The Right Processes for a Good Budget

Decision making is a difficult task, especially when the decision is going to affect millions. The presentation of the annual budget is one such important occasion wherein the Union Finance Minister Arun Jaitley is expected to lay out difficult choices while explaining the rationale in a manner which soothes those likely to be hurt.

Our economy is still grappling with the impact of demonetisation, while simultaneously being force-fed digital payments despite inadequate infrastructure. As if this double whammy on the domestic front was not enough, protectionist voices are globally gaining political mileage and threatening to disrupt the usual movement of people, capital, goods and services.

So what choices should Jaitley make to ensure India remains on the inclusive growth trajectory? To tackle the twin challenges of taking the right decision, and obtaining a buy-in from stakeholders, a transparent policymaking process is recommended. This involves publishing the different policy options and related costs and benefits in the public domain, and engaging the stakeholders in decision making.

This is not just theory but has been put into practice by several governments. For instance, UK publishes Tax Information and Impact Notes on proposed tax policy changes to provide a clear explanation of the policy objective together with the details of the tax impact on the exchequer, economy, individuals, businesses, civil society organisations etc.

In almost all the pre-budget consultations with the Finance Minister over the past few years, I have argued for competition reforms including the adoption of a Regulatory Impact Assessment (RIA) like one of the ex-ante impact assessment process reforms adopted by UK.

I am not alone in calling for the adoption of RIA in India. Since 2011, almost every other high-level expert committee suggested this. These include the Planning Commission’s Working Group on Business Regulatory Framework, the Financial Sector Legislative Reforms Commission, the Damodaran Committee and the Ajay Shankar Committee, among others.

Even the recently executed Memorandum of Understanding (MoU) between UK and India on Ease of doing Business involves cooperation on RIA. This MoU can be a catalyst for the government to take concrete steps for adopting RIA in the policymaking process.

Thus, a structured ex-ante assessment framework should be integrated in the government decision-making process for making right policy choices. This will go a long way in ensuring that policy decisions are well-thought-out and impose minimum costs on the economy. We will be able to avoid knee-jerk reactions originating from the sub-optimal wisdom of a close coterie of government advisers. The country deserves this. Make the right choice, Finance Minister!
Easing Spectrum Caps

Vodafone India and Idea cellular are in talks for a possible merger and are likely to ask the Department of Telecommunications (DoT) for a relaxation in the amount of spectrum telcos can hold, citing the ongoing consolidation wave that would reduce the number of players and render existing limits irrelevant.

A telecom operator can only hold a maximum 25 percent of the total spectrum allotted/issued in a circle and up to 50 percent of the airwaves allotted in any one bandwidth. Thus, both the companies are first trying to figure out a way to contribute their airwaves across all bands.

ET, 15.02.17

Policy Overhaul Plans

The Ministry of Electronics and Information Technology (MeitY) is revising its policy framework towards making India a global semiconductor hub, which will see the government taking a more active role, including initial investment, in a bid to attract private sector players.

The existing policy has not worked as it offered little commercial viability for the private sector. MeitY Secretary Aruna Sundararajan said while allowing alterations to make the policy more compelling to investors, the government may also look at overseas acquisition of assets.

ET, 20.02.17

Keen on Riding 5G Wave

The government is working on a policy on usage of high-frequency spectrum bands to ensure India moves quickly towards 5G, the next generation of telecom services.

Telecom Secretary J S Deepak said that the government has already issued draft guidelines for machine-to-machine communication and is looking into issues like international roaming with regard to 5G services.

In addition, he said the solution lies in increasing the expenditure in telecom infrastructure, which has gone up from ₹3,000 crore to ₹9,000 crore and will reach to ₹18,000 crore by 2018.

ET, 28.02.17

Need for Digital Literacy

In India as many as 950 million people still do not have access to the internet despite lower data tariffs and falling smartphone prices, an Association Chambers of Commerce and Industry of India (ASSOCHAM)-Deloitte finding revealed. It stated Start-ups should be involved to create and customise apps to local needs to increase adoption of digital technology.

As the present government is banking on a host of Internet-driven services for the ‘Digital India’ initiative, the study pointed out at India’s significant skills shortfall. This is merely 2.3 percent over a global average of 50 percent and efforts are necessary to augment digital literacy.

ET, 27.12.16

Carriers to Pool Spectrum

Sunil Bharti Mittal, Chairman of global telecom body GSMA, called on global carriers to pool spectrum in entities that could be run by third-party network operators to help drive down costs in the financially stressed sector.

The industry invests a massive amount of money, roughly about US$200bn, in annual networks globally.

The density of expenses in terms of capex, spectrum is going up whereas revenue is tapering off, which is putting a massive amount of pressure on return on capital employed of this industry, which has lost its appeal to investors.

ET, 28.02.17

Revising Tariff Rules

The inter-ministerial panel Telecom Commission has asked the sector regulator Telecom Regulatory Authority of India (TRAI) to implement orders on promotional mobile tariffs in “letter and spirit” and review existing rules to ensure financial growth of the industry.

The decision was taken after a decline of 10 percent to around ₹500 crore between second and third quarter of current financial year noticed by DoT.

The Commission has also approved changes in tender of comprehensive Telecom Development Plan for the north-eastern region following failure to attract interests of bidders for the ₹3,100 crore project.

ET, 22.02.17

Revising Tariff Rules

The inter-ministerial panel Telecom Commission has asked the sector regulator Telecom Regulatory Authority of India (TRAI) to implement orders on promotional mobile tariffs in “letter and spirit” and review existing rules to ensure financial growth of the industry.

The decision was taken after a decline of 10 percent to around ₹500 crore between second and third quarter of current financial year noticed by DoT.

The Commission has also approved changes in tender of comprehensive Telecom Development Plan for the north-eastern region following failure to attract interests of bidders for the ₹3,100 crore project.

ET, 22.02.17
New Fuel Norm

On-road emission tests for vehicles plying on roads will be mandatory once the Bharat Stage VI norm kicks in from 2020, for which testing agency Automotive Research Association of India (ARAI) is developing a Unified Test Cycle.

The ARAI is currently working on devising ways to determine the on-road emission benchmarks at different stages of vehicle lifetime in the aftermath of the Volkswagen emission cheating scandal broke out in 2015.

The current focus is to develop a test cycle-based on which emission tests would be done along with Bharat Stage VI.

Focus On Public Transport

The Centre will promote large-scale use of electric vehicles in the country by focussing on public transport system that includes taxis, buses and three-wheeler, since the move is likely to help in lowering the pollution level, stated an official.

Girish Shankar, Secretary in the Department of Heavy Industry said the focus will mostly be on public transport where the impact (in terms of lowering pollution) will be much more.

The proposals from the state transport undertakings to run the city buses on clean technologies are also under consideration.

Non-fare Revenue Policy

Railway Minister Suresh Prabhu unveiled a policy enabling the Indian Railways to earn revenue from advertising on trains, railway bridges and other assets, setting up of ATMs on platforms and offering digital content to passengers, with an expectation of revenues over ₹15,000 crore.

The non-fare revenue policy allows railways to consider unsolicited proposals to earn through non-fare sources with several flexible terms and conditions.

Entertainment services will also be provided through audio and video systems. Provision of content will be in paid and unpaid formats and expected to generate ₹6,000 crore.

Traffic Offenders in OPDs

Traffic offenders of Delhi should be made to spend time in emergency surgical out-patient departments, so that they can see the consequences of dangerous driving, the Parliamentary Standing Committee on Transport, Tourism and Culture has indicated in its latest report.

The Committee recommends that while giving community service, the state should take care that the service to be performed by the offender may not be degrading.

Under Section 200 of the Act concerned, state governments have been empowered to impose on the offender a requirement to undertake a period of community service.

Multi-Modal Connectivity

India is moving ahead with its plans of accessing transnational multi-modal connectivity as the Union Cabinet approved the signing of the International Road Transports (TIR) Convention by the government. India will be the 71st signatory to this international transit system, designed to facilitate the seamless movement of goods throughout these countries in Asia and Europe.

The two countries which signed TIR before India were Pakistan (2015) and China (2016). India has also been instrumental in the India-Myanmar-Thailand Trilateral Highway, along with the Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement.

Daily Target of 9.5 Km Tracks

Indian Railways has set a daily target of laying 9.5 km of tracks to complete its ambitious line doubling and capacity expansion projects earmarked for the following financial year.

The Railway Ministry is importing US-made track-laying machines that can lay around 1.5 km of tracks per day as against the 100 m the railways does on an average by laying tracks manually.

The Ministry is also going to undertake track renewal tasks (nearly 3,600 km) in 2018 to make the railway network safer in the wake of the recent train derailment cases.
Fixing Tax and Policies

The lack of clarity on many policy issues is a concern for the oil companies. Cairn India is fighting the government in court on a variety of issues ranging from a patently unfair tax suit to not getting an extension for its oil block in Rajasthan.

Despite the fact that its production sharing contract (PSC) allows it freedom to market crude oil, it is forced to sell its product at a 10-20 percent discount to Public Undertakings (PSUs) and private refining firms. Thus, unless the government can convince would-be investors of its bona fides, investment surge will be difficult. (FE, 09.03.17)

Extending LNG Support

Public sector utility Gas Authority of India Ltd. (GAIL) India is in favour of extending the liquified natural gas (LNG) support scheme for gas-based power plants. It is in favour of extending value added tax (VAT) exemption on natural gas for gas-based power plants, but the final decision on this depends on the negotiations between the state and central governments.

