them from private providers. In Delhi, for example, residents spend five times the amount they pay the municipal corporation on buying water from private tankers. Ironically, it is the poor who suffer the most. In Mumbai, the residents of relatively prosperous localities in South Mumbai pay only Rs. 2-3 (approximately 5 cents) per kilolitre of water while those living in slums have to buy water at much higher rates.

To remedy this situation, the government should:

- ¶ Change the assessment base of property tax. Instead of basing it on “historical cost”, assessment should be based on the “capital value” of the property as fixed by the government for the area in which the property is located. Bangalore is already moving to an assessment of property tax based on capital value.

- ¶ Raise user charges on water and other municipal services to cover the economic cost of delivering these services.
- ¶ Lower stamp duties to 2-3 per cent. This can be done gradually as collections from property taxes and user charges increase so that government revenues are not affected.
- ¶ Consider privatising municipal services along the Buenos Aires, Argentina model.

## **9. Reform tenancy laws to bring rents in line with market value**

Obsolete tenancy and rent control laws keep a large part of urban real estate off the market. The freezing of rents at unrealistically low levels in Mumbai, for example, has raised rents for new properties to phenomenal levels while keeping rents for old but desirable properties very low. For example, in the posh Marine Drive area of Mumbai, an old tenant, who happens to be a large and profitable MNC, pays merely Rs. 200 per month for a property for which a new tenant would have to pay approximately Rs. 200,000.

Practices like this hamper the growth of domestic trade (retail, restaurants and hotels) and the construction sector by making it difficult for new players to enter.

To address this issue, the government should reform tenancy laws and allow rents for all properties to be aligned with market rates. Specifically, the government should:

- ¶ Allow the termination of old tenancies at the death of the tenant (as envisaged by the New Model Rent Control Act) or allow high, up to 100 per cent per annum, increases in rent.
- ¶ Remove restrictions on the escalation of property rentals for all tenancies. Currently, many states control the escalation of rents for properties that have been let out at low rates.
- ¶ Empower owners to reclaim their property at the end of the tenancy period. If the tenant does not have a valid lease agreement, allow the owner to evict him without any court procedures, with the help of the local police if required.

## **10. Privatisise all state and central Public Sector Units (PSUs)**

Experience in the telecom, power and retail banking sector demonstrates that government ownership leads to low capital and labour productivity (*see* Volume I, Chapter 4: Synthesis of Sector Findings). Government ownership is a key barrier

to productivity growth in the economy with the government accounting for 43 per cent of the country's capital stock and 40 per cent of total employment in the organised sector. Yet, India's privatisation programme has so far been a slow-starter. In fact, only two relatively small PSUs have been transferred to private management (**Exhibit 6.5**).

India can learn from the experience of countries that have managed privatisation in politically and socially acceptable ways. Poland, for example, has adopted the approach of divesting company ownership to employees and citizens at very low prices (**Exhibit 6.6**).

The Indian government should build support for privatisation by clearly communicating the economic rationale for the programme – the extremely low productivity of the resources deployed in the government sector. It should also speed up the privatisation process by:

- ¶ Enhancing the powers of the disinvestment ministry so that other government ministries cannot obstruct the privatisation process. Specifically, the administrative control of companies identified for privatisation should be transferred to the disinvestment ministry or some independent body as was done in Chile (where administrative control was transferred to CORFO) and East Germany (where Treuhandanstalt was given administrative control). Further, the disinvestment ministry should have the full authority to decide the disinvestment process that should be followed for the company. Several countries such as Chile and Brazil have conducted successful privatisation programmes by adopting a similar approach (**Exhibit 6.7**). Brazil, for example, realised US\$ 100 billion in privatisation proceeds over a 10-year period.
- ¶ Setting an aggressive target of privatising 30 companies every year for the next 3 years and focusing on the largest companies first. The government should start with the largest entities (e.g., large telecom and oil PSUs). Since most of the value is concentrated in a few large companies in select sectors, this will ensure that privatisation has a positive impact on the economy in a short period (**Exhibit 6.8**).

