

Government Policy Report

July 2021 Edition



Policies Covered In The Edition



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TOYCONOMY

A New Era of Innovative Gaming and Traditional Toys in India

The Government of India has conducted the “Toycathon, 2021” to boost the manufacturing of Indian culture and values-based toys and innovative games. This can help to model positive behaviours among the children as well as the youth of the country. Toys are the source of knowledge for children and can present different perspectives to them. These are the first and forever companions of human life. Right from rattles to costly play stations, every individual has beautiful memories of these toys. To tap the enormous opportunities and innovation in this sector, the Government has conducted this event for the first time. This was a joint initiative of Education Ministry, Women and Child Development Ministry, Ministry of MSME, Textile Ministry, Information & Broadcasting Ministry, and AICTE. It will help to create a reservoir of ideas related to innovative toys and gaming solutions.

The goal of this exercise is to establish India as a toy manufacturing centre across the globe and meet out the local demand as well. The global toy market is worth \$100 billion. Around 80% of toys in India are imported and India itself contributes to the global toy market worth only \$1.5 billion. China is the top exporter of toys in the world and holds the largest market share in India too. But these toys are not adding any cultural and moral values to our young generation and only increasing the import burden of the country. Thus through this initiative government is planning to conceptualize the manufacturing of smart learning toys and innovative games around Indian culture and values. It will promote the spirit of “Atmanirbhar Bharat” and “Vocal for Local” initiatives in the Indian toy market.

There were nine themes for the “Toycathon, 2021” including the rediscovery of traditional Indian toys. The students, academicians, start-ups, entrepreneurs, and toy experts were allowed to participate in the event. Hence it was open for new ideas and innovation from every resource possible. The idea is to create games that can “engage”, “entertain” and “educate” the young minds and channelize their enormous energy into productivity and positivity. At present, the local artisans in villages and tribal areas, women, Dalits, and the poor population are majorly contributing to the unorganized Indian toy industry. But they are not aware of the market demands and competition around the globe in this fast-growing market. To promote the financial growth of this deprived section of the society, the government is envisaging a plan to promote start-ups to infuse the new technology with these traditional artisans to capture the Indian and global toy market. The plan is to involve the millennial youth as the solution provider in this industry through conducting frequent Toy Fairs, Toycathons, and other such events. The government will also help in streamlining this major unorganized sector of the Indian economy through initiatives like Toy Cluster Programmes, etc.

Market Size(In USD)	Export (In USD)	Import (In USD)
1.5 Billion	130 Million	Approx 1.2 Billion

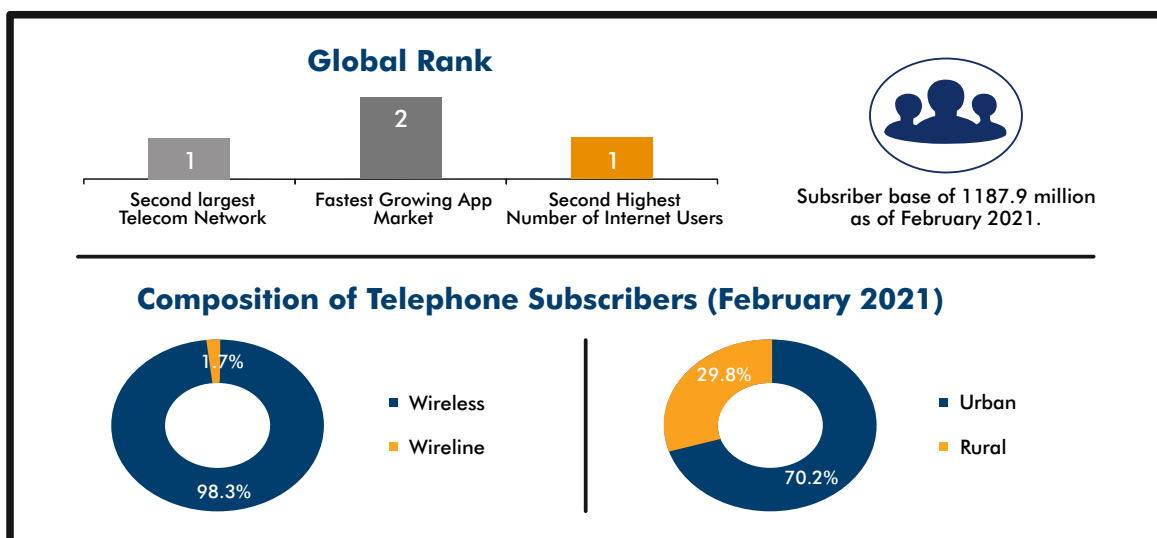
The government is envisaging the possibility of virtual reality and online gaming in India in near future through these initiatives. It will help in developing online games which will express and evolve around Indian cultural and moral values. As nowadays, most online games are fight-based and promote lots of violence and stress to young minds, it is important to use gaming as a resource to strengthen the capabilities of the mind and develop creativity through play. To increase its reach government is working on enhancing internet connectivity in urban as well as in rural areas at low prices. India is currently having the largest young population in the world and it is working as an asset to the tremendous growth of the toy industry also. The Indian toy market is so diversified as the taste and choices in the Indian market change rapidly. The Indian customer, on one hand, demands high-tech innovative intelligent games and at the same time need toys with traditional learnings and values. This versatility makes the Indian toy economy more attractive and unique to investors. The trends show that the per capita income of the Indian population will increase by 2.5 times by 2027 and this will increase the share of the rich Indian population by 1.2 times of the present. The Indian toy market is expected to cross \$2.9 billion by 2023. This shows a positive trend for the toy economy and thus the government is promoting investment as well as innovation in the industry. It will take the shape in future through the events like “Toycathon,2021” and will promote the growth of local artisans, start-ups, and entrepreneurs in the ecosystem.