The government had reduced the basic import duty on LNG to 2.5 percent from 5 percent to make fuel cheaper by about 20-25 cents. But, consumers, such as power producers are far from satisfied. (BL, 09.02.17)

Second Generation Fuel

The Centre will soon come out with policies on the second-generation ethanol as well as methanol, non-conventional fuel resources, which will bring down the crude import bill by ₹1 lakh crore, said the Union Minister Nitin Gadkari.

He said it was decided to ethanol production on mission mode as India accounted for a huge ₹6 lakh crore imports bill on crude per annum and exploring and generating indigenous alternative would cut crude imports by at least ₹1 lakh crore. (ET, 27.02.17)

Joint Development Order

The government will order joint development of oil and gas fields if it is found that the fields being developed by different contractors share a common reservoir, the disagreement of the contractors notwithstanding, according to a draft contract under the new exploration policy.

In the absence of agreement between the contractors, the government will call for a joint development plan from an independent agency.

Separately, the model revenue-sharing contract provides for joint development of common infrastructure. (ET, 08.03.17)

Domestic Production Hurdles

Prime Minister Modi wants India to reduce its oil and gas imports by 10 percent by 2022. This seems a tough task given many challenges in increasing domestic production.

The ongoing protest in Neduvasal village in Tamil Nadu’s Pudukottai district is symptomatic of a key risk of getting local consent.

Further, in the revenue sharing mechanism under (HELP), contractors have to share revenue with the government from the start of production; costs cannot be recovered first. Moreover, there is the problem of formula-based gas pricing. (BL, 04.03.17)

Unlocking Oil and Gas Assets

India approved awarding rights for 31 small discovered oil and gas fields in its first auction in six years, entrusting most of these to new entrants as it seeks to boost local production.

“It is exciting that a lot of new players are coming – it is very healthy for the industry”, P Elango, Managing Director of Hindustan Oil Exploration said.

“It creates a new set of players in the market, which can fuel the next wave of growth in the industry” he added. Moreover, The estimated revenue from these blocks is seen at as much as ₹464bn.

(Bloomberg, 15.02.17)
**Record Low Solar Tariff**

Tariffs for solar power have fallen to record lows below ₹3 per KWhr, providing a boost to the National Democratic Alliance’s green energy drive. Renewable Energy (RE) producers quoted the prices, at which they will sell solar power, to win contracts to develop the world’s largest solar power plant of 750 MW in Rewa, Madhya Pradesh.

Mahindra Renewables Pvt. Ltd, Acme Solar Holdings Pvt. Ltd and Sweden’s Solenergi Power Pvt. Ltd. bid ₹2.979 per kWhr, ₹2.97 per kWhr and ₹2.974 per kWhr respectively to win contracts to build 250 MW plants each. (Mint, 11.02.17)

**Rural Electrification Target**

According the GARV or Grameen Vidyutikaran portal, which monitors the rural electrification programme in a real-time basis, as many as 12,033 villages have been electrified so far and work is underway in 5,665 villages.

About 12,000 villages out of 18,452 are unelectrified villages. The remaining villages (70 percent) are mainly in four States including Arunachal Pradesh (1,229) Assam (972), Jharkhand (892) and Odisha (875).

The remaining villages (which cannot be electrified in the given timeframe) are mostly in naxal areas, forest areas, and riverine areas, flood-affected and hilly/remote areas. (BS, 06.02.17)

**Rethinking Energy Policies**

India needs to “re-think” its energy policies and say no to nuclear power, Greenpeace India said after the Non-government Organisation (NGO) released a report highlighting high radiation levels in Fukushima in Japan.

As Fukushima nears its sixth nuclear disaster anniversary, it continues to be a grim reminder of the destruction and loss lives that nuclear power can cause.

The NGO stated with the solar tariffs going down to record low levels, India’s energy needs for the coming 10 years can be fulfilled by cleaner and safer sources of energy in the form of solar and wind. (IE, 21.02.17)

**Coal Dominating Power**

“India’s power sector will remain dominated by coal over the coming decade despite significant growth in cleaner sources – notably nuclear, non-hydro renewables and natural gas”, BMI research firm stated.

Coal will dominate over 10-year forecast period, with it making up a share of just less than 70 percent to the total power generation mix by 2026.

This is roughly the same level as it is currently, with growth underpinned by the significant and continually growing project pipeline for coal-fired power facilities in the country. (ToI, 22.02.17)

**New Hydro Power Policy**

The government will bring out a new policy for the hydro power sector next fiscal to boost this clean source of energy. The new policy also seeks to bring large hydro projects at par with smaller ones in terms of availing various benefits.

At present, small hydro projects of up to 25 MW capacities are considered as RE initiatives and are eligible for various incentives by the government. Developers of large hydro power projects would get a big boost if the distinction between small and large hydro projects is removed. (ToI, 27.02.17)

**Solar Energy Policy**

Delhi’s solar policy will come into effect from April 2017, eight months after it received the Aam Aadmi Party (AAP) government’s approval. Under the scheme, people who need solar panels of 1-5 kW will have to invest only between ₹70,000-₹2 lakh.

The price would further plummet once they start generating power, with consumers getting an additional generation-based incentive of ₹2 per kW of solar power for three years.

Also, the consumers will be able to fix rates through a competitive process and they will have a list of 75 government-certified vendors to choose from. (HT, 03.03.17)
FINANCIAL SECTOR

Compatible Tax Rates
Developed nations around the world are trying unconventional policies to revive their economies, incentivise repatriation and compete for capital. Against this background, the government should consider reducing the corporate tax rates in India substantially for businesses to stay competitive and invest in India.

Access to capital is another important consideration for corporates. Developing a strong debt market will support the credit needs of the corporate sector. It provides an alternative platform for raising debt finance and reduces dependence on the banking system, which is reeling under the impact of Non-performing Assets (NPAs).

Bad Bank’ Proposal
The proposal for a bad bank has found little traction with the government, which wants to leave it to market forces and banks to clean up their books instead of the Centre stepping in for what many believe will amount to a bailout.

Chief Economic Adviser Arvind Subramanian and Viral Acharya, new Reserve Bank of India (RBI) Deputy Governor have suggested variants of a bad bank in the form of Public Sector Asset Rehabilitation Agency (PARA) and National Asset Management Company.

However, the issue is best left to banks as the government did not have the required resources to meet the capitalisation needs.

(Aadhaar for Tax Returns
The government decided to lower the limit on cash transaction from ₹3 to ₹2 lakh, and make Aadhaar number mandatory for filing income tax returns and applying for a PAN card. The decisions were part of amendments moved to the finance bill, which puts into effect the Budget proposals.

The Budget 2017 had proposed cash transactions of more than ₹3 lakh value be banned but the recent finance bill lowers the ceiling, said Revenue Secretary, Hasmukh Adhia.

“The difference between demonetisation and this is that the former is used to destroy the stock of black money while the ban will prevent the future flow of black money”, he added.

(Record High NPAs
Amid a debate on need for a ‘bad bank’ to tackle mounting NPAs, eminent banker Deepak Parekh has said “it is time to bite the bullet” but cautioned against any such move being seen as a government bailout using the taxpayers’ money.

Asserting that India’s macro-economic parameters have never been more robust, Parekh said the ‘twin balance sheet problem’ – a lethal combination of stressed corporate and stressed bank balance sheets – is worrisome and if private investment, which is stuck in a vicious cycle, does not pick up, India's true growth potential will not be attained.

No Unwarranted Interference
In response to a forum of RBI staff representing 18,000 employees across all ranks, writing of feeling “humiliated” of the central bank’s lack of autonomy and alleging of the Finance Ministry having an “unwarranted interference”, the Ministry of Finance stated that it respects the autonomy and independence of the RBI.

The Ministry of Finance said, “There has been a report in sections of the Press that some unions have alleged infringement of the autonomy of the RBI and the government fully respects the independence and autonomy of the central bank”.

Global Impact of Note Ban
Demonetisation has negatively impacted job creation by hurting small and medium enterprises (SMEs) in the immediate run, an The Associated Chambers of Commerce of India (ASSOCHAM) survey said. However, the large and well-organised sectors of the Corporate India stand to benefit in the long run, the Oldest, Leading, Largest and Apex ASSOCHAM’s Bizcon Survey indicated.

With regard to the sectoral impact of demonetisation, it said a majority of industry feels that agriculture, cement, fertiliser, automobile, textiles and retail will have “negative impact”.

Naming and Shaming Defaulters
As NPAs of public sector banks soared to a staggering ₹6.8 lakh crore, the Chairman of a key Parliamentary panel favoured naming and shaming corporate houses, which default on repayment of bank loans.

Public Accounts Committee (PAC) Chief K V Thomas hopes “naming and shaming” such corporate houses may help financial institutions get back their money. “We intend to give names of such big defaulters who owe money to banks in our reports to be submitted in Lok Sabha before the end of budget session”, Thomas added said.

(No Unwarranted Interference
In response to a forum of RBI staff representing 18,000 employees across all ranks, writing of feeling “humiliated” of the central bank’s lack of autonomy and alleging of the Finance Ministry having an “unwarranted interference”, the Ministry of Finance stated that it respects the autonomy and independence of the RBI.