### **11. Reform labour laws by repealing Section 5- B of the Industrial Disputes Act and allowing flexibility in the use of contract labour**

Constraints on the rationalisation of labour inhibit economic growth and job creation. Players hesitate to hire labour that they will be unable to retrench them if business conditions change. This often leads to over-investment in labour saving automation or, worse, drives away investment, for example, in apparel (*see* Volume II, Chapter 3: Apparel). These effects are strongest in labour-intensive

industries such as apparel. Moreover, they reduce India's attractiveness as a manufacturing base for global markets and drive away investors to countries where the labour laws are not as severe.

To address this issue, the government should repeal Section 5-B of the Industrial Disputes Act mandating that companies with more than a certain number of workers obtain state government approval to rationalise their workforce. The recent Budget talks of raising the cut-off point from 100 to 1,000 but we recommend that this provision should not apply to any company. The government should, instead, establish a system that allows companies to let employees go by offering them a severance package. Such a system is in place in many countries. In the UK, for example, companies have to make a redundancy payment of between one and one-and-a-half weeks' salary for every year of service.

Productivity can also be increased across industries such as retail and steel if players are allowed flexibility in their use of contract labour. To this end, the government should amend the Contract Labour Act to allow the use of contract labour for all activities – not just activities of a temporary nature.

## **12. Transfer management of existing transport infrastructure to private players, and contract out construction and management of new infrastructure to private sector**

Bottlenecks in transport infrastructure in India are caused more by poor management than by a real physical shortage. For example, bottlenecks at Indian ports are the result of inefficient utilisation of berthing capacity, not a shortage of capacity. This is evident from the extremely high turnaround times for ships at the berths.

The government should take the following steps to rectify the problem:

- ¶ Lease the operation and maintenance of ports and airports to private players. The joint venture model, which has been successfully adopted at the new Cochin airport, can be implemented at all airports and ports across the country.
- ¶ Use BOT (Build, operate and transfer) contracts to develop and manage road infrastructure wherever feasible. In cases where the projects are not commercially viable, the contracts can be bid out to players demanding minimum subsidy.

## **13. Strengthen agricultural extension services**

There is significant potential for yield improvement in Indian agriculture. For example, we have found that wheat yield can improve by about 40 per cent while

dairy yield can increase as much as six-fold. Strong extension services to farmers will play a key role in this yield improvement, which in turn will increase rural incomes.

The extension services machinery has almost collapsed in most states. One of the main causes of this problem is that extension workers are government employees with limited pressure or incentive to perform. This problem can be addressed in three ways:

- ¶ Sub-contract the delivery of extension services to private parties selected by the village panchayats. The state agriculture universities can certify the private parties, with the village panchayats then choosing from among them.
- ¶ Encourage competition in upstream and downstream sectors. This will ensure that the players in this sector reach out and provide extension services to farmers. For instance, removing MMPO will encourage private players to reach out and provide extension services to dairy farmers. Similarly, allowing food processors to directly purchase from farmers and removing subsidies on farm inputs such as fertilisers and seeds will encourage upstream and downstream agricultural players to provide extension services to farmers.
- ¶ Improve the irrigation system by introducing usage-based water charges and transferring the operations and maintenance responsibility of the downstream irrigation system to elected bodies of water users.

## **THE IMPLEMENTATION CHALLENGE**

Mobilising broad support for the reforms by communicating their benefits and providing guidance and implementation support at all levels will be critical for the success of the change programme.

### **Building support by communicating the benefits of reform**

Many of the proposed reforms are likely to be resisted by groups with vested interests. Clearly communicating the need for reforms and their benefits to the Indian people will, therefore, be critical to ensure their smooth implementation. The communication programme should stress that the regulations being removed have failed to achieve their intended social objectives and have proved counter-productive in many cases. To illustrate, small-scale reservation has cost India many manufacturing jobs by preventing companies from being productive and, therefore, competitive in export markets. Similarly, tenancy laws, which were

designed to protect tenants, have driven up rentals and real estate prices, making good quality housing unaffordable for large sections of India's people.