BHARAT NET

Rural Broadband Connectivity Project for New Digital India

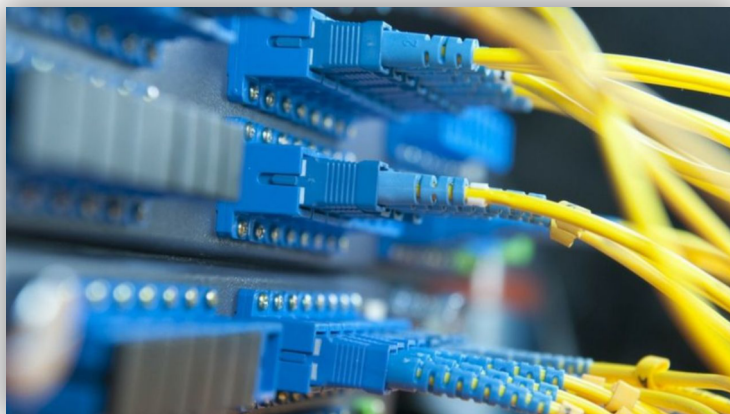
In recent times the Ministry of Communications, Government of India has extended the completion timeline of phase II of the Bharat Net Project and expanded the ambit of the project to 16 more states. Now the private players are also allowed to be a part of this ambitious project through the PPP model. The project is a mega plan to provide optical fiber internet connectivity to the rural and remote areas of Indian Territory through underground fiber lines, Fibre over power lines including radio and satellite media. We all are living in the digital age and India stands second in the world in terms of Smartphone users after China. But these Smartphones are not adding value to the consumers without good internet connectivity. India's urban-rural divide for internet connectivity is significantly large. Even after 75 years of Independence around 50,000 villages in India, do not have proper voice connectivity. On the other hand, urban India is mostly equipped with good internet connectivity. This all happens because many private players play a significant role in urban internet connectivity due to their large customer base and profit margins.



Rural India is still denied good and continuous internet connectivity. As in the rural and remote areas of India where population density is low and the cost of setting up the infrastructure is relatively high in comparison to returns. Thus the government of India, through Bharat Broadband Network Limited establishing the network infrastructure of affordable and demand intensive internet connectivity to all. It is inline with the vision of the government's Digital India initiative. In the times of the Covid19 pandemic, internet connectivity impacted almost every aspect of life from governance, health, banking to

education. This shows the efficacy and urgency to bridge the digital divide of rural and urban India. The Bharat Net which was earlier termed as National Optical Fibre Network has the aim to connect every Indian village and Gram Panchayat through fiber-optic broadband connectivity till 2023.

Earlier the phase II of the project was supposed to complete by 2020 but it is extended beyond August 2021 due to pandemic scenarios, repeated lockdowns, and other restrictions. The target is now set to 2023 by the government for complete implementation. At present, the plan is extended to provide internet connectivity to all the populated villages across India. This amounts to approx. 6.43 lakh villages and Gram Panchayats collectively. The project is distributed in 9 packages and any company or bidder will be allowed to work on a maximum of 4 packages of the project. These packages are assigned to the company for the concession period of 30 Years by the government. In Phase I of the project, BBNL implemented the project across 13 states and UTs till 2017. In this phase, around 1 lakh Gram Panchayats were covered through the underground optical fiber network. In 2020, for the very first time, the rural internet user in the country surpassed the urban internet users. This fact must boost the morale of investors and telecommunication companies soon. This will help in making the administration and governance in these rural and remote areas much transparent and efficient. It will connect them with the other parts of the country as well as the globe to tap the enormous leanings and create considerable job opportunities for the youths of these local areas. This exposure will help them to find new avenues and opportunities for their betterment and livelihood.



Under the Phase III of the Bharat Net Project, the government is planning to upgrade the existing infrastructure to meet future requirements as well. The Department of Telecommunication is also investing around Rs 107.43 billion in the north-eastern region under this

Project. Currently, the government has revised the implementation strategy of Bharat Net. Now the process involves the creation, up-gradation, operation, maintenance, and utilization of the Bharat Net Project through an international bidding process on the PPP model. As it will help to speed up the implementation process, encourage the use of new technologies, and provide efficient services to consumers at competitive prices. As a result, all Indian villages, Gram Panchayats, and remote areas will have high speed, reliable and good internet connectivity. This will allow better access to online education, implementation of government-enabled e-services, e-commerce, and others to grow in these areas too and help their inhabitants to connect with the remaining parts of the country and globe for knowledge sharing and trade.