The Ministry of Finance said, “There has been a report in sections of the Press that some unions have alleged infringement of the autonomy of the RBI and the government fully respects the independence and autonomy of the central bank”.

(BS, 05.03.17)

(BS, 16.03.17)
In India, which is the biggest greenhouse gas emitter after the US and China, renewable energy currently accounts for 15 percent, or 45,917 MW, of the total installed capacity of 3,10,005 MW. Goyal also mentioned about conventional sources of electricity having an important place in India’s energy mix and the likelihood of low wind profile areas not receiving the same level of low price bids.

Your reactions to the record low wind tariff bids of ₹3.46 per kWhr?

The wind power procurement has the potential to save thousands of crores of rupees; in effect public money, which would otherwise go to private hands. And it is estimated that consumers of India or for that matter everywhere in the world would have had to bear the burden of the extra cost. Whereas, because of competitive prices discovered through most transparent auction process has reduced the burden and that is the effort of this government. It is one more significant achievement towards putting an end to corruption, black market and discrimination.

And, do you realise that this is without generation based incentive (GBI)...So effectively, imagine the profiteering, which was happening.

Were you expecting such low tariffs?

I was expecting it to go below ₹4 per unit but when the opening bid itself came at ₹4 per unit, it was felt that it will go much lower. My initial own estimates were between ₹3.50 and ₹3.55 per unit...It was an accurate assessment.

For solar bids also, my office had calculated before the bidding that what could be an estimated price and we were 3paise off. We had calculated ₹2.94 per unit (for the first year tariff), given the current pricing structure internationally of equipment and the advantages that India has because of good irradiance; we had estimated that the bid will come down to ₹2.94 per unit plus 5paise (per annum escalation in tariff for 15 years).

The wind industry is so much used to the pricy tariffs and has over the years demonstrated a higher equipment price. Possibly, that could have been one of the reasons why wind was being bid at higher prices in the country.

I have been saying from the day that I had took office to these guys to come and bring in transparency in tariffs...My own gut feeling was unless the prices come down, the demand may not be there for wind. And that is exactly what happened.

Moreover, since there is competitive procurement, we must bear in mind that there is much better counter party risk and the developer is allowed to set up the project at any place of his choice. So obviously, they will be putting it up at places of better wind potential and higher output. Thus, when there is a tender for low wind profile area, we may not be able to discover exactly the same price on a bid to bid basis.

What bearing will these bids have on conventional sources of electricity, such as coal fuelled projects?

I think everybody has a place with India’s growing demand. We will probably be having the world’s largest growth in global electricity consumption in two decades, and probably the only large country in the world to have this kind of growth. It is expected that we will quadruple our consumption of electricity. In this scenario, every sector will have its place. After all, without a base load, what will wind and solar energy do?

Will these low bids impact electricity tariffs from other fuel sources?

I do not think so. Most of the other sectors have already come in the competitive bidding fold. You cannot sell thermal power without the competitive bidding. It is already there.

Should these tariffs be seen as a statement from India on our clean energy commitments?

India has been developing its green energy resources. Our sense of the environment is an article of faith as Prime Minister Modi has said. It is not that because somebody else told us to do it or because we have signed the United Nations Framework Convention on Climate Change. We have been working towards providing a clean environment to the people of India and we are doing it out of our own conviction.
No More Tensions with Internet Firms but TRAI Must Clarify Rules

Telecom operators are happily working with Internet firms like Google, Facebook and Whatsapp presently but regulator Telecom Regulatory Authority of India (TRAI) must clarify rules to resolve differences over app-based calling and messaging services, Bharti Airtel Chairman Sunil Bharti Mittal stated.

“Over-the-top (OTT) players and telecom players are very happily co-existing. Gone are the tensions and I think they love putting up more networks, lower the prices”, Mittal said. Operators have been demanding that app-based calling and messaging services should be brought under the licencing regime. However, internet firms have been opposing any such move as it would scuttle innovation, affordable or almost free messaging services and adversely impact people adopting Internet.

“This is a digital society with collaborative effort but it cannot be said that telecom operators have no role to play and only OTT players (internet-based calling and messaging providers) will do it. "They cannot do it without backbone that telecom networks have to build. This will go hand in hand that is why our relationship with Google, Facebook, Apple, Whatsapp, Hike...very healthy”, Mittal mentioned.

Telecom operators have complained to the government and the regulator TRAI that internet-based calling and messaging companies are making a dent on their revenues by providing the same services without having the need to follow rules and regulations applicable on mobile services firms.

Mittal said telecom operators are unable to match the rates of OTT players due to high capital expenditure. “You must remember that OTT players have no capital expenditure. Their market caps are through the roofs, they have to spend nothing. Telecom companies have to spend US$200bn in capex”, Mittal added. As per experts, typically an average voice user ends up consuming around 400 minutes of network time in a month, which if delivered using mobile broadband services like 3G and 4G translates into 18 to 72 MB per month.

Telecom operators are currently offering 1GB (1024 MB) of mobile internet for around ₹50 these days which is more than enough for consumers to meet their monthly calling needs. Mittal also said that TRAI must clarify rules around app-based calling. “We have been saying same service same rules. You just clarify the rules. TRAI must clarify that as simple as that. You must understand that there is no case that BSNL has any significant technology edge”, he added.

“On the contrary, given the difficulty public sector has getting to newer technology, private sector is way ahead. It is not that private sector does not have technology, it is the regulation which has to be same service same rules”, Mittal mentioned. Telecom firms under the Cellular Operator Association of India (COAI) have approached the regulator against Bharat Sanchar Nigam Limited’s (BSNL’s) fixed mobile telephony services.

BSNL’s limited fixed-mobile telephony service is an app-based calling service that virtually turns mobiles into cordless phone working in sync with landlines to make and receive calls within home premises. In its letter to TRAI, COAI alleged that the BSNL’s service bypasses Interconnect Usage Charges (IUC) in the form of termination charges. Furthermore, incumbent telecom operators have opposed reduction or removal of IUC, which is charged by one telecom operator from another for carrying calls or SMSes on its network. Mittal said that IUC should stay as there is the cost incurred for completing or carrying calls on telecom networks. “Why should it (IUC) go away? There is cost to be paid for all media that you put in”, he added.

TRAI is working on net neutrality and interconnection usage charges, which are expected to resolve regulation around app-based calling and messaging services. “Our view is same service same rules. If you are going to give a different set of rules, which are light touch and favourable, just give the same to us”, Bharti Airtel founder indicated. Mittal stated that during his tenure as Chairman of global industry body GSMA he worked with all operators to reduce drastically international roaming charges and protect consumers from bill shocks.

“In international roaming we have made move. You will see during my term, we have already given our announcement. We ate down by over 90 percent from April 01, 2017. Trend will start to pick. During my rule international roaming will be thing of the past. There will be some extra charge that people will pay in per day packs but gone are the days of high bill shocks and atrociously high tariff that roaming currently has”, Mittal opined.

* This has been abridged from an article published in Business Standard on March 06, 2017
Solar-powered Roads for India?

Leslie D'Monte*

To be fair, India has explored the utility of solar roofs. After setting up canal solar power projects, scientists at the Gujarat Energy Research and Management Institute (GERMI), in April 2013, proposed a pilot solar power project at a Gujarat State highway. But nothing much was heard about the project after that.

Call it Utopian but the idea of having solar-powered roads in India is a truly appealing one. The reason is simple. The country, which has the second-largest road network in the world, is blessed with about 300 days of sunny weather and a government that is convinced about the potential of solar power and electric cars. In 2014, India’s Prime Minister Narendra Modi announced a goal to increase solar power capacity to 100 GW by 2022. Moreover, it is encouraging the sale of electric cars in the country.

On the flip side, India does not have enough electricity to even power all its cities, towns and villages. So even powering electric cars at charging stations is bound to pose a very big challenge. In this context, a solar-powered road that charges electric vehicles on the go does sound like a good idea.

The proposition is definitely not outlandish. In fact, the world’s first solar highway was inaugurated in France, in the not-very-sunny village of Tourouvre au Perche in Normandy (France). The road was built by Colas, an Anglo-French construction company. Colas teamed up with the French National Solar Energy Institute to develop the solar highway called Wattway, which is a km long. The project is expected to be used by about 2,000 motorists a day.

Wattway photovoltaic panels are directly applied to existing roads, highways, bike paths, parking areas, etc., without any civil engineering work and can safely bear vehicle traffic of all types, while producing electricity, claims Colas. Each panel contains 15 cm wide cells making up a very thin film of polycrystalline silicon that transforms solar energy into electricity. These extremely fragile photovoltaic (PV) cells are coated in a multilayer substrate composed of resins and polymers, translucent enough to allow sunlight to pass through, and resistant enough to withstand truck traffic.

Colas claims that an average single home (not including heating) can do with a mere 20 m² of Wattway, while 100 m² of Wattway panels can provide enough power for an electric car to travel 100,000 km.

Ségolène Royal, France’s Minister of Ecology and Energy, announced in January 2016 that the government intends to pave 1,000 km of road with photovoltaic panels in the following five years, supplying power to millions of people.