Another important aspect to be emphasised is that these reforms will benefit all sections of society, not just the rich. It is imperative to point out that the programme is broad-based and does not depend on the trickle-down effect to benefit lower income groups and the poor. Instead, it will benefit every Indian by creating a virtuous cycle of GDP growth: For instance, millions of jobs will be created in construction, retail and manufacturing. This will increase wages (including in agriculture) and disposable income, and stimulate demand for goods and services. This greater demand will create opportunities for further investment, which will again create jobs. India will thus be well on its way to realising its potential.

### **Providing guidance and implementation support at all levels**

Of the total impact – increase in growth rate of approximately 4.5 per cent – about 55 per cent will be driven by reforms that fall under the ambit of the central government, while the balance will be driven by reforms carried out by the state governments (**Exhibit 6.9**). Almost all land market and power sector reforms fall under the ambit of state governments.

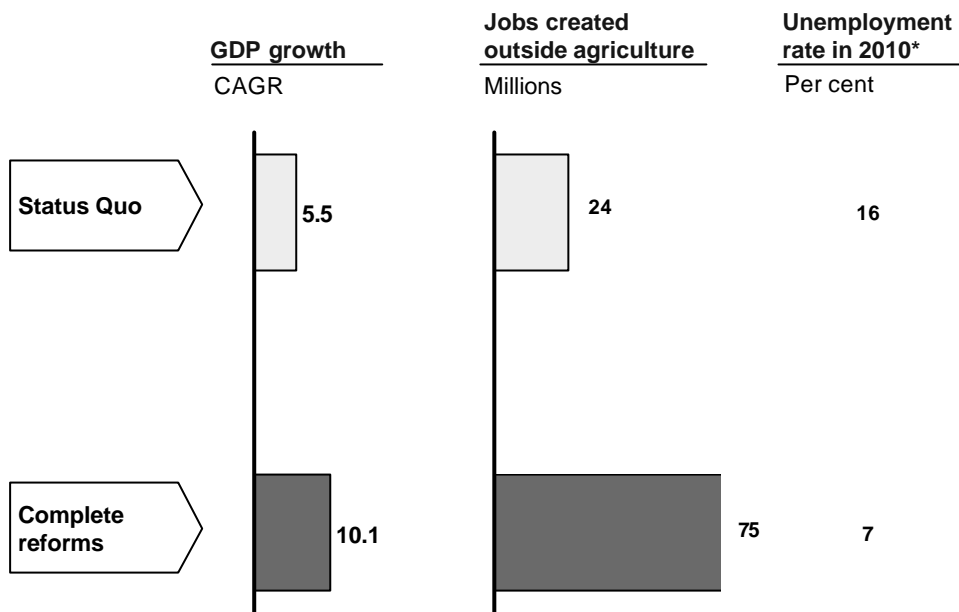
The central government should not only drive reforms in areas within its jurisdiction, but should also steer the state-level reforms. This will involve creating awareness among state governments on the critical areas for reform, helping design model laws and procedures that the state governments can replicate, and providing financial incentives to the states to implement reforms.

To play its role effectively, the central government should appoint a small team of senior cabinet ministers, under the direct supervision of the Prime Minister. This team should make the implementation of the top 13 actions its top priority.

A systematic onslaught against product and land market regulations, coupled with complete privatisation, will allow India to achieve a growth rate of 10 per cent a year. The benefits will be invaluable and only this level of growth will allow India to employ the millions of new people entering the workforce.