FAME INDIA SCHEME

Faster Adoption and Manufacturing of Electric Vehicles to Boost Electric Mobility

The Government of India has increased the upfront subsidy on electric 2-wheelers by 50% under the implementation of the FAME II scheme. Now the subsidy amount for the same will be Rs 15,000 per kWh in place of earlier Rs 10,000 per kWh. The cap on subsidy is also increased to 40% of the cost of electric 2-wheeler from the earlier 20%. On the same line, the government has also reduced the GST on electric vehicles to 5% from the earlier 12%. These subsidy amounts will increase the affordability of electric and hybrid vehicles and help in enhancing their adoption by the Indian masses. This will also address the associated concerns like pollution, fuel scarcity, and environmental degradation and help the country to move towards sustainable growth.

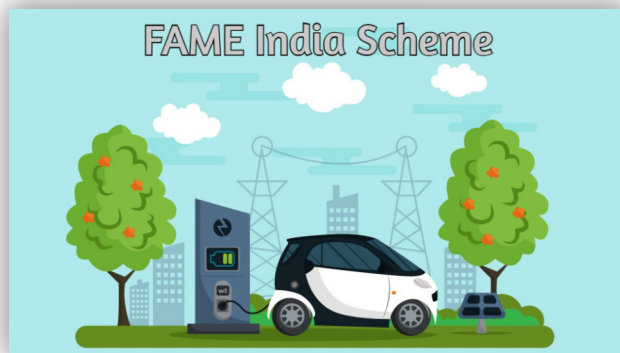
FAME scheme is implemented under the Ministry of Heavy Industries and Public Enterprises since 2015 under the National Electric Mobility Mission plan to boost the adoption of efficient, reliable, and affordable electric and hybrid vehicles in India. The government has conceptualized it as a Direct Benefit Transfer scheme in the form of a kind in place of cash. The first phase of the FAME scheme (FAME-I) was launched on 1st April 2015 and extended till 31st March 2019. In this phase, sanction of around Rs 359 crore direct demand incentives for the promotion of electric vehicles and approximately 500 Charging Stations/ Infrastructure took place. The Government of India has expanded the scheme through FAME-II and started the implementation from 1st April 2019.

Financial Year	Fund Allocated (In Rs Crores)	Fund Utilized (In Rs Crores)
2015-16	75	75
2016-17	144	144
2017-18	165	165
2018-19	145	145
2019-20	500	500
2020-21	318.36	318.36
2022-22 (as on 30th June 2021)	756.66	53.27

The budgetary outlay for FAME-II is Rs 10,000 Crore for 3 years. It will help in promoting electric and hybrid mobility and the establishment of the required charging infrastructure further. This investment is to create charging infrastructure for both public and private players. Under this

scheme, the government will encourage the interconnection of the present renewable energy sources with established charging infrastructures across the country. The second phase of the FAME scheme is expected to be completed by 2022. Over time, this will show the higher usage of electric and hybrid vehicles on Indian roads and promote the investment in sustainable innovative technologies in the transportation sector.

Under the second phase of the FAME INDIA scheme, the Indian government has a target to give incentives on the purchase of 5 lakhs 3-wheelers, 35,000 4-wheelers, and around 7000 electric buses along with the overall budget of Rs 1,000 crore for the establishment of the charging stations. This will boost sustainable and efficient public sector transport on Indian roads. The implementation of the scheme is monitored by the National Automotive Board under the Department of Heavy Industries. The incentives under the scheme are planned for buyers as well as manufacturers. The manufacturers of electric vehicles, lithium batteries, and electric motors will get the incentives for accelerating manufacturing and research development. This will create a higher demand for electric and hybrid vehicles in India in recent years and help the country to transit to electric and hybrid mobility vehicles easily and fast.



The incentive plan for manufacturers will envisage the new business models by the automobile industry and help in improving the customer perception towards electric and hybrid mobility. This will also boost the research and development process in the field and its related components. At the policy level, the government can plan low emission

areas and electric vehicles parking policies to speed up the adoption of these vehicles. Now the government has exempted the permit requirement of battery-operated vehicles running on ethanol or methanol-based fuel. All these government initiatives will create a positive environment for electric vehicles adaptability on Indian roads and help the environment to be sustainable. The increased adoption of green and renewable energy through the vehicles will make the crude oil pricing and scarcity issue a tale of the past. Thus, clean energy and innovation in technology will pave the way for a sustainable future in mobility through government efforts and public awareness across India in the future.

Resources

1. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1730071>
2. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1729979>
3. <https://www.investindia.gov.in/sector/consumer-goods/toys-manufacturing>
4. http://bbnl.nic.in/WriteReadData/LINKS/Rpt_Nw_Plg_tool6cad24a7-eea8-4adc-91ff-468d7119eeb0.pdf
5. <https://vikaspedia.in/e-governance/digital-india/national-optical-fibre-network-nofn>
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