However, it was the Netherlands that built the first solar road – a bike path – in 2014. Other companies in the fray for solar roadways include German startup, Solmove, that aims to bring solar panels to German roads, and Idaho-based Solar Roadways Inc., which has received three rounds of the US government funding (plus US$2mn in venture capital) to test its technology, according to a report by National Geographic.

Exciting as solar roadways may sound, there are many challenges on that path. First, a little above 60 percent of Indian roads are paved. Second, the cost of building a solar roadway is exorbitant – just a km of the Normandy road, for instance, cost around 5 million Euros. Third, while the sun is undoubtedly the greatest sustainable energy source on earth, the problem is the low efficiency – 80 percent of installed PV panels worldwide have a performance of 15 percent or lower. Fourth, solar panels can be stolen in India. Last, but not the least, Indian municipalities suffer from a lack of coordination when it comes to incessantly digging up roads.

As prices continue to fall, solar energy is increasingly becoming an economical energy choice for homeowners and businesses. A January 28, 2016 note by Peter Harrop, Chairman of Research firm IDTechEx Ltd., points out that while “installing photovoltaics in roads seems a daft idea at first...a closer look reveals that most of the problems are easily overcome...”.

Harrop concludes: “At IDTechEx we do not see solar roads replacing power stations: do that with a field full of solar panels not transmission and maintenance over long distances. However, they could be excellent for dynamic (in-motion) charging of electric vehicles possibly coupled with roadside wind turbines or tethered multicopters providing Airborne Wind Energy or AWE in the new jargon.”

* National Technology Editor, Mint. This was published on January 25, 2017
Robust M&A Activities

Based on large scale acquisitions, Indian merger and acquisition activities touched a six-year high in 2016 and deal values clocking US$56.2bn, the highest since 2010. A resilient domestic economy and stable capital markets delivered robust M&A activity throughout 2016, with a total of 867 deals with a disclosed value of US$56.2bn.

The increased trend in merger and acquisition is driven by the increased market consolidation as companies divested distressed assets to reduce debt while companies with stronger balance sheets deployed more funds for acquisitions and strengthening their foothold. (BL, 23.02.17)

Economic Growth and Poverty

The Union Budget 2017-18 has been framed in the context of rising global challenges and rising domestic imperatives. The budget sought to place more money in the hands many people and encourage small enterprises, which produce large scale jobs, besides giving a fillip to farming, rural development and infrastructure. All these coupled with sound financial management, increased private consumption, revival of farm sector go ahead in boosting the economy. Moreover, withdrawal of high value currency notes was one of the major steps in curbing corruption that the present government had promised before coming to power. (IE, 01.02.17)

Draft Steel Policy

The draft steel policy aims at increasing the investment in the sector to ₹10 lakh crore and aims at setting up greenfield steel plants along the Indian coastline to reduce the production cost by tapping imported coking coal and other materials at a reduced cost and exporting the output in a cost effective manner.

The policy further envisages production enhancement capacity to 300 million tonne by 2030-31, which in turn expects to create 11 lakh new jobs. Its cost reduction solutions are cutting down coking coal imports and encouraging use of gas-based steel plants and technologies. (TH, 21.01.17)

India Slips to 143rd Rank

India ranked 143rd on an annual index of Economic Freedom by a conservative US political think tank named ‘The Heritage Foundation’.

According to the report even though, India grew at an average of 7 percent for the past five years, the country lacks policies, which promote growth.

Even though India has significant role in world trade, corruption, institutional complexities, mismanagement of public money undermine all development. (HT, 16.02.17)

2020 Target Not Met

The government is set to review its ambitious goods and exports target of US$900bn by 2020 as it is difficult to be achieved in the proposed global scenario. According to an official, new target is likely to be set after a mid-year review of the foreign trade policy. The review aimed at taking the corrective steps by assessing the impact of export sops on various sectors is to begin soon. However, there is no clear indication on revising the previously set targets or setting a new one. (IE, 01.02.16)

Effluent Treatment Plants

The Supreme Court has directed industrial units across the country to set up effluent treatment plants within three months. The Court said industrial units without functional primary effluent treatment plants will not be allowed to run after the stipulated time.

“State pollution bodies will ask Discoms (distribution companies) to disconnect power for industries that do not comply”, the Court added. It also directed states to build common effluent treatment plants within three years.

The Court’s orders came on a public interest litigation filed in 2012 by non-profit Paryavaran Suraksha Samiti, which sought directions to control industrial pollution. A bench headed by Chief Justice J S Khehar instructed that industrial units and states periodically apprise the National Green Tribunal of the progress made. (Mint, 23.02.17)

Overestimated GDP Growth

According to rating agencies ICRA and CRISIL, Gross Domestic Product (GDP) growth projected by the Centre in the recent budget is overestimated due to lack of information on the third quarter, when the economy showed slow down due to demonetisation. ICRA and Care Ratings have forecast 6.8 percent growth for 2016-17 and CRISIL 6.9 percent, which are significantly lower than the government’s projection of 7.1 percent growth.

According to CRISIL research centre, the overestimation by the Government is mainly the advance estimates of certain indicators in the third quarter by the Central Statistical Organisation (CSO). (FE, 08.01.17)
Government Devising a National Master Plan for Manufacturing Clusters

Ruchika Chitavanshi*

Manufacturing GVA is estimated to grow by 7.7 percent in FY17, more than 6.7 percent for the entire economy. The master plan would identify infrastructure support including plug-and-play facilities, forward and backward linkages provide incentives on electricity tariff, flexible labour laws, and open access to power supply among other things.

In a major overhaul of the country’s manufacturing strategy, the government is devising a National Master Plan for manufacturing clusters. The government will also assess big projects including the Sagarmala Project, and upcoming industrial corridors to ensure they are in sync with this master plan being worked out. A committee formed under Amitabh Kant, Chief Executive Officer of Niti Aayog, is expected to finalise a comprehensive master plan between June and August 2017.

The government is betting big on manufacturing through ‘Make in India’ to create millions of jobs the country needs. It is targeting to increase the share of manufacturing in the economy to 25 percent by 2025 from around 18 percent now.

Manufacturing gross value added (GVA) is estimated to grow by 7.7 percent in FY17, more than 6.7 percent for the entire economy. The master plan would identify infrastructure support including plug-and-play facilities, forward and backward linkages, provide incentives on electricity tariff, flexible labour laws, open access to power supply among other things.

It would also include a single window clearance to substitute the current system where starting a manufacturing plant requires over 20 approvals from the state and the centre.

Pending this plan, the industrial department is putting on hold any new addition of manufacturing nodes till it assesses the capacity utilisation in current manufacturing parks, whether they belong to centre, states or a private entity. It has started taking stock of all existing capacities and questioning the rationale for all new upcoming industrial parks, food and leather clusters among other such facilities.

The plan will be made in consultation with states, respective Ministries to ensure that all new capacity addition is demand-led, optimises the external infrastructure and does not drain taxpayer’s money.

“Creation of manufacturing zones should be in response to a demand… We can save lakhs of crores (of rupees) if we stop taking up unnecessary projects and first utilise existing capacity”, a senior government official stated.

The government will make it mandatory for all future projects to follow the master plan. Already the process to have a geographic information system for all existing manufacturing clusters has begun to assess the demand for industrial land and existing logistics capabilities.

“We need a complete overhaul in the way we look at manufacturing in the country…If the plan improves productivity and efficiency in the sector then we need to put a concerted effort behind it”, added the official.

* Reporter with The Economic Times. This feature has been abridged from an article published on March 07, 2017
Unknown Income Sources
A study by the Association for Democratic Reforms (ADR) has found that nearly 69 percent of the total income of national and regional parties comes from unknown sources. The founder member of National Election Watch, ADR, said that the government decisions, such as demonetisation will be effective only when political funding is made transparent.

The Election Commission of India (ECI) has recommended that details of all donors who donate above ₹2,000 be declared in the public domain. Further, the ADR hopes these reforms are proactively taken up by the Government for implementation. 

Cost of Pollution
Air pollution contributed to a total of 80,665 premature deaths of adults over 30 years in Mumbai and Delhi in 2015, according to a new study at the Indian Institute of Technology, Mumbai.

In economic terms, it cost the two cities about ₹70,000 crore, or about 0.71 percent of the country’s GDP. The author of the study said the impact of air pollution on health and productivity was evident in that the increase in cases and cost after 2005 was in line with the overall trend in pollution.

Women Earn 25 Percent Less
Women in India earn 25 percent less than men, proving that gender continues to be a significant parameter in determining salaries in India, according to the Monster Salary Index (MSI) on gender for 2016.

The issue of gender pay gap arises for complex reasons in India, and some reasons make it unique to the country, given its deep-rooted philosophies and industrial employment practices.

There need to be policy changes to combat gender-based stereotypes in employment and promote equal pay between men and women at the workplace.

India Maintains 131st Rank
India has ranked a lowly 131st among the 188 countries surveyed for human development, a new UN report has said, bracketing the third-largest Asian economy alongside its South Asian neighbours like Pakistan, Bhutan and Nepal.

India has made no improvement in its ranking over the previous year, despite the Human Development Report for 2015 noting that foreign direct investment favours countries, such as China and India. India’s Human Development Index (HDI) rank in 2014 was also 131st.

Richer Global Firms
The world’s 10 biggest corporations together had revenue greater than that of the poorest 180 countries combined in 2015-16, said a Oxfam report. The analysis of Oxfam, places the super-rich as individuals who have a net worth of at least US$1bn.