Exhibit 6.1

### IMPACT OF GROWTH RATE ON EMPLOYMENT

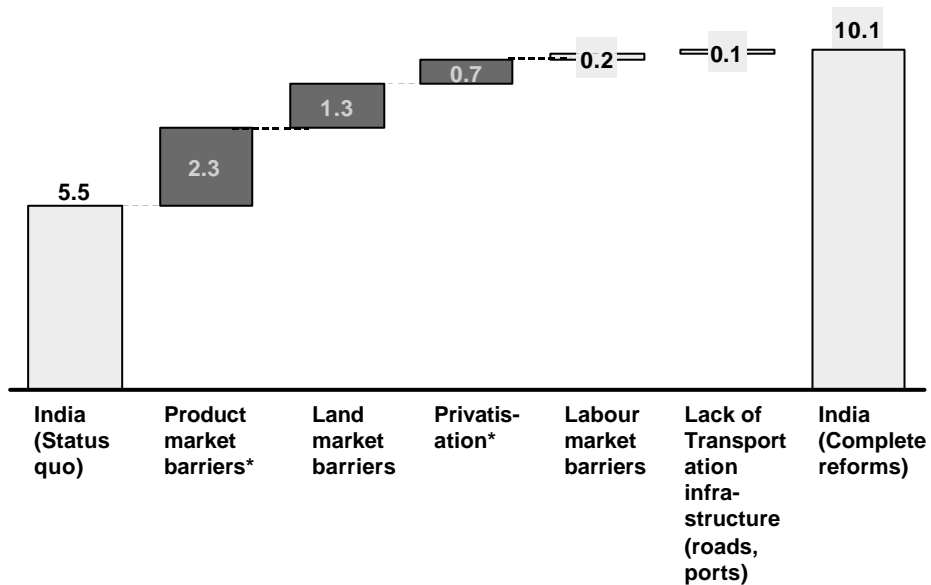


\* Current Daily Status. Assuming that labour participation rate remains constant  
Source: McKinsey analysis

Exhibit 6.2

### BARRIERS TO ACHIEVING 10% GDP GROWTH

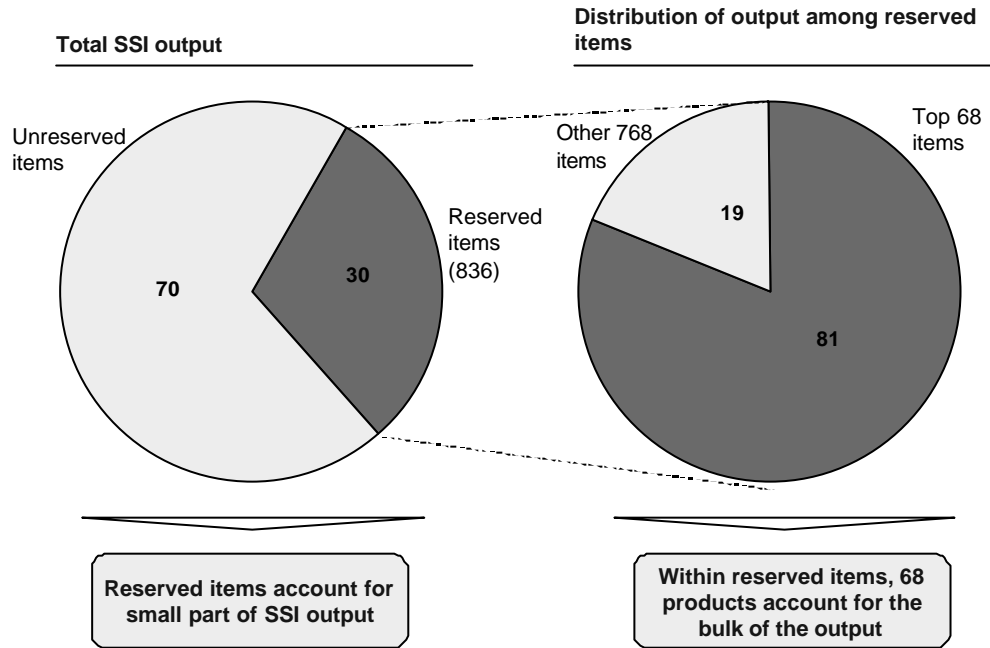
CAGR (2000-2010)