The report also stated while the income of chief executives has skyrocketed, wages of ordinary workers and producers have barely increased.

Over the coming 20 years, 500 people will hand over US$2.1tn to their heirs, a sum larger than the GDP of India, a country of 1.3 billion people.

Second Largest LPG Consumer
India has become the second-largest domestic liquefied petroleum gas (LPG) consumer in the world due to the central government’s rapid rollout of clean fuel plan for poor households and fuel subsidy reforms.

LPG consumption by households has reached 10 million tonne, registering an annual growth rate of 10 percent and is expected to rise 20 million tonne.

No wonder the World LPG Association (WLPGA) so far focussed on developed economies has chosen to hold its Asia Summit in Delhi.

Sitting on Graft Probes
Inquiry into a large number of corruption cases has been pending with many government departments including the railways being at the top of the list. As many as 730 corruption cases have been showed in the data provided by the Central Vigilance Commission (CVC).

The Commission said in Directive to all the departments that there is a need for expeditious finalisation of disciplinary proceedings by all administrative authorities.

Moreover, the required attention is not being accorded to this activity by the concerned Disciplinary Authority, entailing inordinate delays in finalisation of cases.
Women continue to be grossly under-represented in key decision-making roles, both in corporate India and politics. Where they do make it to the top, it is not uncommon for them to face gender bias, stereotyping and be paid lower compensation.

Following decades of discussion and attempted initiatives, the business world is not yet embracing women and minorities in the C-Suite, nor has executive level succession planning been an effective strategy in easing the talent crunch facing most international companies, according to an in-depth assessment of the Global 2,000 and other market leading companies by IMD International Search and Consulting, one of the world’s largest executive search organisations.

For that matter, gender bias and stereotypes were felt more acutely by women in C-suites in India than countries such as the US, a recent Egon Zehnder report ‘Leaders and Daughters 2017’ found. Yet, the share of CEO jobs held by women in India – at 11 percent – is much higher than the proportion in more advanced western nations, another study by the same firm found.

Nevertheless, gender pay gap continues to be high. A report by online career and recruitment solutions provider, Monster India said median gross hourly wages of men, at ₹345.8, were about 33 percent higher than that of women (₹259.8) in 2016. And yet more women are joining the corporate sector.

However, there remain many barriers to joining the big league and boardrooms. Despite the requirements of the Companies Act, 2013, and the listing agreements of the stock exchanges for appointment of a woman Director by all listed companies, many are yet to comply.

According to indianboards.com, a database of the leading stock exchange of India National Stock Exchange (NSE)-listed companies run by Prime Database, 15 companies are in default and it includes oil sector heavyweight Oil and Natural Gas Corporation (ONGC). In another 40 companies, there are vacancies caused by resignations of women Directors.

Of a total of 10,138 Directors of 1,608 companies listed on the NSE, only 1,468 or 14.5 percent were women, according to indianboards.com data.

The situation is no different in politics also. In the 2014 Lok Sabha elections, just a little over 8 percent of all candidates were women. Among the victorious 543 candidates, 62 were women (about 11.5 percent) even though nearly 48 percent of all electors were women. In Prime Minister Narendra Modi’s Ministry of 75, there are only nine women.

There is no doubt that women have progressed considerably among our global workforce, especially over the past few decades. Yet, despite reports that women are breaking through the ‘glass ceiling,’ it appears that the ceiling is just ‘slightly cracked’ rather than broken.

Therefore, current management and political systems must change and adapt to position their institutes to meet this talent shortfall and maintain a competitive advantage.

Tina Edwin*

* Senior Deputy Editor at The Hindu Business Line. This article has published on March 07, 2017
The term ‘Corporate Governance’ is yet again emerging as a buzzword among corporate circles. Bengaluru-based Infosys, one of the country’s largest companies, is doing introspection on this aspect, as did many others before it – the Tatas, Reliance, Satyam, Ranbaxy… Is Corporate Governance in its current form difficult to adopt and, hence, does it require change?

“Increasingly, over the coming years, these tensions will manifest as many promoter-owned companies become professionally-led and run companies. The role of institutional investors will be much bigger”, said Shriram Subramanian, founder of InGovern, an independent Corporate Governance research and advisory firm based in Bengaluru.

According to experts, the challenge lies in the management’s ability to take decisions that might not be liked by the promoters of the firm but are required in the larger interest of the company. This could create a tiff between the professionals hired to run the company and the promoters as they both approach the same objective – interest of shareholders while keeping the values of the company – in two different ways.

In this fight between promoters and professionals, it is the shareholders who get hurt. Take, for instance, the recent turmoil in the Tata Group, which led to the removal of Cyrus Mistry by Tata Sons. The main issue highlighted in that case was also related to Corporate Governance. The founders continue to retain influence in the functioning and decision-making in the operations of the firm. “Because, at the end of the day, if it is done by a professional board and a professional CEO, then tensions will arise between various investors”, said Subramanian.

The story was slightly different in the case of Satyam and Ranbaxy, where the top management turned a blind eye to the lack of checks and balances. In both cases, the independent Directors in the two companies remained mute spectators to the wrongs committed by the management, which included the founders of the company. Securities and Exchange Board of India (SEBI) should be more proactive because there are many companies that violate disclosure norms and SEBI is not able to figure it out”, added Subramanian.

In India and globally, large family-owned conglomerates select professionals from outside their family to run companies of their group but avoid giving control of the whole group. “It is a subject that needs long deliberations… private firms do tend to hold control”, stated U D Choubey, former Chairman and Managing Director of Gas Authority of India Limited (GAIL), and currently the Director General of Standing Conference of Public Enterprises.

Industry observers feel that one company reversed the trend – Chennai-headquartered Murugappa Group. “They appointed professional CEOs to manage their listed companies. It was unheard of and it set a benchmark”, mentioned a senior official in the Ministry of Corporate Affairs.

According to the official, by setting up the Murugappa Corporate Board, the company developed a window for discussion between the family and professional CEOs and also the statutory boards of group companies.

Currently, there are different companies with different levels of Corporate Governance in India. Chief promoters should not force things, said Karan Kumar, group head, Shruth and Smith Holdings and CEO, iFocus Systec.

“Things are changing. Construction Company Sikka is looking at cutting-edge technologies and moving away from traditional methods. When the next-generation is working, you need to allow them to do things”, Karan added.
Has NDA Government been Able to Unclog Stalled Projects?

When the Narendra Modi-led Government was sworn in mid-2014, there were great expectations from a Government that had won a decisive mandate from the electorate.

Most investors expected the Government to put an end to an era of policy paralysis and help kick-start a new wave of investments in the economy. So far, the record has been mixed, data from the Centre for Monitoring Indian Economy Pvt. Ltd (CMIE) shows.

While the number of new project announcements has gone up, so has the proportion of stalled projects. An analysis of CMIE capex figures shows that year-end stalled project figures for 2016 are at their highest levels since December 1995, making it the worst year-end on record.

CMIE provides quarterly statistics on stalled projects. December quarter stalling figures were considered for this analysis to compare calendar year trends. The total value of stalled projects has reached ₹11.70tn in the December 2016 quarter, accounting for 12.11 percent of the total projects under implementation.

The proportion of stalled projects rose to double digits in 2013, and those figures have consistently been in double digits since then. This holds true even if we consider data for each quarter rather than just the year-end figures. Four out of the worst five quarters with the highest stalling rate on record have been during the Modi Government’s tenure.

The picture appears brighter if we consider the annual figures for new project announcements. The rolling four-quarter-average amount of new projects in 2016 at ₹2.08tn was 19.7 percent higher than the corresponding figure for the year-ago period. The absolute value of new project announcements shows that 2016 ranks second best among the past five years. Yet, compared to the levels of new project announcements witnessed between 2006 and 2010, 2016’s figures appear relatively modest.

It is worth noting that data on new project announcements only track a firm’s intention to invest. This means that the company may not yet have got the clearances it needs, or secured the funds required for executing the project.

Reasons for Stalling

This is what has happened to nearly a fifth of all private sector projects, the data shows.

A fifth of stalled projects are held up because of lack of government clearances. Lack of environmental clearances is holding up 14.48 percent of stalled projects. Non-environmental clearances account for another 6.46 percent. These government clearances started emerging as a major issue in the December 2010 figures when the proportion of projects stalled because of the delays in such clearances climbed to 18.63 percent. This proportion has remained consistently high since then, and the change of Government at the centre does not seem to have made much of a difference.

Moreover, the proportion of projects stuck because of land acquisition problems has shown a modest decline. Worryingly, the proportion of projects shelved because of ‘lack of promoter interest’ has risen over the past few years.

At a time when new project announcements seem to have taken a hit after the demonetisation announcement, it is imperative for the Government to do its part in reviving the animal spirits of Indian industry. It can do so by raising the level of public investments, and by expediting clearances, which continue to be the major hurdle in the path of new projects.

* Associated with Mint. This article was published on January 24, 2017.
GOVERNANCE & REFORMS

Performance Measure Index

The Word Economic Forum, NITI Aayog, the World Intellectual Property Organisation and Cornell University will develop a India Innovation Index, which will provide impetus to Indian states to drive the innovative spirit. According to Prime Minister Modi, such index will encourage states to compete with each other.

The index will be based on key pillars of innovation and sub-indices that together will assist in tailoring policies that promote inclusive growth. The pillars include the strength of institutions, capacity of human capital and research, supporting infrastructure and the level of business sophistication, among others.

(ET, 19.01.17)

New Legal Provisions

The government recently is considering introducing new legal provisions to confiscate assets of financial defaulters who leave the country to escape the hands of law.

Recent incidents of such type have further pushed the government to resort to such procedures. As per Criminal Procedure Code (CrPC), 1973 the courts can issue summon to defaulters to appear at a later date, which is also backed by suitable provisions of Indian Penal Code (1860), which prescribes prison terms or fine or both for absentees in regard to such summons.

(Mint, 01.02.17)

Credible Opposition Needed

After a humiliating battering in Uttar Pradesh, where its alliance with the Samajwadi Party (SP) yielded less than 10 seats out of 403, less than its all-time low of 22 in 2007, and a landslide loss in Uttarakhand, where does the Congress party find itself? It can gloat about Punjab, which it has swept, and possibly about Manipur and Goa where it might be able to form governments.

The loss of UP, even after a tie-up with the previously-incumbent SP, shows that organisation, ideology and creative political narrative matter more than mere political alliances.

(ET, 11.03.17)

Big Talks of Leaders

India ranks 79th out of 176 countries, as per the recent Corruption Perception Index (CPI), released by Transparency International in Berlin. According to experts, the successive government’s inability to defeat corruption through legislative actions, and half-hearted policies in addressing policies root causes of corruption is the primary for India’s low score.

CPI ranks countries based on how corrupt its public sector is perceived to be. It is a composite index, which is a combination of surveys and assessments of corruption, collected by a variety of reputable institutions over the previous 24 months.

(ToI, 26.01.17)

Fiscal Demonetisation Impacts

The Comptroller and Auditor General of India (CAG) will soon begin an audit of various aspects of the demonetisation that pulled out 86 percent of currency value in calculation.

Shashi Kant Sharma, CAG said that while the withdrawal of notes of ₹500 and ₹1000 was an issue of banking and money supply, the CAG is well within its rights to seek audit of fiscal impact of demonetisation, largely its impact on tax revenues. As the entire exercise was shrouded in secrecy and attempts to dig out facts were stonewalled. (Outlook, 08.03.17)

Lapses in University Functioning

The functioning of Pandit Bhagwat Dayal Sharma University of Health Sciences, Rohtak (Haryana) has come under the CAG scanner due to the slow implementation of the national programme, delayed delivery and non-purchase of the medical equipment. This led to unutilised trauma centre and mother and child hospital constructed at the cost of ₹56.59 crore.

The audit report also brought out a performance audit of the functioning of the institute during the period of 2011 to 2016 and the deficiencies, which impaired its ability to achieve its overall objective of providing quality health services. (ToI, 28.02.17)

Maintaining Pollution Database

The CAG has asked the Bihar government to maintain a database of pollution testing stations and to ensure that the tests they conduct were authentic and due procedure was followed while issuing pollution under control certificates.

The report has mentioned that the licences of 106 pollution testing stations were not renewed as the State Transport Commissioner (STC) did not maintain database of pollution testing stations.

Consequently, renewal fee of ₹11.30 lakh was not realised, and the returns regarding the number of vehicles tested and revenue collected were not submitted by pollution testing stations. (HT, 29.03.17)
India was the only country in Asia which suffered a “setback” in women’s representation in parliaments in 2016, stated a report by a global inter-parliamentary institution. According to the Inter-Parliamentary Union’s (IPU) ‘Women in Parliament in 2016: The year in review’ the worldwide average of women in national Parliaments rose from 22.6 percent in 2015 to 23.3 in 2016. In 2016, women won 22.3 percent of all contested seats in 66 elections or renewals held across 53 countries. That compares with 25 percent of all contested seats in 2015 – a loss of just under 3 percentage points.

The IPU report released ahead of ‘International Women’s Day’ on March 08, 2017 rightly pointed out that women’s leadership of political institutions helps to promote gender equality. Women speakers (or presiding officers) are role models and ambassadors for their chambers. They can also guide the tone of debate and decide on urgent issues to be discussed in Parliament. As of January 01, 2017, women held 19.1 percent of all presiding officer posts in the world. That was notably over one percentage point more than the previous year.

The report highlighted the increasing role of women in Parliaments worldwide. In 2016, women sought to be among the world’s most high-profile leaders. They demanded to be heard, and to ensure that women’s voices everywhere were included in decision-making processes. Moreover, it also mentioned that ambitious measures and stronger political commitments are needed to enhance women’s representation in Parliament and keep a pace with the significant progress achieved worldwide over the past decade.

As in previous years, the report stressed that women’s political empowerment cannot be taken for granted. Outlining the regional grouping’s performances, it said in Asia, women’s representation in Parliament increased slightly by 0.5 percent, from 18.8 percent in 2015 to 19.3 percent in 2016.

India should take the IPU Secretary’s General Martin Chungong’s advice as he said, “We must seize the opportunity to build on the successes of recent years because hard-won progress can often be fragile and readily lost, particularly at a time when engaging in politics has become even more challenging”.

“Parliaments are crucial to ensuring women are among the world’s most high-profile leaders and to strengthening the policies and legislation needed to meet the goal of gender equality and women’s full and equal participation at all levels by 2030”, added General Martin.
EXPERT CORNER

Increase in Disparities

With populism seen rising across the world, top Indian industrialist Sunil Mittal said disparities have increased significantly in the past decade and voters are feeling it. According to him, being a philanthropic business is a “matter of heart” but it also means consumers view you more favourably.

Rules in India mandate that companies need to spend 2 percent of profit on Corporate Social Responsibility (CSR), he said. It was found that fewer than 10 percent of the world’s public companies account for 80 percent of all profits and operating at this scale is meaningless for competition, collaboration and innovation.

(CIT, 17.01.17)

Celebrating Argumentative Indian

President Pranab Mukherjee said it was important to celebrate the ‘Argumentative Indian’ over the ‘Intolerant Indian’. More than the unison of ideas, a healthy democracy calls for conformity to the values of tolerance, patience and respect for others.

He stressed that citizens should not allow the core values of Indian civilisation to wither away. Over the years, Indian civilisation has celebrated diversity, plurality and promoted and advocated tolerance. These values have kept the nation together over the centuries.

(DNA, 26.01.17)

Media to Introspect

“Journalism is a job of passion and excitement. It has to be balanced and fair. News and views have to be separate. Recently, I have seen a trend where each news sentence has a slant”, Prakash Javadekar said.

Javadekar, the Bharatiya Janata Party in-charge of the Assembly elections in Manipur, said election coverage was either “paid news” or “slant news”. “Media has to do introspection. Media cannot afford to miss the pulse of the people. If media loses the pulse of the people, it becomes irrelevant”.

(BS, 06.02.17)

EDUCATION SECTOR

Sports: A Must in Schools

Starting in the year 2018, sport is likely to be integrated into the school curriculum. A Sports Ministry proposal to this effect is in the “finishing stage”.

According to the Ministry’s plan, students will be marked on their involvement in sporting activities, and sport will be a subject they will have to pass.

The policy is likely to be rolled out in phases, beginning with making it compulsory in Class 1 in 2018, and then introducing it in higher classes.

(EI, 20.02.17)

Education Expenditure Dips

In a worrisome trend, the Bharatiya Janata Party-led central government seems to be slowly starving education in India going by the spending trends of past three years and estimates for the coming year presented in the Union Budget 2017-18.

The declining trend is vividly clear having dipped from 0.63 percent of GDP in 2013-14 to 0.47 percent projected by the government for 2017-18. Although budgeted expenditure for the Ministry of Human Resource Development (HRD) has been increased over the previous year by about 8 percent, this is illusory because inflation of about 5-6 percent would neutralise most of it.

(Tol, 06.02.17)

Innovation Agenda

India cannot aspire to become a sustainable superpower without becoming a knowledge superpower. India cannot fuel its imagination of becoming an industrial power-house, if it is dependent on borrowed ideas of innovation and entrepreneurship.

Universities through their teaching efforts improve the quality of human stock; their research efforts expand the known boundaries of human knowledge and, if commercially harnessed, could lay the seeds for new companies. Indian universities have to lead the economy’s progress by fuelling it with innovative ideas that can become commercial assets for the benefit of future generations.

(FE, 10.02.17)

Electoral Literacy in Schools

In a bid to educate 15 to 17-year-old ‘future voters’ who would enrol as voters when they turn 18, the Election Commission has asked the Union HRD Ministry to introduce ‘electoral literacy’ in the curriculum at the secondary school level.

And till the time the subject becomes part of the curriculum, the Commission has asked the HRD Ministry to get a booklet prepared on elections and electoral process from the National Council of Educational Research and Training (NCERT). This will be included in the supplementary reading material list for schools at appropriate level.

(HT, 12.02.17)
Regulating Private Hospitals

The West Bengal government has passed the West Bengal Clinical Establishments (Registration, Regulation and Transparency) Bill, 2017 aiming at making the private healthcare segment more transparent and regulate arbitrary billing. Chief Minister Mamata Banerjee stated, “This Bill aims at bringing transparency, ending harassment of patients and taking steps to stop medical negligence”.