\* Includes power and telecommunications  
Source: McKinsey analysis

Exhibit 6.3

## STRUCTURE OF THE SSI SECTOR



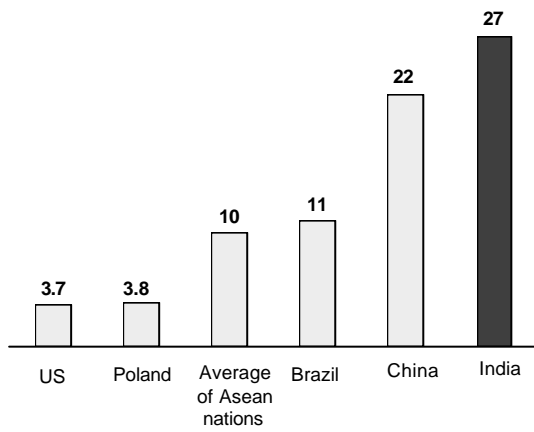
Source: Report of the Expert committee on SSI

Exhibit 6.4

## COMPARISON OF IMPORT DUTY LEVELS AND DUTY REDUCTION SCHEDULES FOLLOWED BY OTHER COUNTRIES

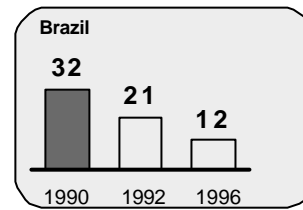
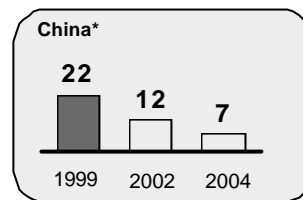
### Indian import duties are high

Per cent



### Other countries have reduced duties over 5 years

Per cent



\* As per the plans announced by Chinese officials  
Source: Country reports, WTO, Press articles

## PROFILE OF PSUs THAT HAVE BEEN PRIVATISED

Company	Sector	Revenue (Rs cr)	Profile
Modern Foods	Food processing	122	<ul style="list-style-type: none"> <li>• Small bread-making unit with 2000 employees</li> </ul>
Balco	Metals and mining - Aluminum	903	<ul style="list-style-type: none"> <li>• Turnover only 1/20 that of SAIL, the largest metals and mining player</li> </ul>

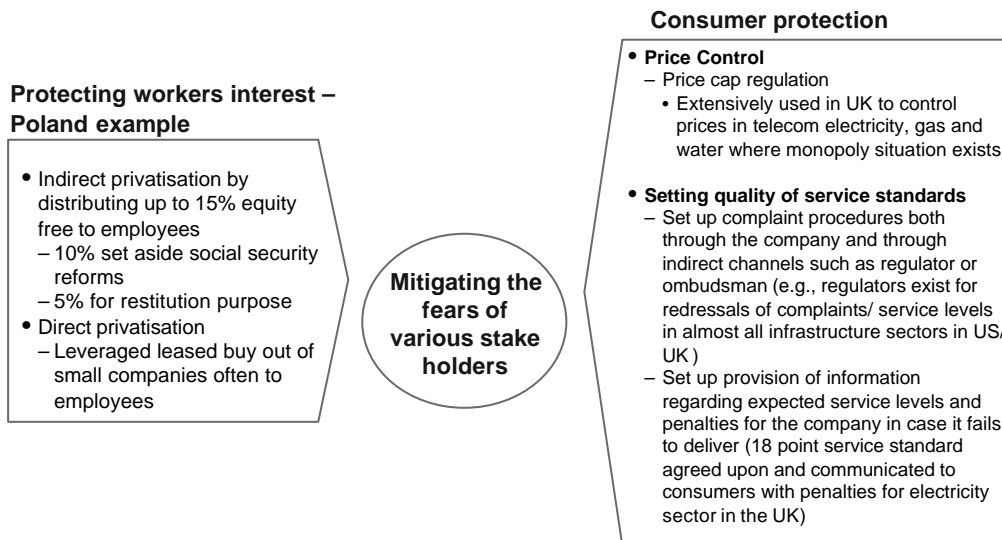


**Only two small PSUs  
have been privatised**

Source: LitSearch

5

## MANAGING PRIVATISATION IN A SOCIALLY AND POLITICALLY ACCEPTED WAY



Source: OECD Economic Surveys, McKinsey analysis

6

## SETTING UP AN INDEPENDENT EMPOWERED BODY HELPS SPEED UP PRIVATISATION PROCESS

### Brazil

National Privatisation Programme (PND)  
 • Inclusion of a company in the PND by a presidential decree

#### Decision making

National Privatisation Council (CND)  
 • Decision making arm responsible to the President  
 • Members include ministers of development, industry, commerce, finance and the ministry concerned

#### Execution

Administrative control of companies to be privatised transferred to Brazilian Development Bank (BNDES)  
 • Manager of National Privatisation Fund (FND)  
 • Administration: Manages, monitors and carries out the sale of companies included in the PND

### Chile

#### Decision making

• Sets privatisation strategy and decides on recommendations of privatisation committee  
 • Members include economy ministers, finance ministers, planning ministers, VP of CORFO and few other members that keep rotating

#### Privatisation committee

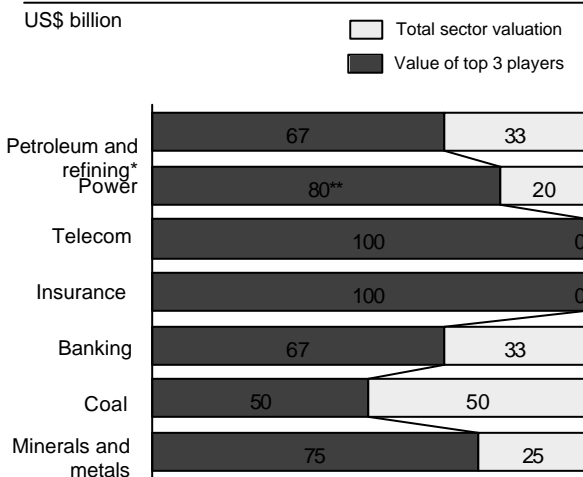
Administrative control of companies to be privatised transferred to the privatisation committee  
 • Recommends privatisation and oversees implementation  
 • Members include planning ministers, CORFO General Manager and 3 other senior CORFO executives

Source: World Bank, BNDES, Federal privatisation office Brazil

## INDIA NEEDS TO PRIORITISE ITS DIVESTMENT PROGRAMME

ESTIMATES

### Valuation of public sector entities – By sector



**Total value of Indian public sector estimated at nearly US\$ 140 – 150 billion**

**Within each sector the value is largely concentrated in top three players**

\* Assuming 74% divestment in ONGC

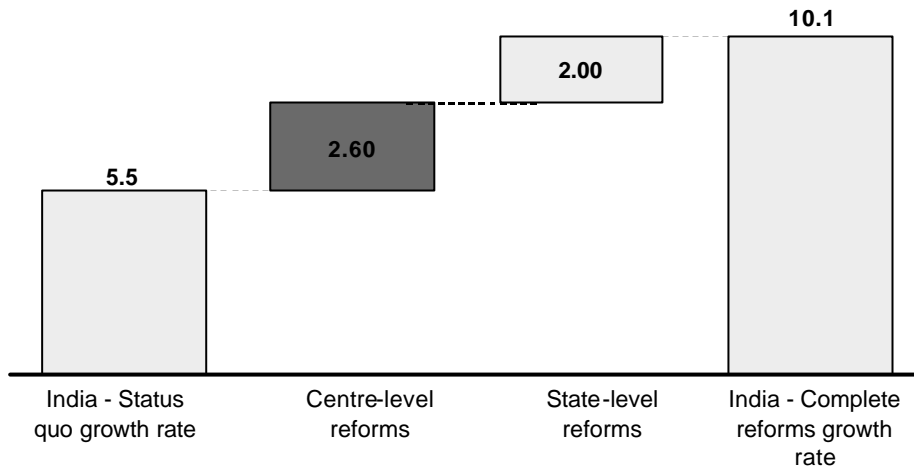
\*\* Estimated value of the SEBs

Source : CMIE, Divestment Commission report; McKinsey

Exhibit 6.9

## **BOTH CENTRAL AND STATE GOVERNMENTS WILL HAVE TO PLAY A ROLE IN DRIVING REFORMS**

CAGR (2000-2010)



Source: McKinsey analysis