According to the Bill, licences can be revoked in case a medical institution refuses to provide preliminary medical aid to victims of a road accident, sudden calamities, rape and acid attacks, notwithstanding their financial condition. (BS, 04.03.17)

Healthcare in Rural India

A recent study offers a comprehensive look at severe deficits in healthcare quality in India, using case studies from the States: Madhya Pradesh, Delhi, West Bengal and Tamil Nadu. In most of rural India, doctors are untrained and providers may prescribe high rates of antibiotics.

Rather than merely building public clinics, there should be a focus on measuring access to high-quality healthcare in rural areas.

Moreover, quality measures based on a random sample of healthcare providers may not reflect the quality of providers that people most commonly use. (TW, 24.02.17)

New Counter for VIP Cases

The All India Institute of Medical Sciences (AIIMS) opened a “new counter” to cater “exclusively” to patients recommended by the Officer on Special Duty (OSD) to Union Health Minister and “VIP references” from the members of Parliament.

A circular issued by the AIIMS administration states, “In order to address the concerns of OSD to President, AIIMS and to streamline the Out Patient Department (OPD) registration of patients recommended by the OSD to the President, AIIMS and members of Parliament, an additional counter shall be opened with effect from March 01, 2017”.

Price Capping of Stents

The National Pharmaceutical Pricing Authority (NPPA) capped the price of coronary stents, which are at a level up to 40 percent lower than their existing market rates.

This move has brought the curtains down on a long-winded saga that started with the inclusion of these devices in the national list of ‘Essential Medicines’ in July 2016.

The notification categorises stents into two kinds: Bare metal stents (BMS) and drug-eluting stents. The price cap for BMS is ₹7,260 while that for a drug-eluting stent is ₹29,600. This is about 40 percent lower than the existing prices with the range currently at ₹25,000-₹1,50,000. (IE, 17.02.17)

Most TB Cases in India

Continuing the fight to eradicate tuberculosis (TB) from India wherein 24 percent of the world’s total number of TB cases were reported. The Indian Society for Clinical Research (ISCR) called for a comprehensive research in multi-drug resistant TB.

Reports show that the disease kills 480,000 to 500,000 Indians every year, making it a big challenge for India to achieve its goal of being TB free by 2025.

According to the World Health Organisation (WHO), it is the world’s top infectious disease killer and 5000 people die because of it every day. (IE, 24.03.17)

Low Drug Prices

India’s National Pharmaceutical Pricing Authority imposed measures that significantly cut the prices of a variety of “essential” drugs, including drugs that treat cancer. These price controls are by no means unprecedented.

For decades, the Indian government has worked to keep drug costs low, which has often meant bucking international drug patenting and pricing norms. This nurtured a massive generic drug industry.

Whereas India’s patent laws prevent multi-national corporations (MNCs) from charging exorbitant prices, India’s price controls prevent domestic manufacturers of generic drugs from charging more for a drug. (IS, 09.03.17)
India’s new healthcare policy comes up with a number of promises. It aims at delivering medical facilities to those who need it the most by increasing public expenditure to 2.5 percent of Gross Domestic Product (GDP) from the current 1.4 percent in a time bound manner thereby increasing average life expectancy from 67.5 years to 70 years by 2025, reduce child mortality rate under 5 years of age to 23 (per 1000) by 2025 and maternal mortality rate levels to 100 by 2020. The policy aims to achieve complete elimination of leprosy by 2018, kala-azar by 2017, and lymphatic filariasis or elephantiasis in endemic pockets by 2017.

The policy envisages on a stronger public private partnership in order to achieve national health goals and seeks to make a proactive approach on prevention of diseases and promotion of health. The policy advocates major contribution of resources. In order to provide cess and financial protection, the policy proposes free medical and diagnostic facilities at district level hospitals.

“T he policy advocates allocating major proportion (two-thirds or more) of resources to primary care. It aims to ensure availability of 2 beds per 1,000 populations distributed in a manner to enable access within golden hour (the first hour after traumatic injury, when the victim is most likely to benefit from emergency treatment). In order to provide access and financial protection, it proposes free drugs, free diagnostics and free emergency and essential health care services in all public hospitals”, said Nadda.

Furthermore, with health in the state list, the Centre does not decide on safety standards and other regulatory issues put forth by the National Health Standards Organisation (NHSO). Therefore, unless Health is transferred to the Concurrent List it will always be the States who take the final call in this subject and central legislations will always be subjected state’s approval in such situations.

Nadda said the 2.5 percent GDP spend target for Health would be met by 2025. But the High Level Expert Group (HLEG) report of 2011, quoted by the 12th Plan document, had set the same target for the Plan that ends on March 31, 2017.

Many disease-specific targets have been announced by the Policy, such as eliminating kala-azar and filariasis by 2017, leprosy by 2018 and measles by 2020, along elimination of tuberculosis by 2025, and the action plan to reduce the Infant Mortality Rate to 28 percent by 2019 and Maternal Mortality Rate to 100 percent by 2020.

As per the new Policy, the NHSO will decide the standards of private and public health institutions, and an empowered tribunal will deal with grievances. But with health being in the State list, the final call on decision making rests with the states, and the centre can make model laws to which the states may not comply. Even if the NHSO or any other body sets standards, it will be the state government’s job to decide whether those are met by the private sector, with the centre having little say. Therefore, this new policy has also failed to address the complexities in swift implementation of development policies.

The New National Health Policy, passed by the Union Cabinet has fallen short on its promises, as it duplicates portions of budget speech, reiterates targets of erstwhile 12th Planning Commission and fails to make health a justiciable right in the lines of right to Education, 2005

The Policy envisages a three-dimensional integration of AYUSH systems encompassing cross referrals, co-location and integrative practices across systems of medicines. This has a huge potential for effective prevention and therapy that is safe and cost-effective.

---

* National Writer Foreign Affairs at Mint.
** Senior Correspondent at Mint
*** Journalist at Mint

– This article was published on March 17, 2016
Acquisition Gets CCI Nod

The Competition Commission of India (CCI) has approved the acquisition of Anil Ambani-led Reliance Infrastructures power transmission assets by Adani Transmission. “The CCI approves asset acquisition of Western Region Transmission Gujarat (WRTG); Western Region Transmission Maharashtra (WRTM); and acquisition of shares of Parbat Koldam Transmission Company Ltd. (PKTCL) by Adani Transmission Limited”, the Commission said.

Reliance Infrastructure in October 2016 had announced that it is selling its entire transmission assets to Adani Transmission. Banking sources estimate the deal size at over ₹2,000 crore. (BS, 09.02.17)

J&J’s Brands Acquisition

The CCI has approved the proposed acquisition of Johnson & Johnson’s two brands, ‘Savlon’ and ‘Shower to Shower’ by FMCG major ITCBSE 0.69 percent. Savlon is an antiseptic brand while Shower to Shower is a personal care product brand.

The CCI said that it has approved “acquisition of Savlon and Shower to Shower brands by ITC”. ITC is a multi-business enterprise having presence in fast moving consumer goods (FMCGs), hotels, agri-business among others. According to the notice submitted to CCI, ITC would acquire Savlon with “certain attendant inventories, know-how molds and promotional materials” from Johnson & Johnson Private Ltd. (FE, 09.02.17)

CCI Rejects Allegations

The CCI has rejected allegations of anti-competitive practices made against seven entities with respect to providing coaching services for various engineering examinations.

The complaint was also filed against ACE Educational Services like Engineering Education, Engineering Publications, Educational Academy, Yadala Satyanarayana Memorial Educational Society, Engineering Academy as well as Y V Gopala Krishna Murthy. The CCI considered coaching services provision of Graduate Aptitude Test in Engineering (GATE), Engineering Services Examination (ESE) and State Engineering Services Exam in India as relevant market. (IE, 15.02.17)

Aircel Merger Approved

Reliance Communications said it has received approval of the CCI for the demerger of its wireless division into Aircel Ltd. and Dishnet Wireless Ltd.

“Reliance Communications Ltd. has received an approval of the CCI for the proposed Scheme of Arrangement for demerger of the Wireless division of the company into Aircel Ltd. and Dishnet Wireless Ltd”, the company said in a regulatory filing.

Reliance Communications and Aircel in September 2016 announced the merger of their wireless operations to create a combined entity with assets worth ₹65,000 crore. (ET, 20.03.17)

CCI Rejects Complaint

The CCI has rejected complaints that Gateway Terminals India Ltd indulged in unfair business practices with respect to services of container freight stations at Jawaharlal Nehru Port (JNP), Mumbai.

It was alleged that Gateway Terminals India Pvt. Ltd. (GTIPL) diverted traffic from its terminal in Mumbai to Pipavav port in Gujarat to increase profits and compelled shipping lines to either use its services or select container freight stations (CFSs) at JNP.

The CCI considered ‘market for provision of container terminal services in JNP’ as the relevant one and found GTIPL not dominant in the relevant market and dismissed the complaint against the company. (FE, 13.02.17)

Imposing Less Penalty

The CCI has imposed a reduced penalty of ₹591 crore on Coal India Ltd. supplied to Aircel in January-March 2017. The CCI imposed a total penalty of ₹1,773 crore on Coal India in the first order, which Competition Appellate Tribunal (COMPAT) set aside recommending a fresh look at the allegations.

“Keeping in mind the continuous steps taken by Coal India Ltd. in resolving issues with stakeholders, the CCI has drastically reduced the penalty amount to ₹591.01 crore as opposed to a previous amount of ₹1,773 crore.” (IE, 15.02.17)

Drug Brands Deal Passed

The CCI has cleared the proposed acquisition of four drug brands of GlaxoSmithKline by Corona Remedies. Dilo-BM, Dilo-DX, Stelbid and Vitneurin brands of GlaxoSmithKline would be acquired by Corona Remedies along with trademark and goodwill.

As per the notice submitted to the regulator, Corona Remedies would acquire the four brands as well as the trademark and goodwill associated with them under an asset purchase agreement. Corona Remedies is into manufacturing, trade and distribution of pharmaceutical products. (ET, 07.03.17)
State vs. Cab Aggregators: Who Benefits?

Both the industry leaders of cab-servicing segment Ola and Uber have refused to render their services unless the demands are fulfilled, which is raising trouble to the commuters on its fourth consecutive day in States like New Delhi, Karanataka and Hyderabad.

With demands like an increase in incentives, provision of insurance policies and a curtailment in working hours, two drivers of a Delhi-based Drivers’ Association have gone on an indefinite strike. The sudden tussle between the association of drivers and taxi aggregators on insurance policies has taken place after the death of Uber cab driver in an accident in New Delhi.

This is not the first time a strike by drivers of global taxi aggregators Uber and Indian firm ANI Technologies-backed Ola Cabs has taken place. Ola and Uber have faced many petitions and lawsuits filed against them for the fare hikes in the past few years. In addition, in 2015, both the companies were under the scanner of the Competition Commission of India (CCI) against the allegations of predatory pricing and abuse of dominant position.

Indian taxi and auto drivers have voiced concerns of a hit to customer demand owing to private players’ dominance and clout. While the state government has sent out a legal notice on the unlicensed car-sharing service to taxi aggregators, Ola and Uber are in no moods to take a step back and call off strike. Let us see who benefits when such a battleground gets prepared.

Competitors and smaller players
In the ongoing battle of taxi aggregators and state government, small players and new entrants in the cab-servicing segment are going to take a lead on the current phase. Eyeing an opportunity in the current crisis, small logistics players like Chandigarh-based Jugnoo is already on-roads with its newly launched cab service in Gurugram, the national capital region (NCR) in Delhi. Other taxi companies like ApnaCabs, WomenCabs and AutonCab are also proving to be demanding in tier 2 and tier 3 cities due to strike and fare hike of industry leading companies.

Government-run local modes of transport
The big mover advantage is going to be the government-run transportation like buses, metros and autos, which has already risen up its sales with respect to the fourth day of taxi aggregators’ strike. Delhi Metro Rail Corporation (DMRC) has said to the Indian media that there is a notable increase in passengers travelling metro, but it will be managed by the corporation. Also, the government-owned KaaliPeeli taxis are highly in demand. Apparently, less number of cabs on roads will steer reduction in traffic and pollution in cities.

Spurs newer players
Fundamentally, the newer players will jump into the bandwagon seeing an opportunity with huge demand in the cab-servicing segment. Startups which have newly entered in the logistics segment could also gain benefits due to the indefinite strike called by taxi aggregators in India.

Car rental companies
With respect to the huge demand of cab services in metro cities, car-rental companies could also see a rise in sales. With nominal intra and inter-city fares, private car-rental companies like Carzonerent, Euro Cars, Myles Car etc. can attain a profitable growth in market.

This is not the first time a strike by drivers of global taxi aggregators Uber and Indian firm ANI Technologies-backed Ola Cabs has taken place. Ola and Uber have faced many petitions and lawsuits filed against them for the fare hikes in the past few years.
After the Uttar Pradesh (UP), Uttarakhand and other state assembly election results, the best summing-up came from the Prime Minister himself: “Building New India encompasses both recapturing a great past and on it, reconstructing a greater future”. The people have given an overwhelming mandate for this. They have also laid low traditional opponents, most of whom had been feeding the body politic with borrowed ideas and failed models.

Take, for instance, Modi’s bold bid to clean politics of filthy money. The opposition described demonetisation as an attack on the people. They counted on voters making a clean sweep of the Bharatiya Janata Party (BJP) and endorsing the prophecy of the secularists, socialists and LondonReturned soothsayers of a banking collapse. What happened was quite contrary. Analysts, who themselves were stunned by the results, have concentrated too much on UP. They failed to read the overall lesson in the demonstrated public acceptance of the BJP.

The party had surged in local body elections in Mumbai. It won a large majority of zila parishads and village panchayats, not just in Maharashtra, but in Odisha and Rajasthan as well. There was a pro-BJP surge in Manipur, where the party was a minor player earlier. UP was the largest hurrah for the BJP.

The agenda was framed by the Prime Minister and ground-level action planned by his chosen strategist and party chief, Amit Shah. After the analysts were stunned to see their caste arithmetic was not yielding results in UP, clearly a new factor has emerged in electoral politics. And that is the understanding of a national ethos that will drown the caste-religion divide for a truly Bharatiya model.

Modi is both the philosopher and the architect of the New India he is projecting as the overwhelming, overarching vision. The core of this ethos should make India a nation whose 120 crore people stand on their feet with pride, rather than groups whose label of being poor forces them to live on hand-outs and subsidies.

The Left has always taken its cues from abroad. Its advocates never saw any true socialism in ancient Indian thinkers and philosophers who preached the state’s aim as bahujana sukhaya, bahujana hitaya; Kautilya never touched them even as they poured over Italian diplomat Machiavelli. Of course, the concept of “Integral Humanism” articulated by Pandit Deen Dayal Upadhya; Kautilya never touched them even as they poured over Italian diplomat Machiavelli. Of course, the concept of “Integral Humanism” articulated by Pandit Deen Dayal Upadhyaya is alien to most of them. Mahatma Gandhi had his feet firmly planted on Indian soil, but Jawaharlal Nehru was influenced by renowned social scientist Karl Marx. Between Nehru and his buddy, V K Krishna Menon, they let Communist China walk into the Himalayas that had kept the Mongolian hordes out since time immemorial.

Nurul Hasan had the longest term as Education Minister (1971-77), a formative period for higher education in India. He helped the cabal of Leftist teachers select fellow travellers for university teaching jobs, who manipulated doctoral selections, limiting them to Marxist ideologues. The result: Calls to armed rebellion as inspiration for freedom; militant attack on Parliament, resulting in the death of several security men, which was seen as azadi; calls for cutting the nation into bits was democracy; seeking profits in enterprise was theft. Was there any surprise there was no growth or 2.5 percent growth till 1991, while Left intellectuals wrote Marxist droll as revelations?

For India to strengthen itself with indigenous insights from ancient wisdom, with modern technology to improve its productivity, the first task is to clear the Marxist and colonial cobwebs. Its electoral success reassures people that the BJP alone can achieve this. Three years of Modi has convinced the common Bharatiya that now, there is the right vision, the right party structure, the right political and government leadership. That is why the people are rejecting naysayers. After UP and local body polls, Modi’s New India is well on the track – 2014 was the first milestone. Now, more are in sight.

* Former MP (Bharatiya Janata Party). This article was published in The Indian Express on March 23, 2017
ReguLetter

The January-March 2017 issue of ReguLetter encapsulates ‘Digital Society’s Many Disruptions’ in its cover story, which states that Digital Revolution is the new buzzword in India. The government had already announced a campaign on ‘Digital India’ with the mission of digitally empowering every Indian and ensuring that all information is digitally available.

A special feature by Biju Dominic states that a look at the prevailing corporate structures and processes does not give one the confidence that firms are created with any deep understanding of human behaviour. Another article by Prabhash Ranjan and Pushkar Anand highlights that India should adopt a plan packaging regulation rather than impose on blanket ban on Foreign Direct Investment in the tobacco sector.

This newsletter can be accessed at: www.cuts-ccier.org/reguletter.htm

Competition Case Analysis

Meru Travel Solutions Private Limited vs. Uber India Systems Private Limited and Ors

Through this monthly publication, CUTS International intends to undertake independent examination of relevant competition cases in India (on-going as well as decided). The objective is to provide a brief factual background of the facts of relevant cases, followed by an analysis of the predominant issues, therein. This publication will expectantly help readers to better comprehend the evolving jurisprudence of competition law in India. The issues have been dealt in a simplistic manner and important principles of competition law have been elucidated in box stories, keeping in mind the broad range of viewership cutting across sectors and domains. The purpose of this publication is to put forward a well informed and unbiased perspective for the benefit consumers as well as other relevant stakeholders. Additionally, it seeks to encourage further discourse on the underlying pertinent competition issues in India.


We put a lot of time and effort in taking out this newsletter and it would mean a lot to us if we could know how far this effort is paying off in terms of utility to the readers. Please take a few seconds and suggest ways for improvement on:

• Content
• Number of pages devoted to news stories
• Usefulness as an information base
• Readability (colour, illustrations & layout)

Please e-mail your comments and suggestions to c-cier@cuts.org

SOURCES


The news/stories in this Newsletter are compressed from several newspapers. The sources given are to be used as a reference for further information and do not indicate the literal transcript of a particular news/story. Complete reproduction without alteration of the content, partial or as a whole, is permitted for non-commercial, personal and academic purposes without a prior permission provided such reproduction includes full citation of the article, an acknowledgement of the copyright and link to the article on the website.